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**Interim Review of the APEC Declaration on  
Facilitating the Movement of Essential Goods –  
Endorsed**

Purpose: Information  
Submitted by: Malaysia; New Zealand; Singapore



**Second Committee on Trade and  
Investment Meeting  
25-27 May 2021**

# Interim Review of the APEC Declaration on Facilitating the Movement of Essential Goods

Submitted jointly by Malaysia, New Zealand and Singapore

27 May 2021

## Summary

- On 25 July 2020, APEC Ministers Responsible for Trade agreed the **Declaration on Facilitating the Movement of Essential Goods**.
- This report sets out a high-level overview of some indicators that may shed light on the Declaration's implementation and effectiveness.
- This report is intended to be descriptive rather than evaluative. It does not seek to reach a conclusive view on the extent to which the Declaration has had a direct impact on APEC trade policy or flows during the pandemic. Data before and after the signing of the Declaration is provided to offer a snapshot into how the trade policy of, and trade flows between, APEC economies have changed during the pandemic. We of course recognise that these changes may not have been a direct consequence of the Declaration (they may have been independent government responses to supply and demand challenges during the pandemic, for example).
- International Trade Centre analysis of global trade measures taken since the beginning of the pandemic indicates that, while some APEC economies have taken restrictive trade measures with respect to essential goods during the pandemic:
  - the majority of these measures were taken in the early stages of the pandemic, prior to the Declaration being agreed. 71 measures were taken prior to the Declaration (40 facilitating, 31 restrictive), while 11 were taken following the Declaration (4 facilitating, 7 restrictive);
  - since January 2020, there have been more trade facilitating measures introduced for essential goods than trade restrictive measures. This was the case across all categories of essential goods, except food; and
  - nearly 40% of the restrictive measures introduced by APEC economies during the pandemic expired within 6 months of their introduction. At the time of this report, 55% remain in place.
- APEC economies have not imposed any new tariffs on WCO COVID-19 medical supplies during the pandemic to date. Only 6 tariff changes were observed since 25 July 2020, all of which were reductions.
- UN bilateral trade flow data indicates that intra-APEC trade of some WCO COVID-19 medical supplies grew significantly in 2020. While APEC-RoW trade of those goods also increased, it did so to a lesser extent. This analysis is a possible indicator of the resilience of trade channels between APEC economies during the pandemic, particularly in relation to medical supplies.

# Report

This note provides baseline data for reviewing the implementation and effectiveness of the Declaration on Facilitating the Movement of Essential Goods (Declaration),<sup>1</sup> agreed by the APEC Ministers Responsible for Trade in July 2020. The Declaration canvassed four key commitments:

- a. APEC economies' **export restrictions** should be consistent with WTO rules, and be notified in accordance with relevant WTO obligations.
- b. APEC economies are encouraged to work together to resolve unnecessary **non-tariff barriers** (NTBs) in essential goods.
- c. APEC economies should undertake specific **trade facilitation** measures for essential goods.
- d. APEC economies should take note of ABAC's recommendation for **tariff liberalisation measures** in relation to **essential medical supplies**.

The following assessment is non-exhaustive – it does not purport to be a conclusive statement regarding the extent to which each of the above four commitments has been implemented. Rather, it sets out a high-level overview of some indicators that may shed light on the Declaration's implementation and effectiveness overall – namely an analysis of (i) the International Trade Centre (ITC) database of COVID-19 trade interventions by APEC economies, (ii) APEC economies' implementation of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) and (iii) overall trade flows of some WCO COVID-19 medical supplies between APEC economies.

While to the extent possible this analysis is focused on the time period since the Declaration was signed (since 25 July 2020), it also includes 1 January – 24 July 2020 data in circumstances where (i) data limitations have meant that it is not possible to distinguish between pre- and post-Declaration impacts and/or (ii) the pre-25 July 2020 data is useful to better contextualise the impact of the Declaration. For completeness, we do not suggest that all post-25 July 2020 changes to trade policy and flows were a direct consequence of the Declaration. They may have been independent government responses to supply and demand challenges during the pandemic, for example.

For the avoidance of doubt, this assessment does not take any position on whether the individual trade measures introduced by APEC economies were justified in the circumstances and/or consistent with those economy's obligations under the WTO and/or other trade-agreements or the Declaration.

