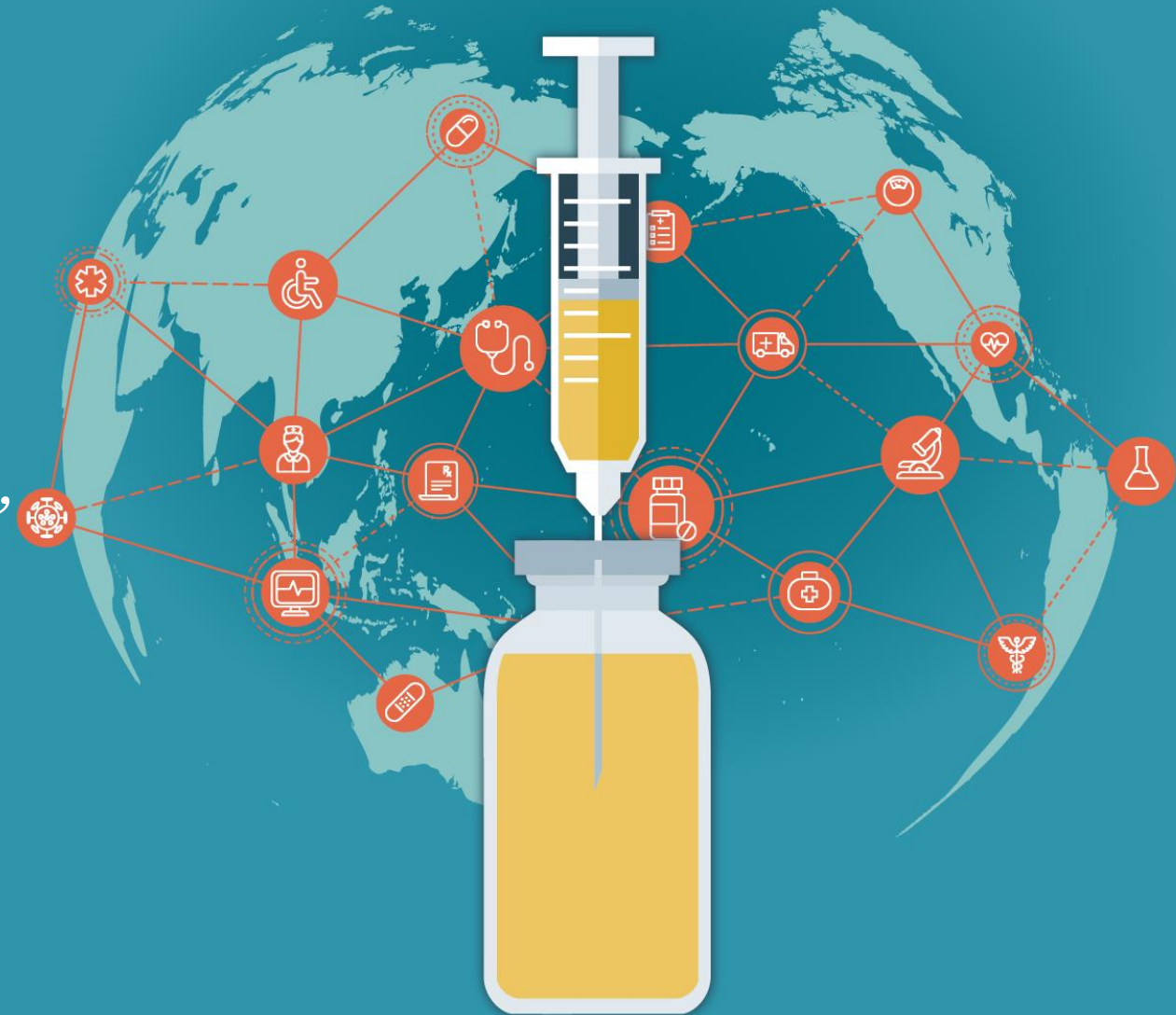


Trade Therapy

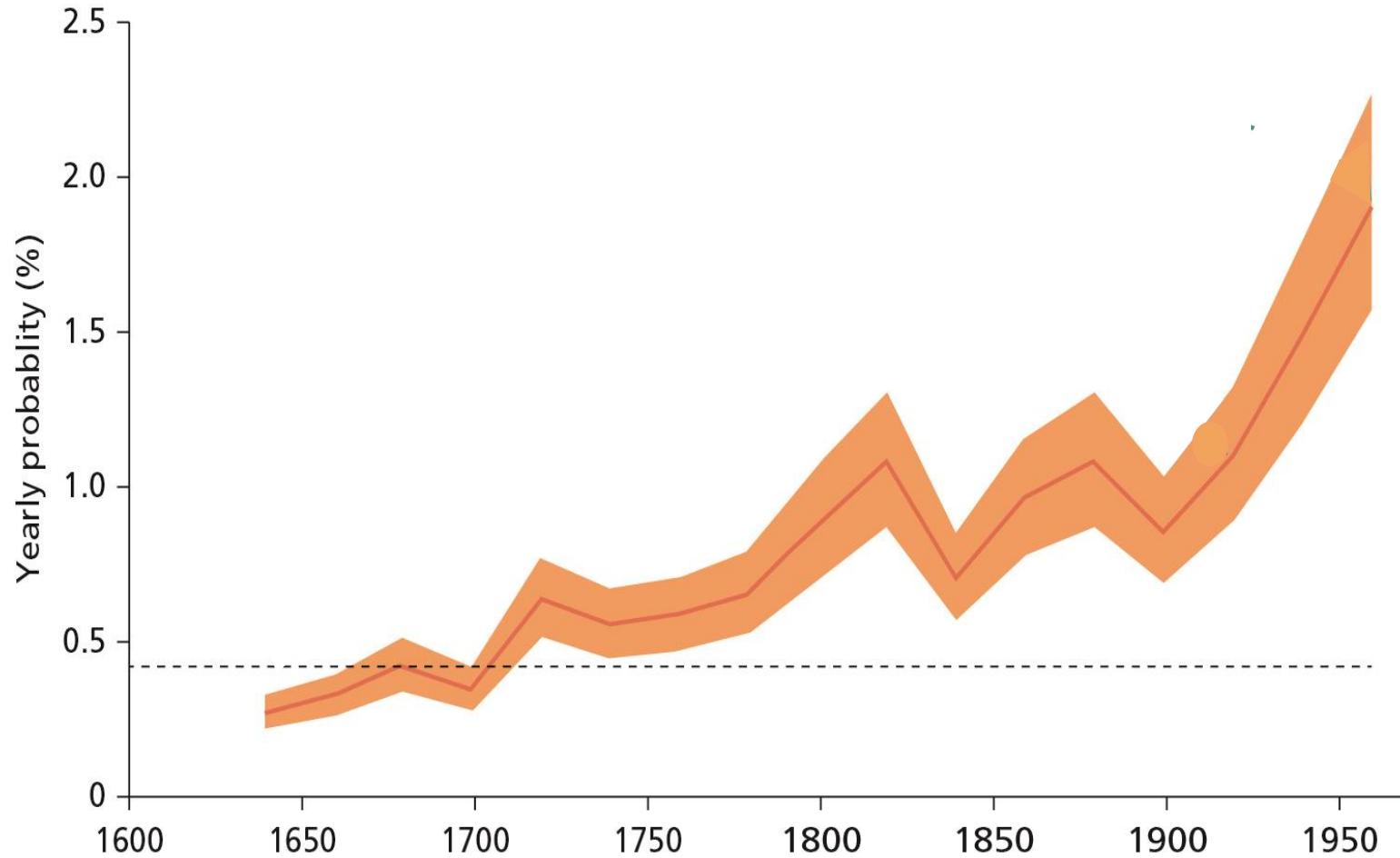
Deepening Cooperation to Strengthen Pandemic Defenses

*Marc Bacchetta, Joscelyn Magdeleine,
Nadia Rocha and Michele Ruta*

*G20 Presidency, Trade Investment and
Industry Working Group (TIIWG)
July 6, 2022*



The yearly probability of a pandemic worse than the 1918 influenza has increased substantially since the 1600s



