



# China's role in facilitating a COVID-19 trade and transparency agreement

**Chad P. Bown**

*Reginald Jones Senior Fellow*

***Trade Winds***

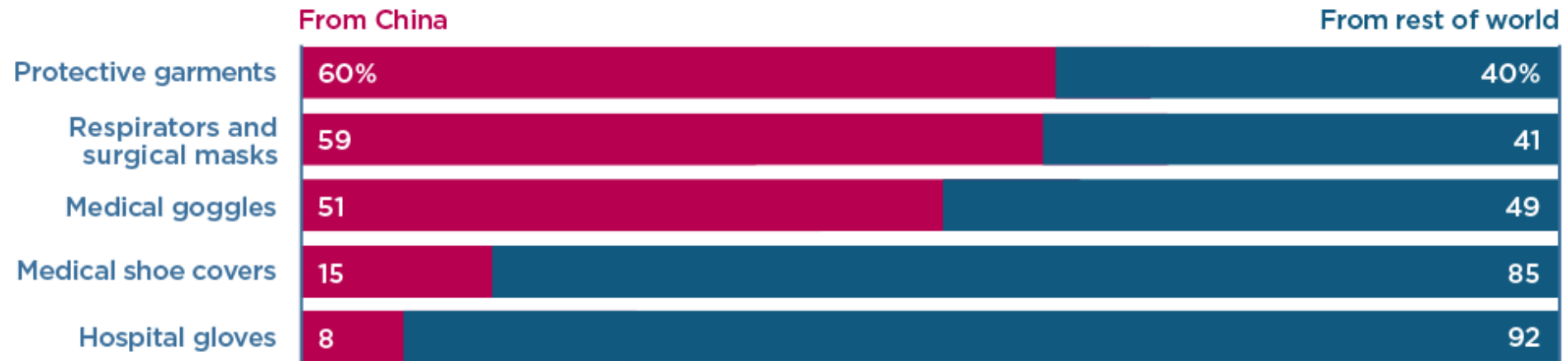
***China in the WTO: Current Issues and Prospects for Reform***

**15 July 2020**

Figure 1

# Much of the world's imports of personal protective equipment comes from China

Share of global personal protective equipment imports by source, 2018



**Source:** Constructed by the author from 6-digit Harmonized System import data, available from UN Comtrade accessed via World Integrated Trade Solutions. For product definitions, see appendix table.

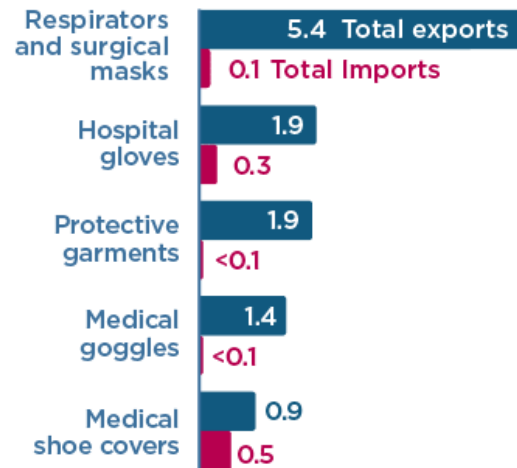
Source: Chad P. Bown, [China should export more medical gear to battle COVID-19](#). *PIIE Trade and Investment Policy Watch*, 5 May 2020.

Figure 2

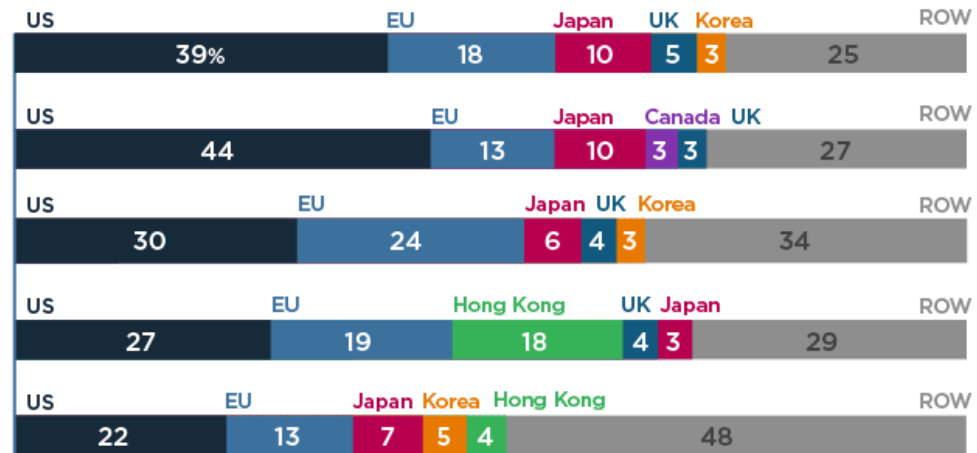
## China's international trade in PPE in 2019 was mostly exports sent to high-income economies