## Temporary trade measures implemented during the COVID-19 pandemic

The ITC's Market Access Map tool has collated temporary trade measures enacted by governments in response to the pandemic,<sup>2</sup> and categorised them as "facilitating" or "restrictive".<sup>3</sup>

The Declaration did not define what constitutes an essential good. The 2020 Statement on COVID-19 by APEC Ministers Responsible for Trade<sup>4</sup> did, however, refer more generally to essential goods as "medicines, medical supplies and equipment, agriculture and food products and other supplies." For the purposes of this analysis, and for avoidance of doubt, we also do not seek to define what constitutes an essential good in this report. However, to facilitate this descriptive analysis, we have drawn from the ITC's Market Access Map tool which documents trade measures related to what the ITC considers as essential products linked to the COVID-19 pandemic response

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<sup>1</sup> [https://www.apec.org/Meeting-Papers/Sectoral-Ministerial-Meetings/Trade/2020\\_MRT/Annex-A](https://www.apec.org/Meeting-Papers/Sectoral-Ministerial-Meetings/Trade/2020_MRT/Annex-A)

<sup>2</sup> <https://macmap.org/en/covid19>. Consistent with the high-level nature of this assessment and the fact that several other bodies – including the WTO – have not taken a public position on whether reported trade measures taken by economies in response to the COVID-19 pandemic were facilitating or restrictive, the ITC Market Access Map was the sole data source for this analysis.

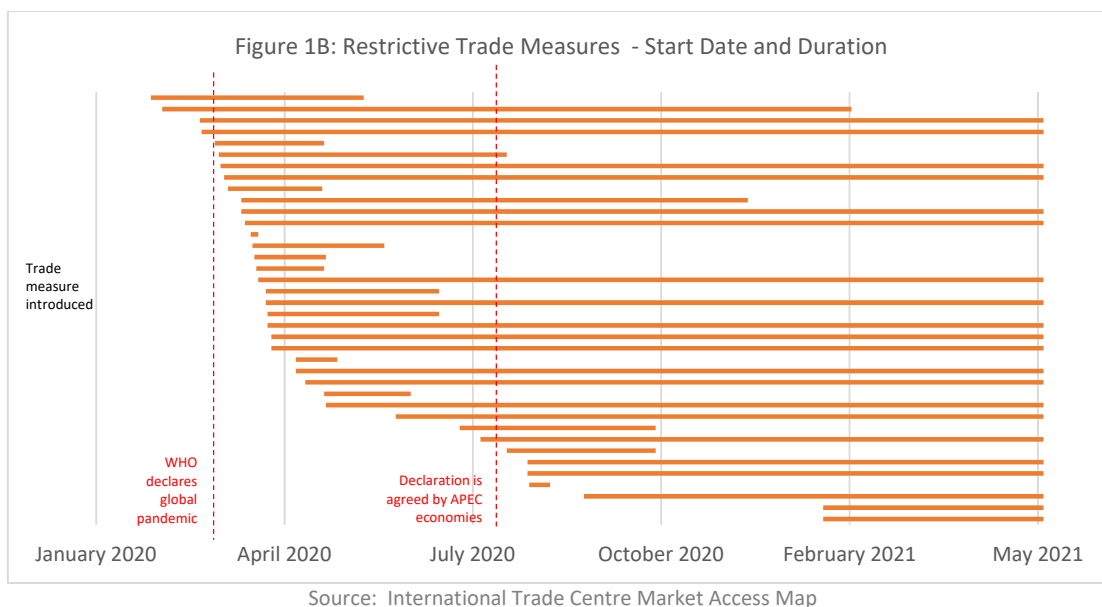
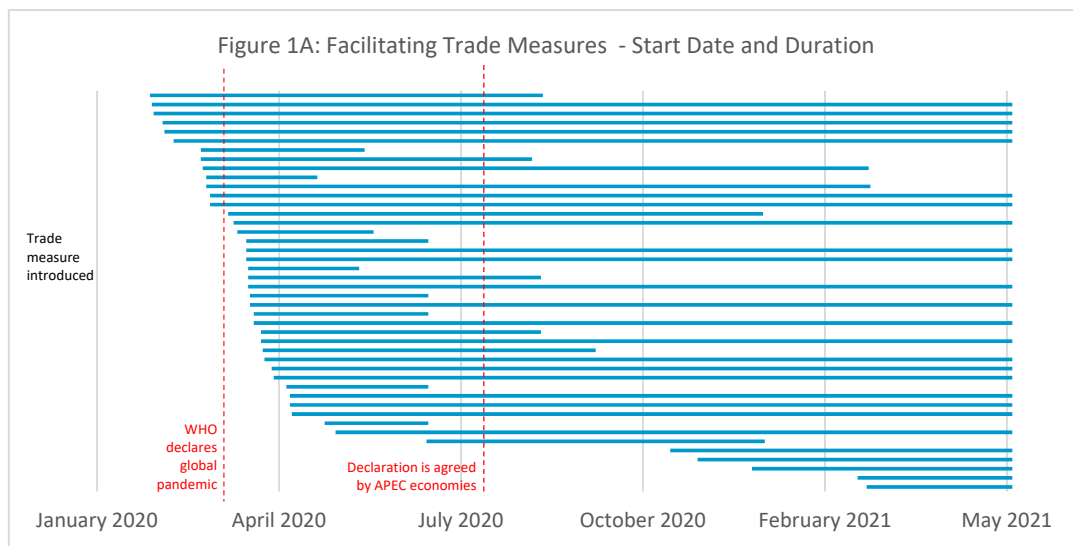
<sup>3</sup> ITC definition of trade facilitating includes both "trade facilitating measures" and "tariff liberalisation measures". For example, the ITC's analysis regards tariff reductions, suspensions of certification requirements and relaxation of import licensing requirements as "trade facilitating" measures.