COVID-19 is a precursor of more, and possibly worse, pandemics to come

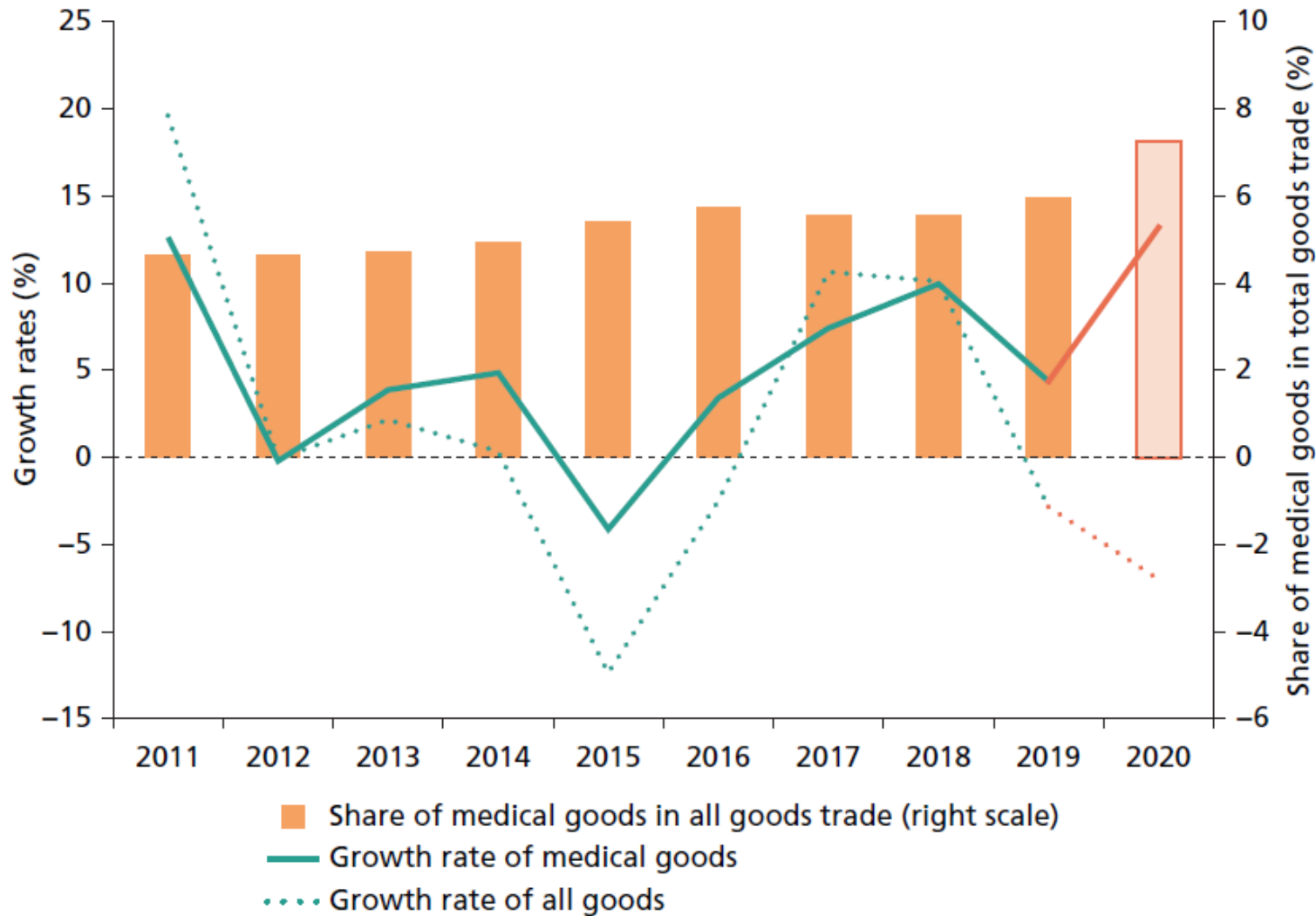
Source: Marani, M., G. G. Katul, W. K. Pan, and A. J. Parolari. 2021. "Intensity and Frequency of Extreme Novel Epidemics." *PNAS* 118 (35).

What is the role of trade in responding and preparing for future health crises?

This report

- Provides new data on trade and medical value chains
- Analyzes the evolving trade policy landscape before and during the pandemic
- Proposes an action plan to improve trade policies and deepen international cooperation