China's exports and imports of personal protective equipment, 2019

a. Total exports and imports, billions USD



b. Percent of exports by destination



EU = European Union; UK = United Kingdom; ROW = rest of world

**Note:** EU refers to EU27. Numbers may not sum to 100 due to rounding.

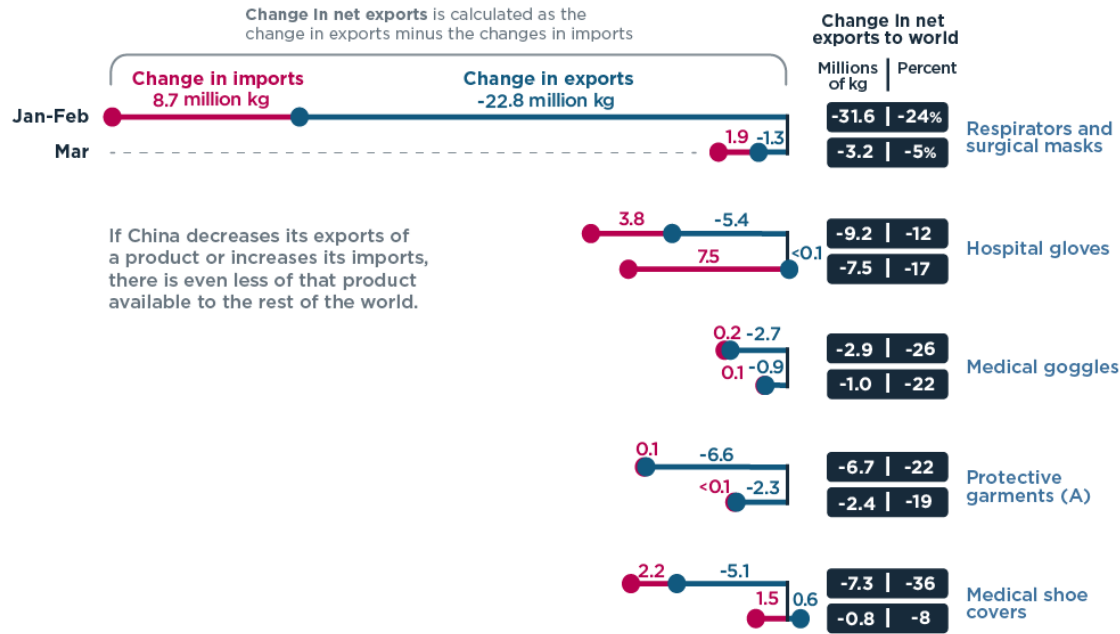
**Source:** Constructed by the author with 8-digit export and import data from Chinese customs. For product definitions, see appendix table.

Source: Chad P. Bown, [China should export more medical gear to battle COVID-19](#). *PIIE Trade and Investment Policy Watch*, 5 May 2020.

Figure 3

## China's net exports of PPE in 2020 are down relative to 2019, but March shows some improvement

China's year-over-year change in net trade volumes of personal protective equipment (PPE), millions of kilograms



**Notes:** China releases combined trade data for January and February. Export and import values may not sum to net volume due to rounding.

**Source:** Constructed by the author with 8-digit export and import data from Chinese customs. For product definitions, see appendix table.