<sup>4</sup> [Statement on COVID-19 by APEC Ministers Responsible for Trade](#)

– including PPE / medical supplies, food, agricultural products (e.g. fertiliser), and medical equipment (e.g. respirators).

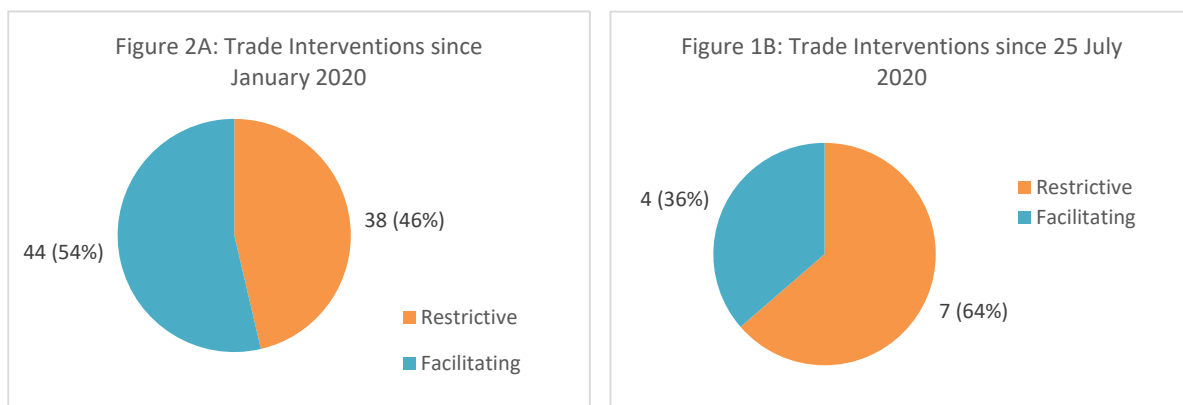
Key takeaways of that analysis (as it relates to APEC economies) include:

- 87% of the trade measures taken in response to the pandemic were taken in its early months, prior to the Declaration being agreed. 11 measures were taken after the Declaration was agreed. See Figures 1A and 1B below.
- Of the 44 trade facilitating measures taken between January 2020 and May 2021, 26 (59%) remain in place today. 18 (41%) have been rolled back. Similarly, of the 38 trade restrictive measures taken during the pandemic, 21 (55%) remain in place today. 12 were terminated within three months of commencement. A further 3 were terminated within six months. See Figures 1A and 1B below.