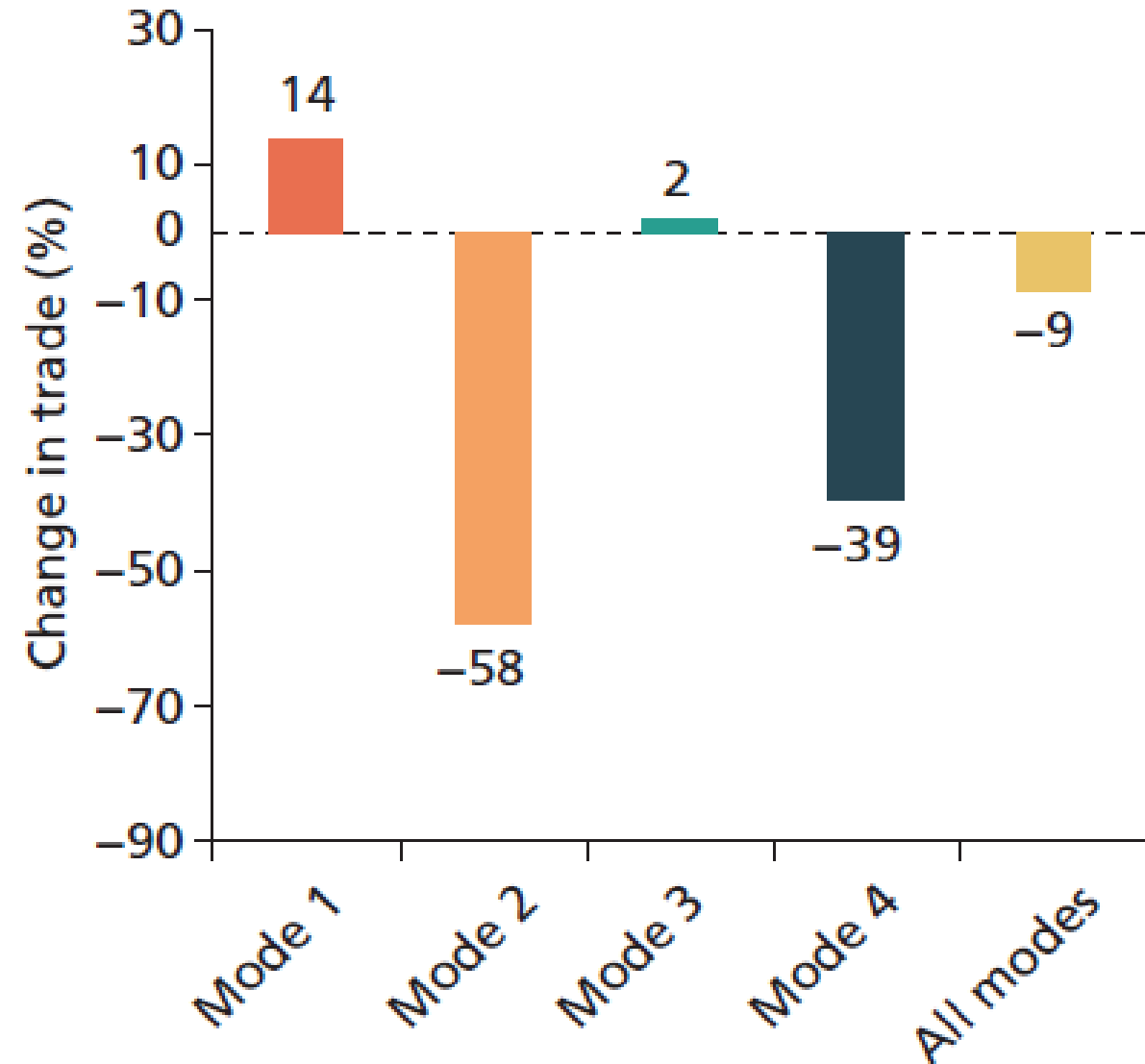
Global trade of medical goods has consistently increased over time



