



Anatomy of Trade Restrictions in the Wake of the Pandemic

Queen's Institute on Trade Policy 2020
21 November 2020

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Objectives of this presentation

- To summarise resort to trade-related policy intervention in the first 10 months.
- To highlight the implications for Canada's commercial interests.
- To put these developments in perspective.
- To raise a fundamental question concerning the multilateral approach to trade policy during crises.



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Global Developments

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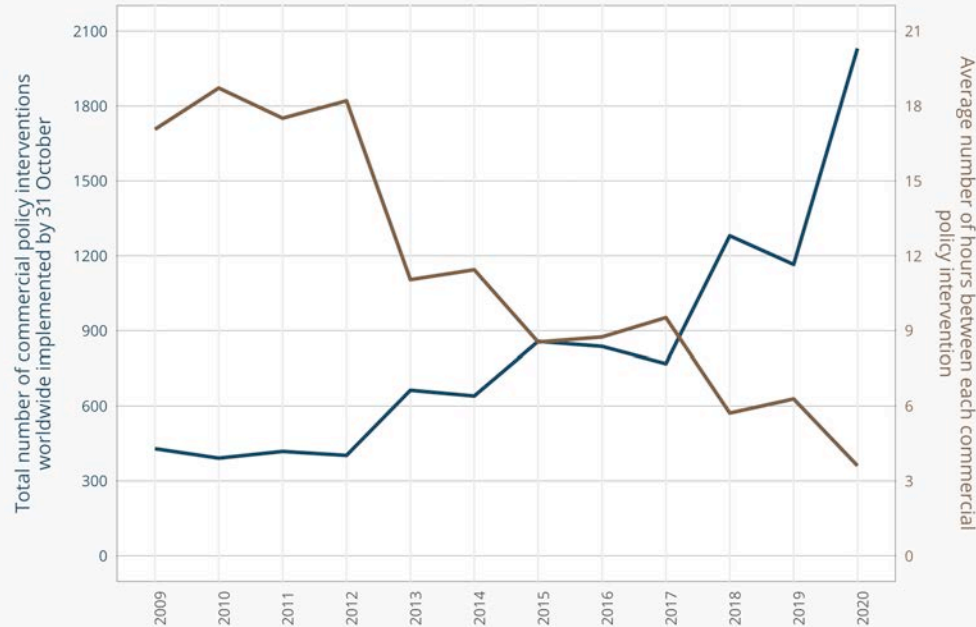
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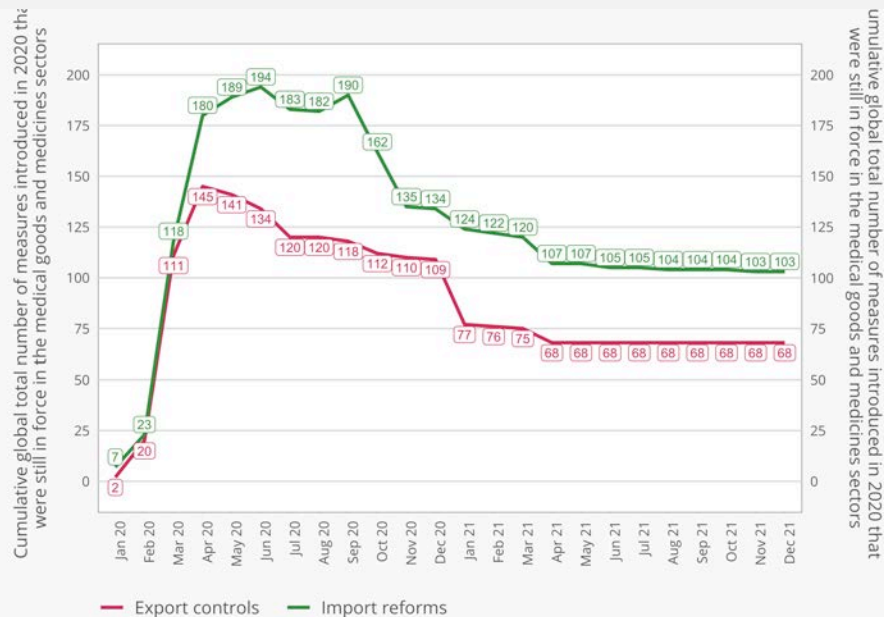
Over 2,000 policy interventions affecting global commerce were recorded this year



Source: Global Trade Alert.