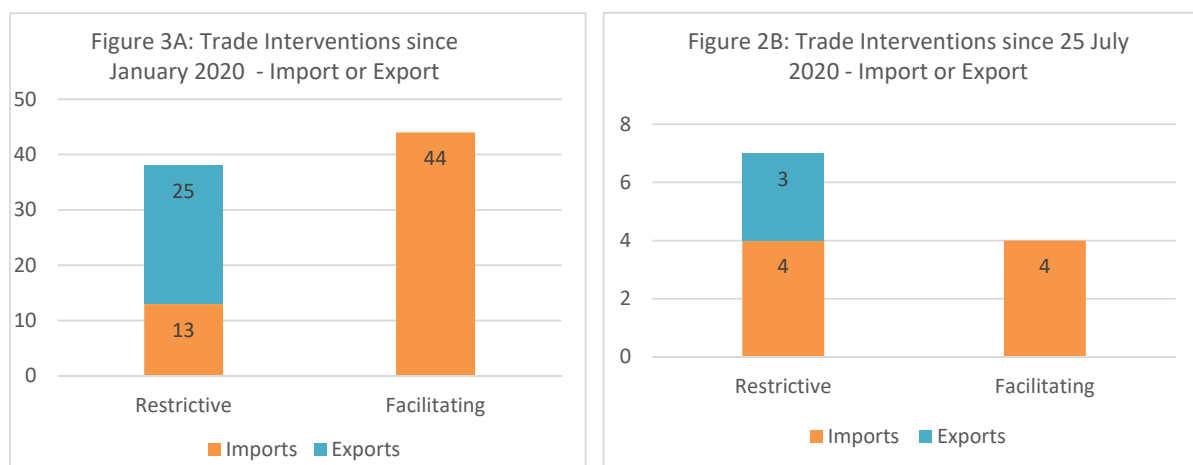
- Per Figure 2A below, 54% of the temporary trade measures introduced by APEC economies since January 2020 have had a facilitating effect on trade. 46% have had a restrictive effect. Since the Declaration was agreed on 25 July 2020, there have been 11 measures introduced. 7 were restrictive and 4 were

facilitating. See Figure 2B.



Source: International Trade Centre Market Access Map

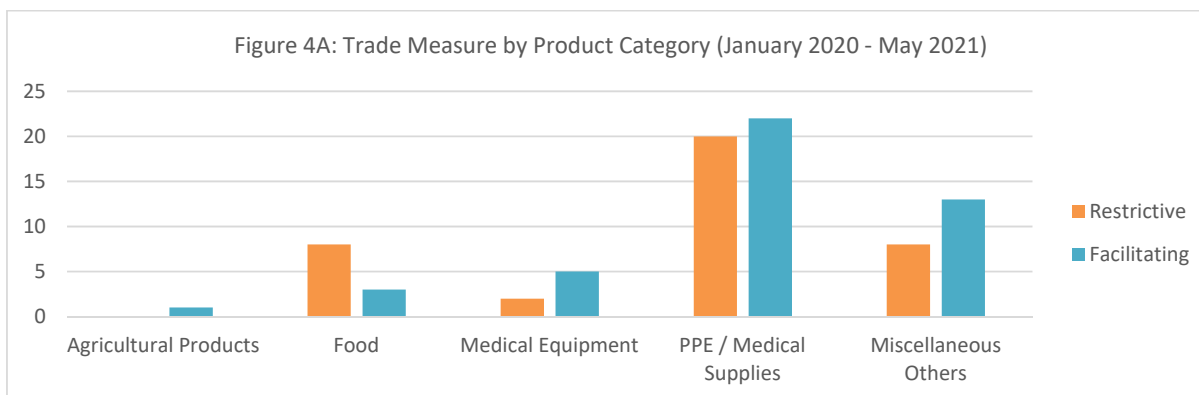
- 30% of total measures introduced during the pandemic (since January 2020) were export related, while 70% related to imports. All 25 export-related interventions had a restrictive effect, including 3 introduced after the Declaration was signed. These interventions consisted mostly of export restrictions on essential products.
- Under the section on export restrictions and prohibitions, the Declaration states that “any trade measure introduced in response to COVID-19 is notified in accordance with relevant WTO obligations.” We note that all export prohibitions and quotas contained in the ITC analysis (except one) were notified to the WTO.<sup>5</sup>
- All 44 of the facilitating interventions introduced in relation to the pandemic (including 4 introduced after 25 July 2020) were import-related, and 72% were tariff waivers or reductions on importing essential goods. See Figures 3A and 3B.