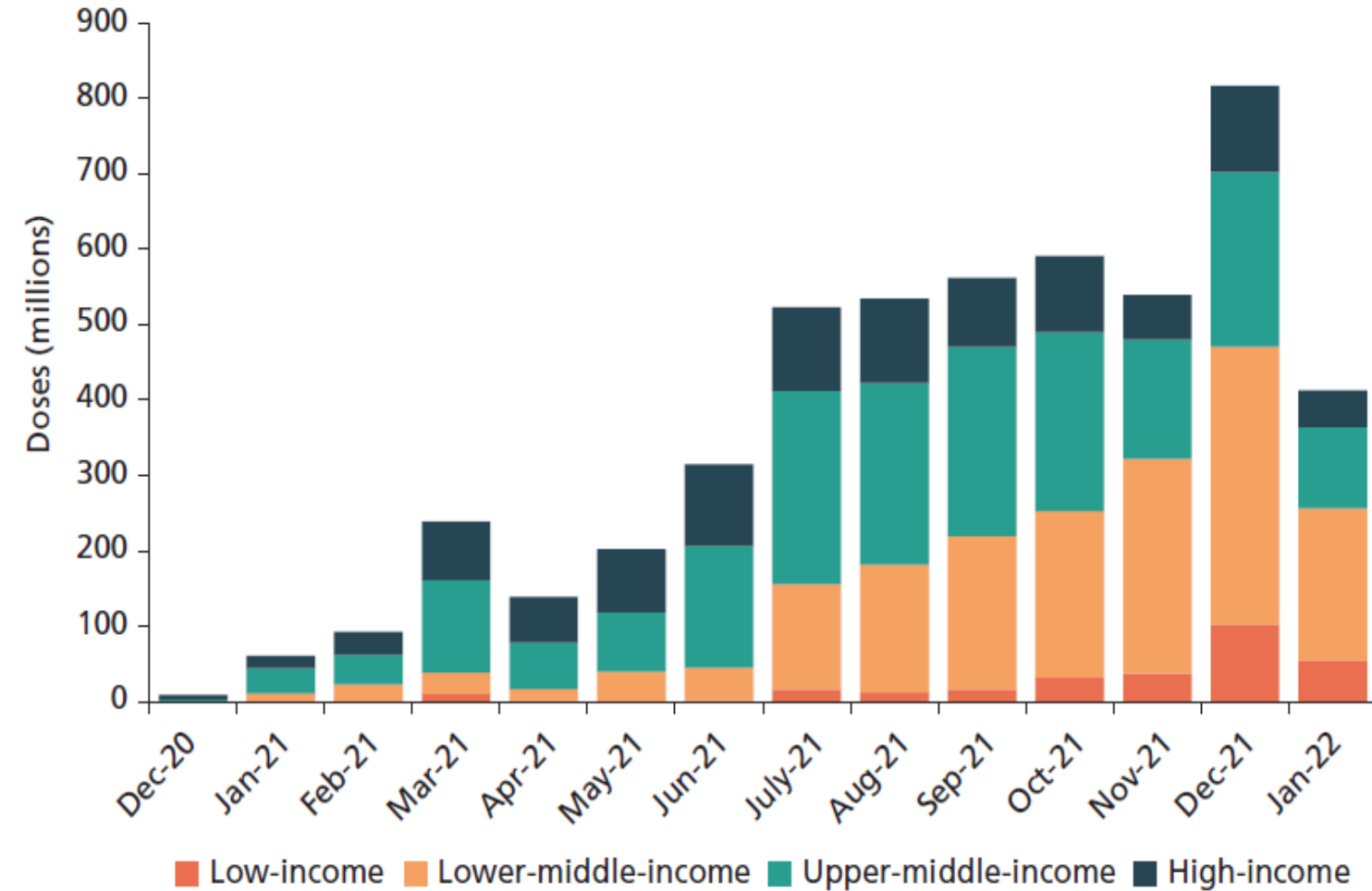
Trade in medical goods has been an essential weapon in the battle against the COVID-19 pandemic

The pandemic accelerated the provision of medical services remotely and the rise of digital health services

In 2020, medical services traded through modes 2 and 4 fell sharply while mode 1 surged