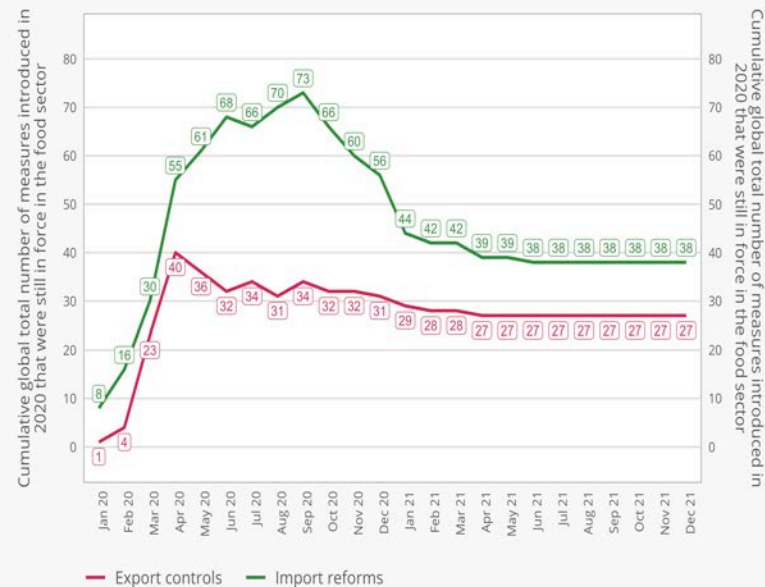
Disruption in Essential Goods sectors

Medical goods & Medicines



Source: Global Trade Alert.