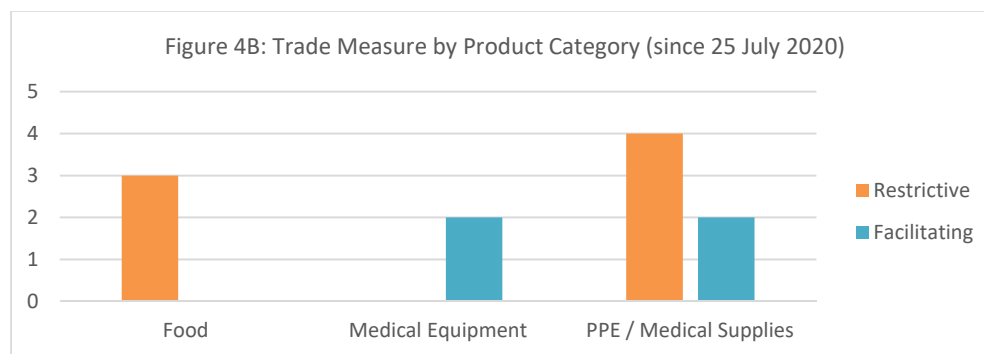
Source: International Trade Centre Market Access Map

- The number of facilitating tariff measures introduced by APEC economies during the entirety of the pandemic (i.e. since January 2020) is larger than the number of restrictive measures across all categories of essential goods, except food. See Figures 4A and 4B below.

<sup>5</sup> Refer to Annex 5, WTO 2020 Annual overview of trade-related developments, available [here](#).



Source: International Trade Centre Market Access Map



Source: International Trade Centre Market Access Map

- While the ITC market access map considers trade facilitating (including both trade facilitation and tariff liberalisation) measures across all categories of essential goods, the Declaration’s language on APEC economies taking note of ABAC’s recommendation for economies to undertake tariff liberalisation is focused on **essential medical supplies**. ITC data and WTO-reported changes indicate that APEC economies have not imposed any new tariffs on WCO COVID-19 medical supplies<sup>6</sup> during the pandemic to date. Only 6 tariff changes were observed after 25 July 2020, all of which were reductions. Most reductions were for COVID-19 vaccines. APEC economies acted quickly in response to the pandemic, with the majority of tariff reductions occurring between 1 January and 24 July 2020 (27 reductions on essential medical supplies tariffs).

In summary, our analysis of the ITC market access map register indicates that while some APEC economies did take some restrictive trade measures with respect to essential goods during the pandemic (including export restrictions):

- the majority of these measures were taken in the early stages of the pandemic. Only 7 (18%) of the restrictive measures were introduced after July;
- since January 2020, there were more trade facilitating measures introduced for essential goods than trade restrictive measures. This was the case across all categories of essential goods, except food; and
- nearly 40% of the restrictive measures introduced by APEC economies during the pandemic expired within 6 months of their introduction. At the time of this report, 55% remain in place.

### WTO Trade Facilitation Agreement implementation

APEC has traditionally been a proponent of the WTO’s initiatives including its Trade Facilitation Agreement (TFA). Since 2017, APEC has monitored the progress of economies’ implementation status of the TFA, with progress reported to Ministers twice a year, at the Ministers Responsible for Trade (MRT) meeting and the APEC Ministerial

<sup>6</sup> World Customs organisation “HS classification reference for COVID-19 medical supplies”, available [here](#).

Meeting (AMM) respectively. Since the announcement of the 2020 Declaration on Facilitating the Movement of Essential Goods in May last year, the updates provided by economies via APEC’s WTO TFA’s monitoring mechanism reflect that only one economy had implemented four Category B provisions. While this is good news, it reflects that there is much more work to be done.