Imports of Covid-19 vaccines, by income group

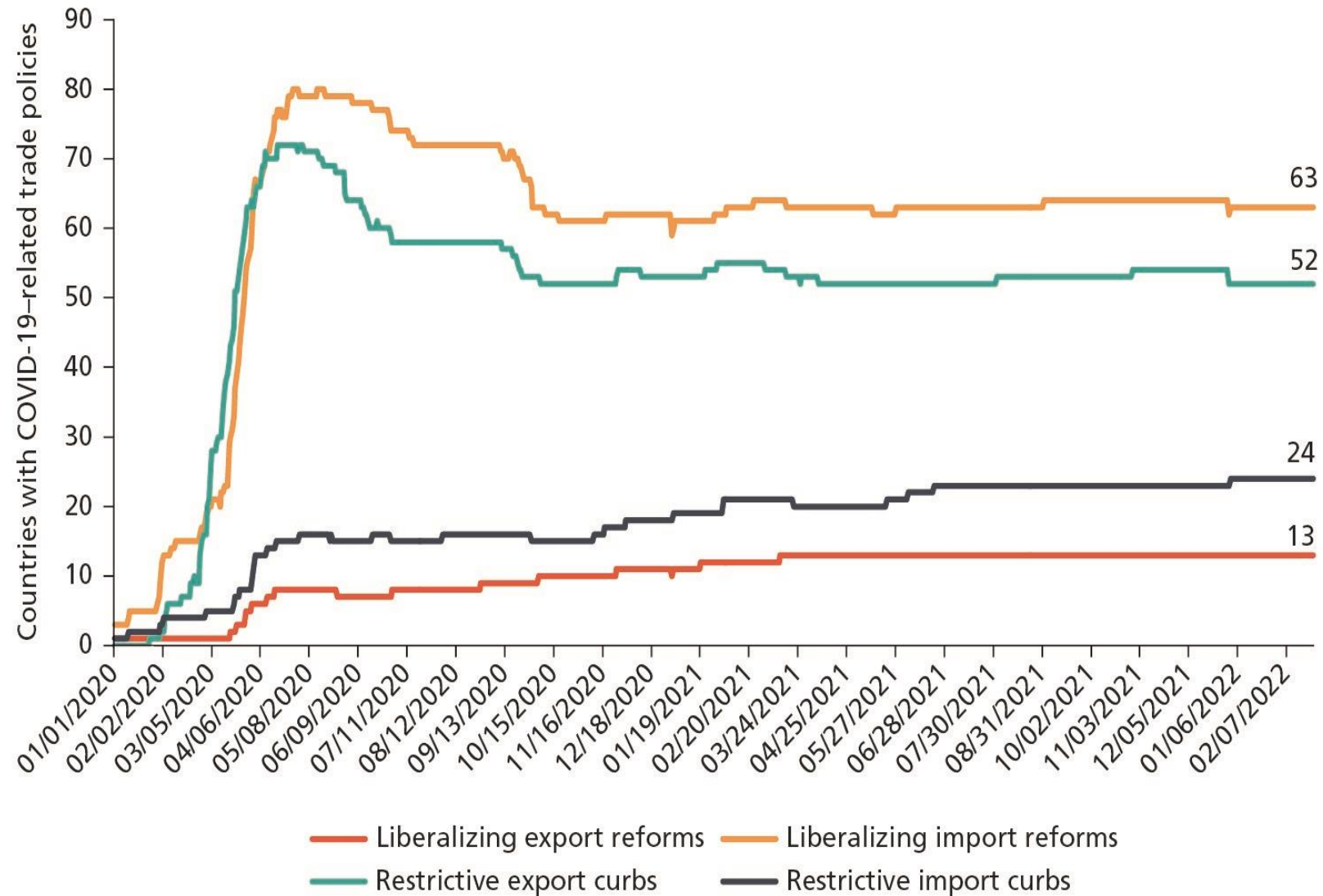


While trade (and government support) spurred the rapid development of vaccines, distribution of supplies was unequal

Source: Staff calculations using data from the World Trade Organization and International Monetary Fund's COVID-19 Vaccine Trade Tracker.