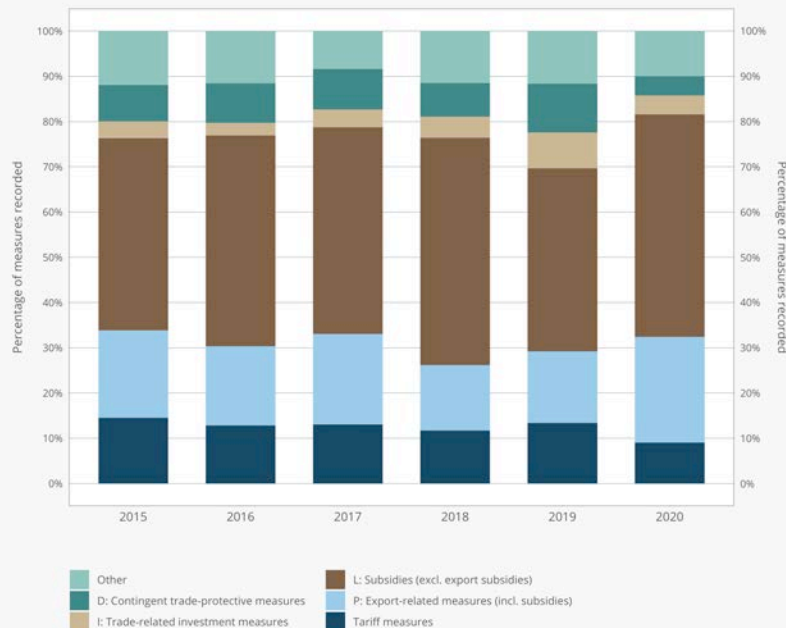
Food & Agri-Food



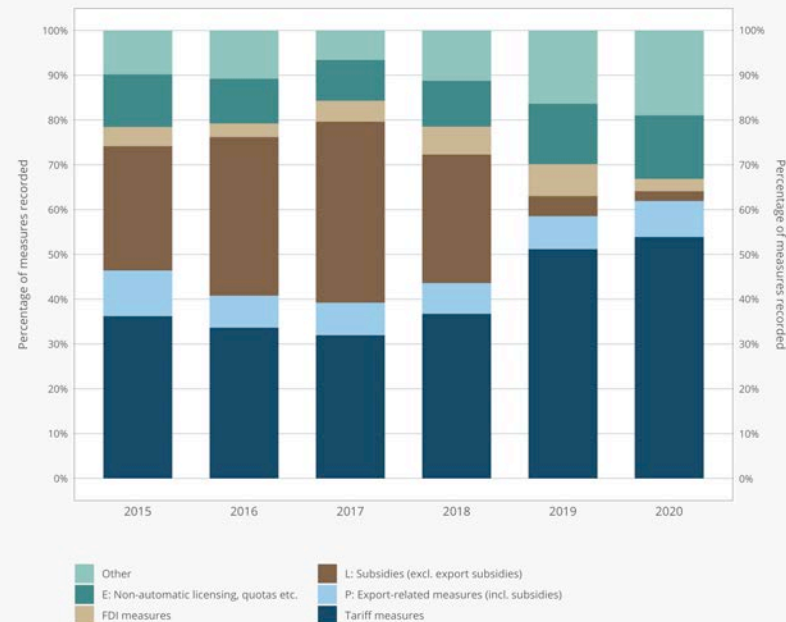
Source: Global Trade Alert.