WTO TFA implementation continues to be an important objective, and accelerated implementation would operationalise the Trade Facilitation pillar of the Declaration, including the following commitments:

| <b>Declaration</b>                                                                                                                                                                                                                                                          | <b>Corresponding WTO TFA article</b>    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| <i>expedite and facilitate the flow and transit of essential goods;</i>                                                                                                                                                                                                     | Article 7                               |
| <i>to expedite the release of essential goods upon arrival, including adopting or maintaining procedures allowing for submission of import documentation and other required information, such as manifests, in order to begin processing prior to the arrival of goods.</i> | Article 7                               |
| <i>enhance coordination, efficiency and transparency of the border clearance of essential goods</i>                                                                                                                                                                         | Article 1;<br>Article 5;<br>Article 8;  |
| <i>facilitate the entry, transit and departure of air cargo containing essential medical supplies.</i>                                                                                                                                                                      | Article 7;<br>Article 10;<br>Article 11 |

Based on the latest version of the TFA monitoring mechanism (as at 17 May 2021), we note that several economies have volunteered to fulfill their remaining Category B and C commitments on various articles, including the articles relevant to the Declaration (listed above), between 2020 to 2024. As part of APEC’s pandemic response efforts towards eventual economic recovery, we support and welcome economies to successfully accelerate implementation of their commitments within the allocated time frame or sooner.

### **Analysis of trade flows of essential goods between APEC economies**

We were also able to analyse bilateral trade flows of some WCO COVID-19 medical supplies<sup>7</sup> between APEC economies (intra-APEC trade), and between APEC economies and non-APEC economies (APEC-RoW trade) in 2019 and 2020.<sup>8</sup> Due to time constraints, we were only able to analyse a subset of the WCO COVID-19 medical supplies list, which we considered may act as a general indicator of trend(s) in the trade flows of COVID-19 medical supplies more broadly.

The outcomes of that analysis are set out below:

- Total intra-APEC trade increased from 2019 to 2020 for all categories of goods within our basket of COVID-19 medical supplies. See Figure 5 below.

<sup>7</sup> A detailed trade-flow analysis of this group of products was conducted because this was the product category with the most interventions by APEC economies – see Figures 4A and 4B above.

<sup>8</sup> Data source: <https://comtrade.un.org/Data/>. Several APEC economies’ 2020 bilateral trade flows are not yet publicly available, and so, to ensure consistency of reporting, 2019 trade flows reported by those economies were excluded from this analysis.

**Figure 5: 2019-20 intra-APEC trade in essential goods**

| Category of Goods <sup>9</sup> | Intra-APEC 2019 Total Trade (US\$ Billion) | Intra-APEC 2020 Total Trade (US\$ Billion) | % Change   |
|--------------------------------|--------------------------------------------|--------------------------------------------|------------|
| PPE                            | 16.37                                      | 48.50                                      | 196%       |
| Sanitiser (incl raw materials) | 3.47                                       | 6.81                                       | 96%        |
| Tests                          | 18.05                                      | 21.36                                      | 18%        |
| Thermometers                   | 1.26                                       | 2.61                                       | 107%       |
| Ventilation Equipment          | 21.58                                      | 23.33                                      | 8%         |
| <b>Grand Total</b>             | <b>60.73</b>                               | <b>102.62</b>                              | <b>69%</b> |

Data source: UN Comtrade database / Product definition source: World Customs Organization

- 2020 APEC-RoW trade flows of these WCO COVID-19 medical supplies also increased *vis-à-vis* 2019 – presumably driven by increased global demand for these products during the pandemic. However, the share of trade in these medical supplies that was intra-APEC, rather than APEC-RoW, increased by ~3% between 2019 and 2020. In other words, 2020 intra-APEC trade of these WCO COVID-19 medical supplies increased relative to APEC-RoW trade. See Figure 6 below.

**Figure 6: 2019-20 intra-APEC trade v APEC-RoW trade**

| Category of Goods <sup>10</sup> | Intra-APEC share of total APEC trade (2019) | Intra-APEC share of total APEC trade (2020) | % change in intra-APEC share of total APEC trade (2019-20) |
|---------------------------------|---------------------------------------------|---------------------------------------------|------------------------------------------------------------|
| PPE                             | 68.20%                                      | 56.60%                                      | -11.60%                                                    |
| Sanitiser                       | 49.65%                                      | 65.12%                                      | 15.47%                                                     |
| Tests                           | 24.87%                                      | 23.95%                                      | -0.92%                                                     |
| Thermometers                    | 54.90%                                      | 56.56%                                      | 1.65%                                                      |
| Ventilation Equipment           | 47.69%                                      | 48.01%                                      | 0.32%                                                      |
| <b>Grand Total</b>              | <b>40.19%</b>                               | <b>43.02%</b>                               | <b>2.83%</b>                                               |