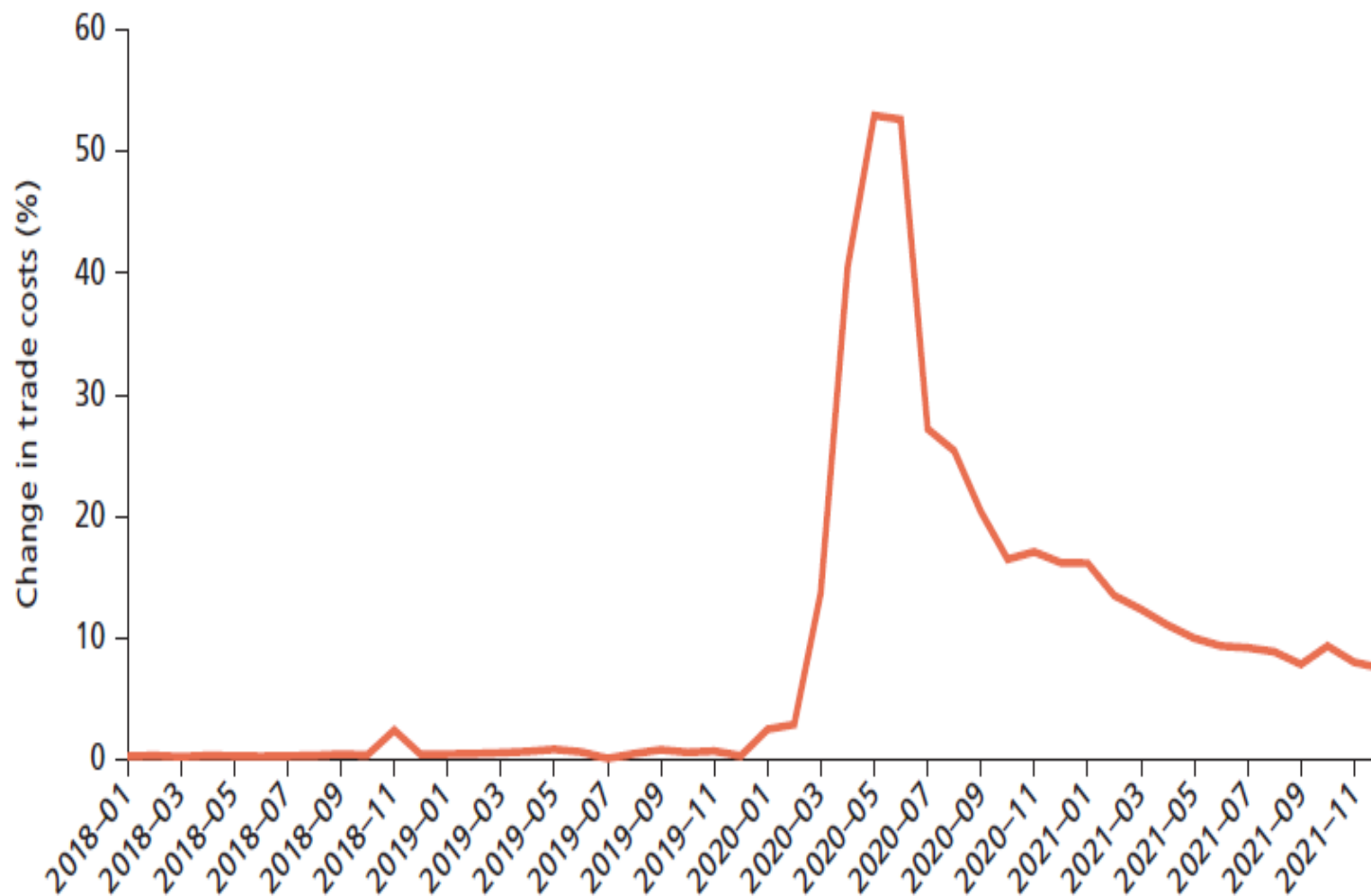
During the pandemic governments increased their use of policy measures to bolster domestic availability of critical medical products

Patterns of trade policy intervention affecting medical goods during the COVID-19 pandemic



Source: Staff calculations using Essential Goods Initiative (EGI) database.

Impact of COVID-19–related trade policies on trade costs of medical goods imports, the case of masks and textile PPEs



Some of these measures detracted from global health security

Source: Egger, P., G. Masllorens, N. Rocha, and M. Ruta. 2022. "Estimating the Impact of Trade Policies on Trade Flows in Medical Goods." World Bank, Washington, DC.

Others facilitated trade, eased regulatory bottlenecks, and promoted the diffusion of health technologies

- Digitalization of documentation requested at the border
- Fast-track procedure for approval of vaccines
- Subsidies to R&D and production of vaccines and medicines
- Support to telehealth through platforms connecting health care providers and patients in different locations

An action plan for governments to strengthen trade's contribution to global health security

Measures affecting medical goods

- Tariffs and export restrictions
- Trade facilitation
- Intellectual property rights
- Regulatory easing (alignment with standards)

Measures affecting medical services

- Deal with gaps and boost good regulatory practices

Measures affecting both medical goods and services

- Government procurement
- Competition policy
- Subsidies
- Transparency and statistics
- Institutional framework

- **Open trade** in medical goods and services to reduce health related costs
- **Regulatory cooperation** to strengthen resilience of supply chains and reduce the risks of illicit trade
- **Flexibilities in IP regimes** to encourage sharing of technology and know-how
- **Crisis rulebook** including limits on export policy for critical goods
- **Subsidy coordination and joint purchasing tools** for crisis related medical goods