More subsidies, more tariff cuts this year

Harmful

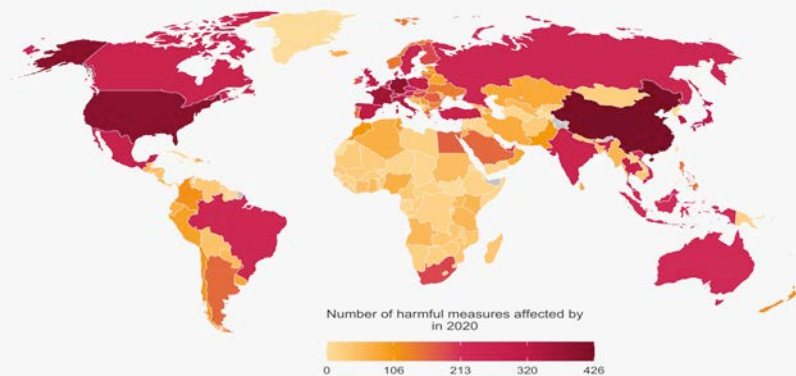


Liberalising

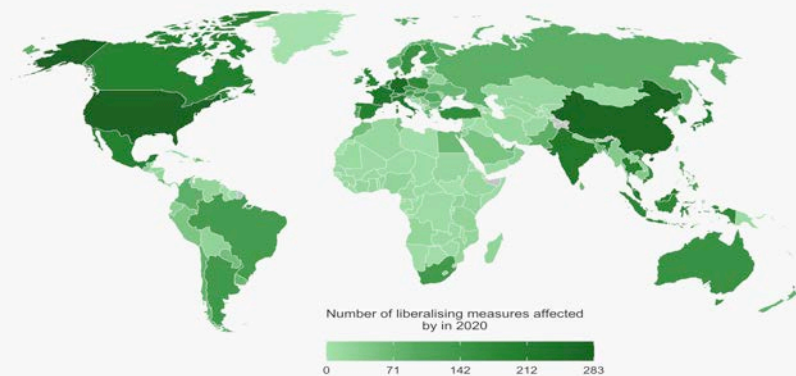


Spillovers: Counts

Canada: 194
positive
cross-border
spillovers this
year, 261
negative
spillovers



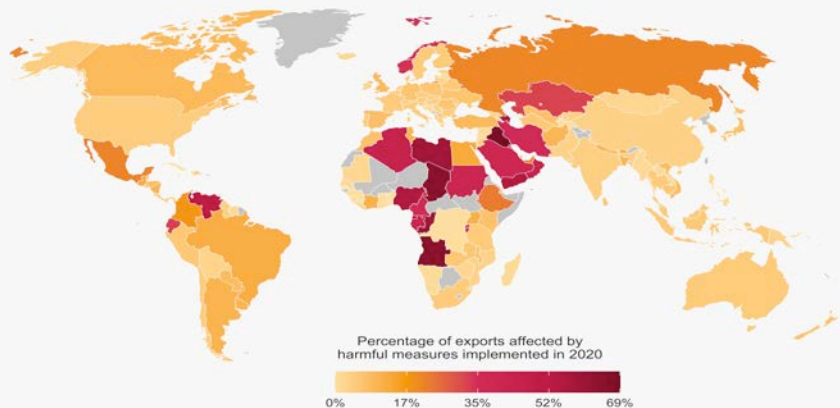
Source: Global Trade Alert. Countries marked in grey had zero export exposure to reforms implemented during 2020



Source: Global Trade Alert. Countries marked in grey had zero export exposure to reforms implemented during 2020

Spillovers: Trade Affected

Canada: 1.9%
improvement
in market
access this
year, 9.3%
worsening

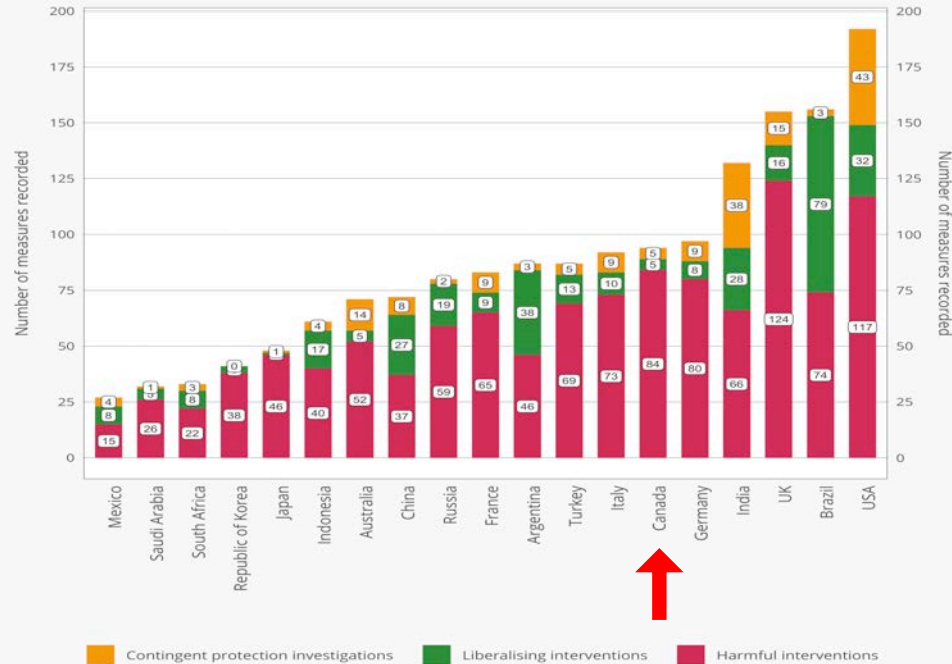


Source: Global Trade Alert. Countries marked in grey had zero export exposure to reforms implemented during 2020