Figure 4

## For many types of PPE, China's export prices increased substantially in March

Change in Chinese export prices from January and February 2020 to March 2020



PPE = personal protective equipment

**Note:** China releases combined trade data for January and February.

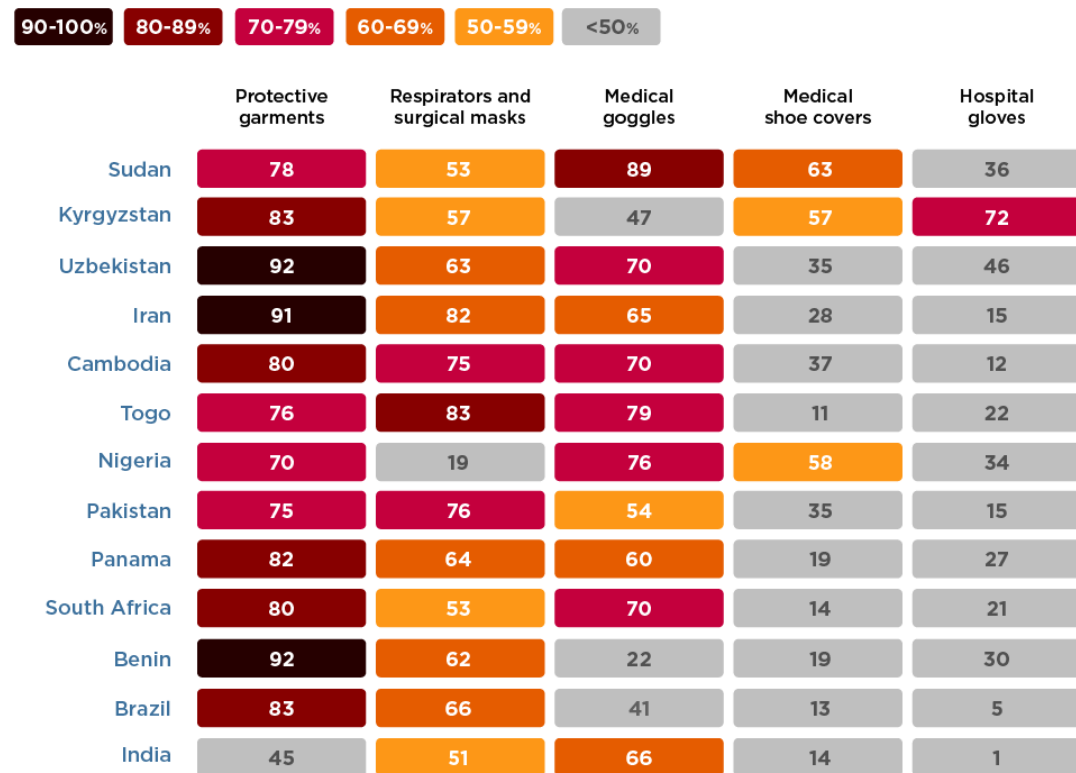
**Source:** Constructed by the author with 8-digit export data from Chinese customs. For product definitions, see appendix table.

Source: Chad P. Bown, [China should export more medical gear to battle COVID-19](#). *PIIE Trade and Investment Policy Watch*, 5 May 2020.

Figure 6

## Many developing countries rely on China for their imports of medical supplies

Percent of total imports sourced from China by product



**Note:** Average share of a country's total imports of each product sourced from China over 2016-18.

**Source:** Constructed by the author with country-specific import data at 6-digit Harmonized System level from UN Comtrade accessed via World Integrated Trade Solution. For product definitions, see appendix table.

Source: Chad P. Bown, [China should export more medical gear to battle COVID-19](#), *PIIE Trade and Investment Policy Watch*, 5 May 2020.

## Examples of policy actions

- **Feb:** China's shift to NDRC for PPE (de facto export restrictions)
- **Mar:** France, Germany, EU export restrictions (and modifications)
- **Mar:** US Section 301 tariff exclusions for PPE
- **Apr:** US export restrictions (and modifications)
- **Apr:** US Food and Drug Administration loosening of regulatory approvals
  - NIOSH approved PPE extended to health care professionals
  - Emergency Use Authorizations for PPE
    - First PPE from EU, Australia, Japan, S Korea
    - Then PPE from China (then modifications)
- **Apr:** China's new export quality checks (and modifications)
- **Upshot: Chaos. The trade policy community needs to do something about this**

# What would a medical goods trade agreement look like?

## 1. Trade policy commitments

- Export curbs: commitments not to limit exports
- Import tariffs: lock in now lower tariffs
  - See *proposal* by Simon Evenett and L. Alan Winters

## 2. Transparency. Building trust that exports will “be there” when countries need them.

- Yes, on policy. Immediate notifications on changes to export and import policy. But not only on policy.
- Need transparency on medical goods **market conditions**
- Need real time data on **production (capacity, output, stockpiles), consumption, imports, exports**
- **Analogy:** Food price spikes of 2008-11
  - Resulted in fear and export restrictions, making shortages worse
  - **Policy solution:** In 2011, G20 develops **Agricultural Market Information System (AMIS)**

# What about an AMIS-like commitment for COVID-19 related medical supplies?

The screenshot shows the AMIS (Agricultural Market Information System) website. The header includes the AMIS logo and a navigation menu with links: ABOUT, MARKET MONITOR, INDICATORS, DATABASE, COUNTRY WORK, RESOURCES, EVENTS, and NEWS. Below the header, there is a 'Market Monitor July 2020' section dated 02 Jul 2020. A key message states: 'Global supplies of all AMIS crops are expected at comfortable levels in the new season. Global wheat output in 2020 is forecast to remain close [...]'. A 'Contents' table is also visible, listing various crop and market indicators.

## MARKET MONITOR

OVERVIEW WHEAT MAIZE RICE SOYBEAN

last release: July 2020

	From previous month forecast	From previous season
Wheat	▲	▲
Maize	▼	▲
Rice	—	▲
Soybeans	▼	—

▲ Easing — Neutral ▼ Tightening

Despite a major production setback in the EU, global wheat output in 2020 is forecast to remain close to last year's above-average level while world maize production is heading to a record, leading to a sharp increase in maize inventories. With rice production also bound for a record and soybeans making a strong recovery, prospects for all four AMIS crops indicate a generally comfortable global supply situation. However, in many parts of the world, local markets brace for the looming impacts of COVID-19, amid uncertainties related to demand, logistics and even access to food.

<http://www.amis-outlook.org/>

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