An action plan
for trade
cooperation to
improve
prevention,
preparedness
and response for
future crises

An action plan for international organizations to leverage trade to improve health security

Diversification

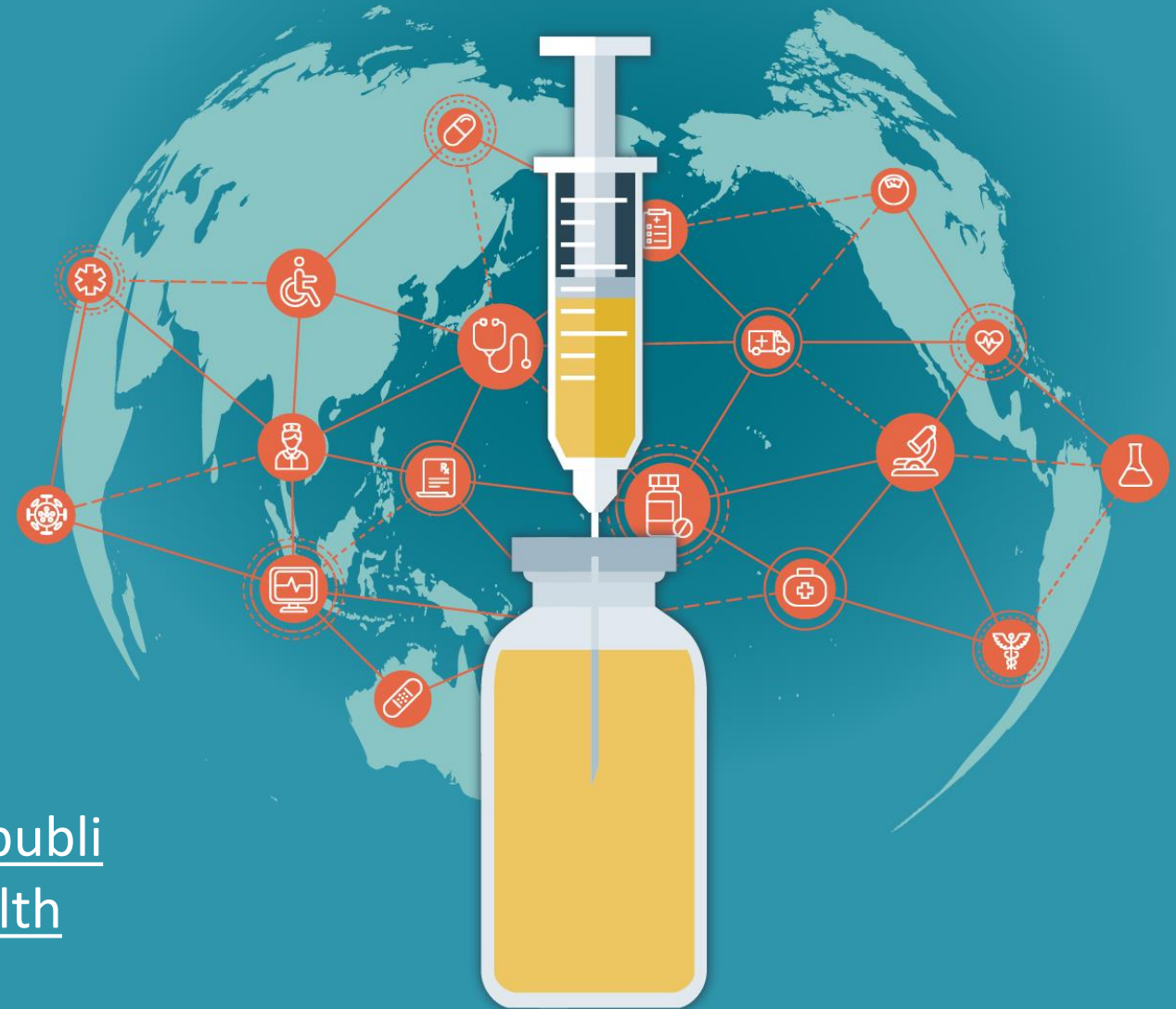
- Mobilize resources to support manufacturing capacity in developing countries with production potential

Information

- Establish a *global information clearinghouse*

Regulation

- Strengthen international standardization and improve capacity of National Regulatory Agencies



For more information visit

<https://www.worldbank.org/en/topic/trade/publication/stronger-trade-systems-for-better-health>