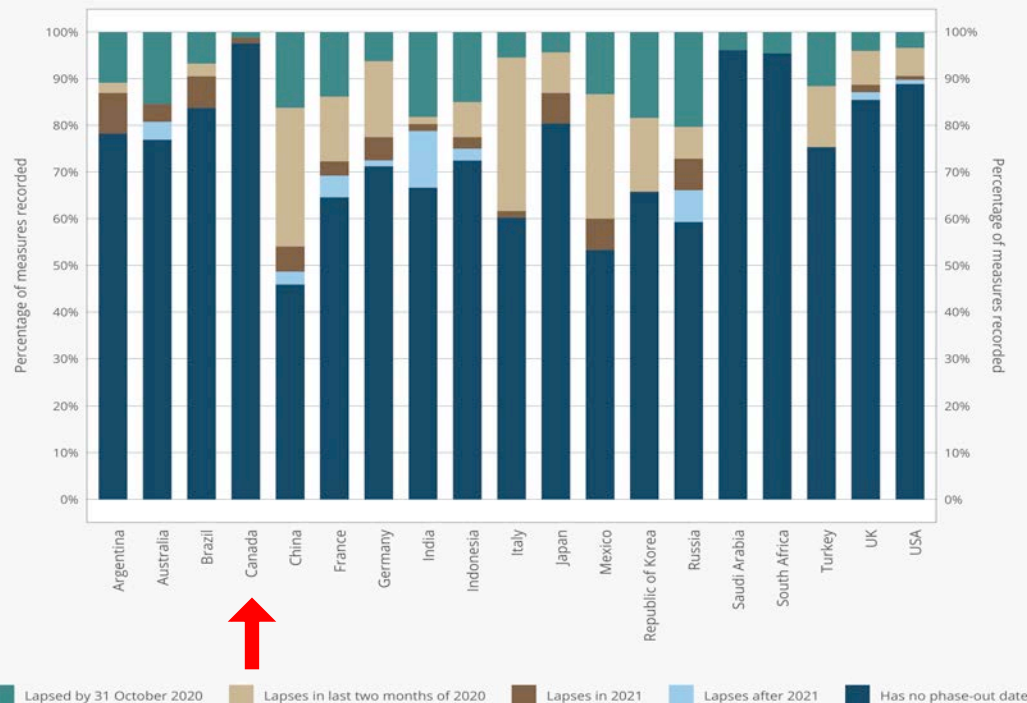
Source: Global Trade Alert. Countries marked in grey had zero export exposure to reforms implemented during 2020

Key finding: Huge variation in policy response across G20 nations



Source: Global Trade Alert.

Temporary crisis-era policy intervention? Evidence from the G20



Source: Global Trade Alert.