Data source: UN Comtrade database / Product definition source: World Customs Organization

- The 2020 decrease in intra-APEC’s share of PPE trade can be explained by the increase in APEC textile mask<sup>11</sup> exports to RoW to meet exponentially heightened demand (from China to the European Union in particular). If trade in textile masks is excluded from the analysis in Figure 6, intra-APEC’s share of total APEC PPE trade **increases by 0.99%**. See Figure 7 below. In other words, absent textile masks, 2020 intra-APEC trade of PPE increased relative to APEC-RoW trade.

**Figure 7: 2019-20 intra-APEC trade v APEC-non APEC trade for PPE (excluding textile masks)**

| Category of Goods <sup>12</sup> | Intra-APEC share of total APEC trade (2019) | Intra-APEC share of total APEC trade (2020) | % change in intra-APEC share of total APEC trade (2019-20) |
|---------------------------------|---------------------------------------------|---------------------------------------------|------------------------------------------------------------|
| PPE (excluding textile masks)   | 68.69%                                      | 69.69%                                      | 0.99%                                                      |

Data source: UN Comtrade database / Product definition source: World Customs Organization

In summary, intra-APEC trade of this basket of WCO COVID-19 medical supplies grew significantly in 2020. While APEC-RoW trade of these goods also increased, it did so to a lesser degree – a possible indicator that APEC economies have, per the Declaration, made efforts to “work together to facilitate the flow of essential goods at this critical time”.

<sup>9</sup> See Appendix One for concordance of HS codes which we considered under each category.

<sup>10</sup> See footnote 9.

<sup>11</sup> HS 6307.90.

<sup>12</sup> See footnote 9.



## Concluding Comments and Next Steps for the Review

Given the high-level and non-exhaustive nature of this review, next steps could include:

- considering whether further quantitative analysis of trade interventions introduced by APEC economies and/or bilateral trade flows between APEC economies could be conducted to expand on this analysis (e.g. expanding the analysis of bilateral trade flows to other essential goods – e.g. food), including when further data from 2020/2021 is available;
- conducting a qualitative survey of APEC economies, which asks each economy to voluntarily comment on specific actions that they have taken since July 2020 in response to the Declaration. These responses could be collated into a report which summarises key themes and/or provides case studies of pertinent successes or challenges; and
- based on the above, considering what further actions are possible in APEC to continue making progress on the implementation of the Declaration.

### Appendix One: Product Categories by HS Code

The WCO COVID-19 medical supplies list was used as a basis for selecting a subset of goods upon which to conduct a trade flows analysis. Due to time constraints, we were only able to analyse a subset of the WCO COVID-19 medical supplies list, which we considered may act as a general indicator of trend(s) in the trade flows of COVID-19 medical supplies more broadly. The selected subset of trade flows were combined into product categories per the following concordance:

| Product Categories    | HS Classification <sup>13</sup>                                                                                                                                                                                                                                     |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PPE                   | 392620: Plastic Gloves<br>401511: Surgical rubber gloves<br>401519: Other rubber gloves<br>630790: Textile Face Masks<br>650500: Disposable hair nets<br>900490: Protective spectacles and goggles<br>902000: Gas Masks with mechanical parts / replaceable filters |
| Sanitiser             | 220710: 80%+ ethyl alcohol solution<br>220890: 75% ethyl alcohol solution<br>380894: Hand sanitizer and other disinfectant wipes                                                                                                                                    |
| Tests                 | 300215: Immunological COVID-19 Tests<br>382200: PCR COVID-19 Tests<br>902780: COVID-19 Diagnostics Test instruments                                                                                                                                                 |
| Thermometers          | 902511: Liquid filled thermometer for direct reading<br>902519: Other thermometers                                                                                                                                                                                  |
| Ventilation Equipment | 901890: Intubation kits<br>901920: Medical ventilators (artificial respiration apparatus)                                                                                                                                                                           |

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<sup>13</sup> HS classification source: World Customs Organization