Implications for Canadian Commercial Interests

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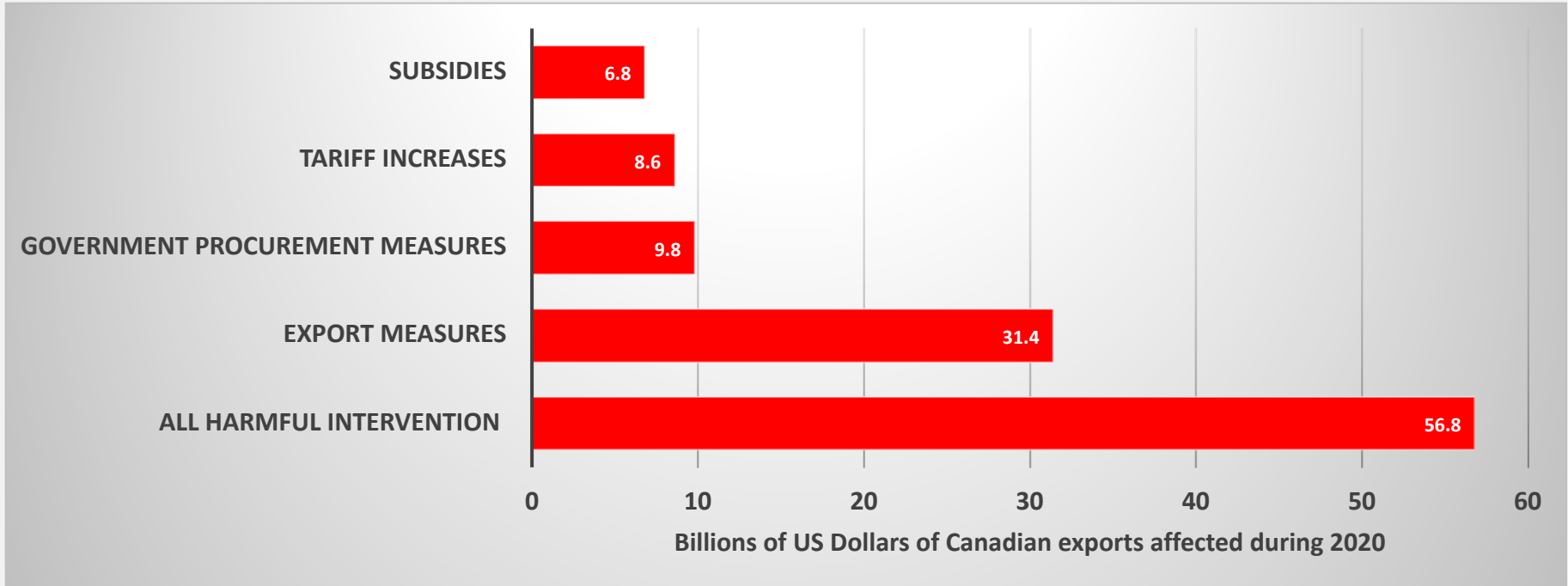
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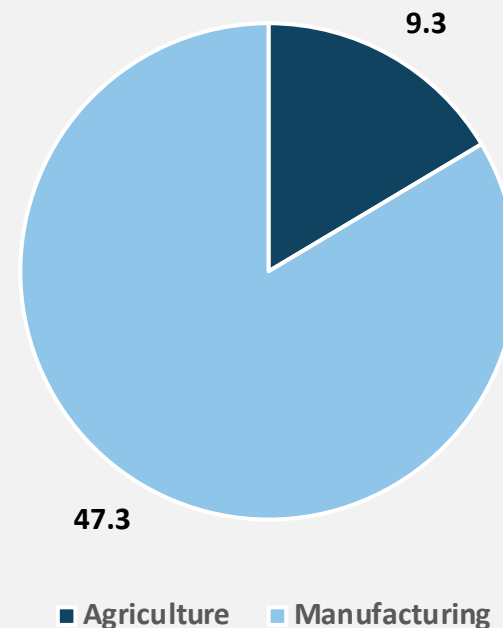
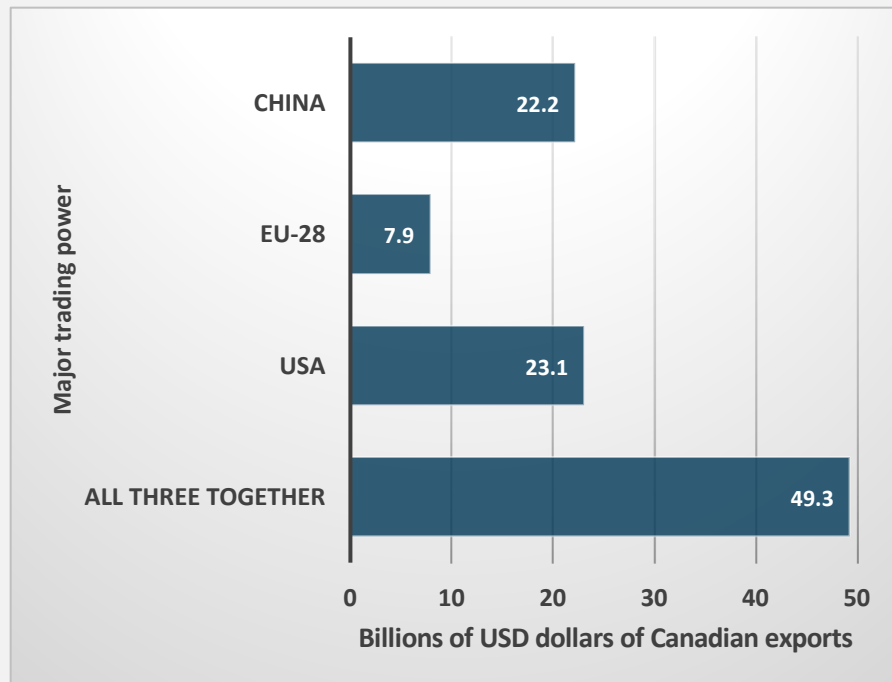


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Four types of foreign trade distortion implicate over USD 5 billion of Canadian exports this year



Breakdown by major trading power and sector





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Perspective & Questions Raised

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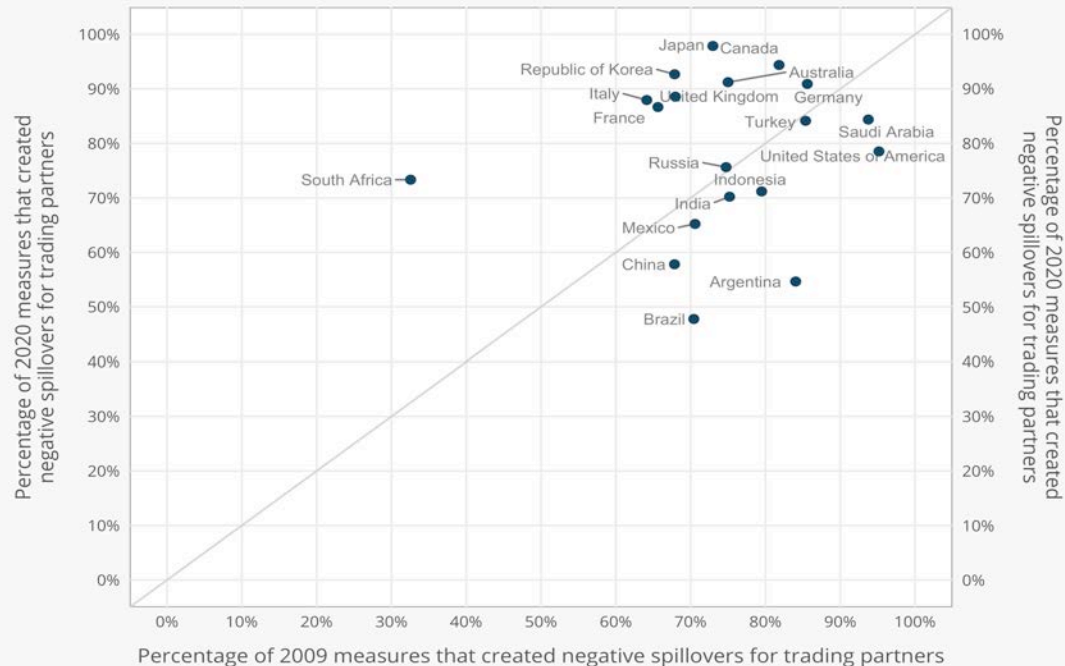
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Comparing 2020 policy response with 2009: Governments had a choice, now and then



Source: Global Trade Alert.

Must an active, effective state harm trading partners?

- Current approach to multilateral trade rules during crises follows the Embedded Liberalism approach (Ruggie 1982), which essentially privileges *internal stability* over *external stability*.
- Implicit assumption is that an effective crisis-fighting state must harm trading partners.
- Experience this year calls that assumption into question: Examples.
- Don't forget the major differences across the G20 in policy mix.

Implications for the WTO rule book

- Clear gaps in WTO rulebook relating to:
 - Use of export restrictions in manufactured goods.
 - Subsidy rules.
- Deeper point is whether the entire approach to WTO rules during crises needs to be rethought.
 - Should WTO rules become tighter during crises, not weaker (as in the Embedded Liberalism approach)?
 - WHO has rules that come into effect during pandemics (crises)—why not the WTO?

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Collateral Damage

Cross-Border Fallout from Pandemic Policy
Overdrive

The 26th Global Trade Alert Report

by Simon J. Evenett and Johannes Fritz