



**Asia-Pacific
Economic Cooperation**

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Non-Tariff Measures on Essential Goods During the COVID-19 Pandemic

Submitted by: Policy Support Unit, APEC Secretariat



**Trade Policy Dialogue on Understanding
Non-Tariff Measures on Agriculture,
Forestry and Fisheries Sectors to Enhance
Trade to Improve Rural Development and
Poverty Alleviation in the Asia Pacific
Region**

13 August 2021



Non-Tariff Measures on Essential Goods during the COVID-19 Pandemic

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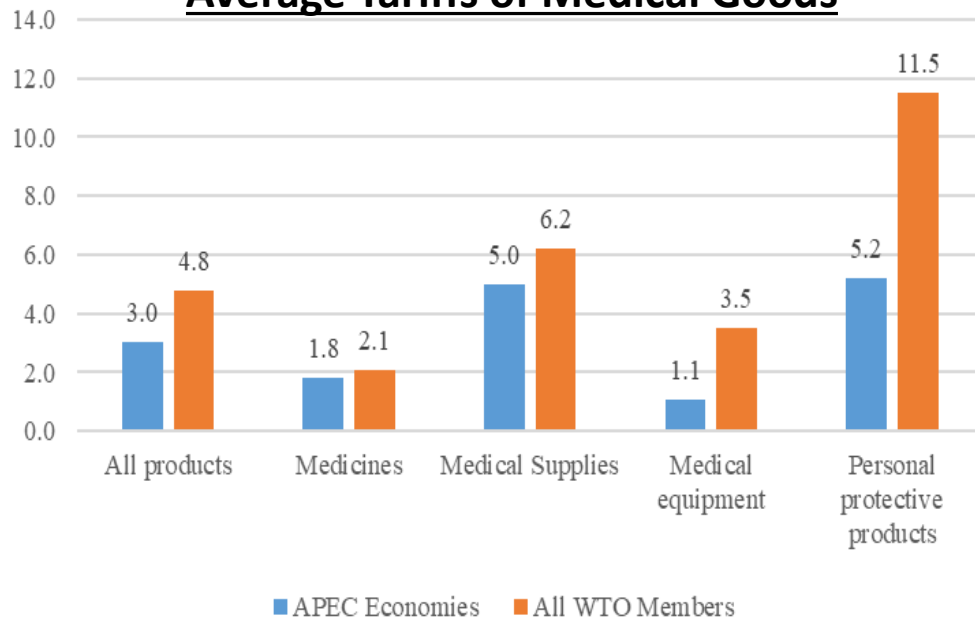
Virtual Trade Policy Dialogue (TPD)
on Understanding NTMs on
Agriculture, Forestry and Fisheries
Sectors to Enhance Trade to Improve
Rural Development and Poverty
Alleviation (RDPA)



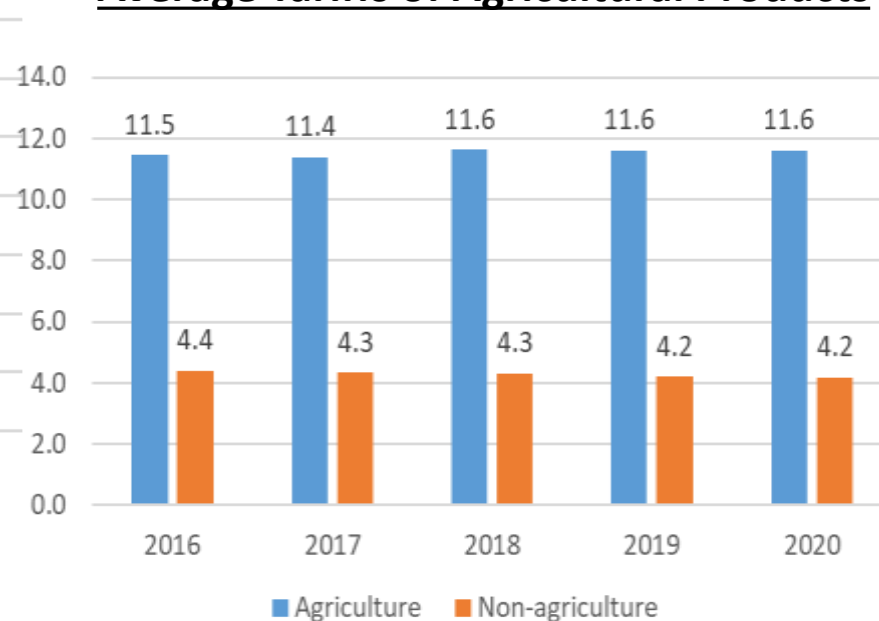
Advancing Free Trade
for Asia-Pacific Prosperity

Despite significant progress in trade liberalization, tariffs are still affecting trade of essential goods

Average Tariffs of Medical Goods



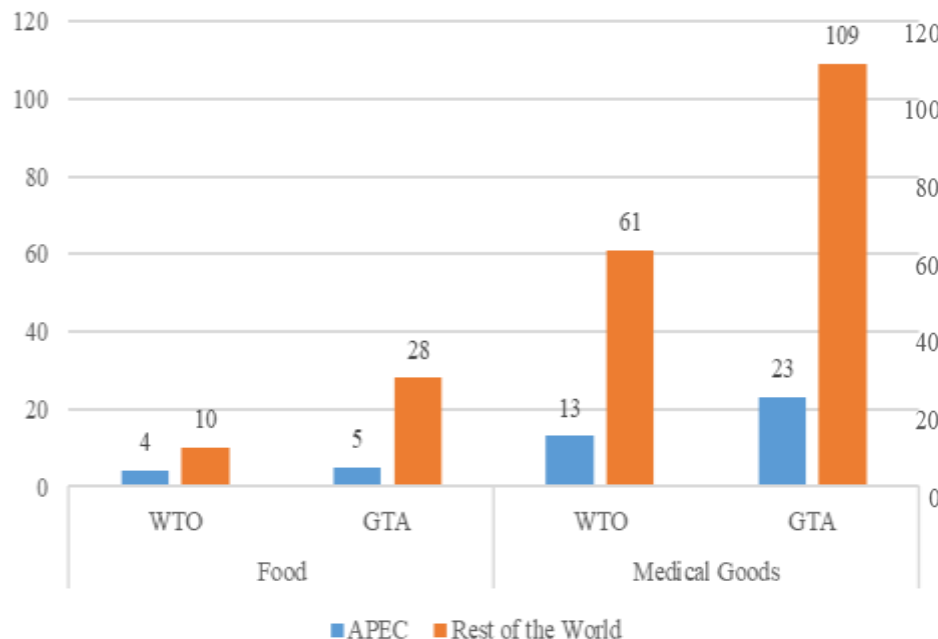
Average Tariffs of Agricultural Products



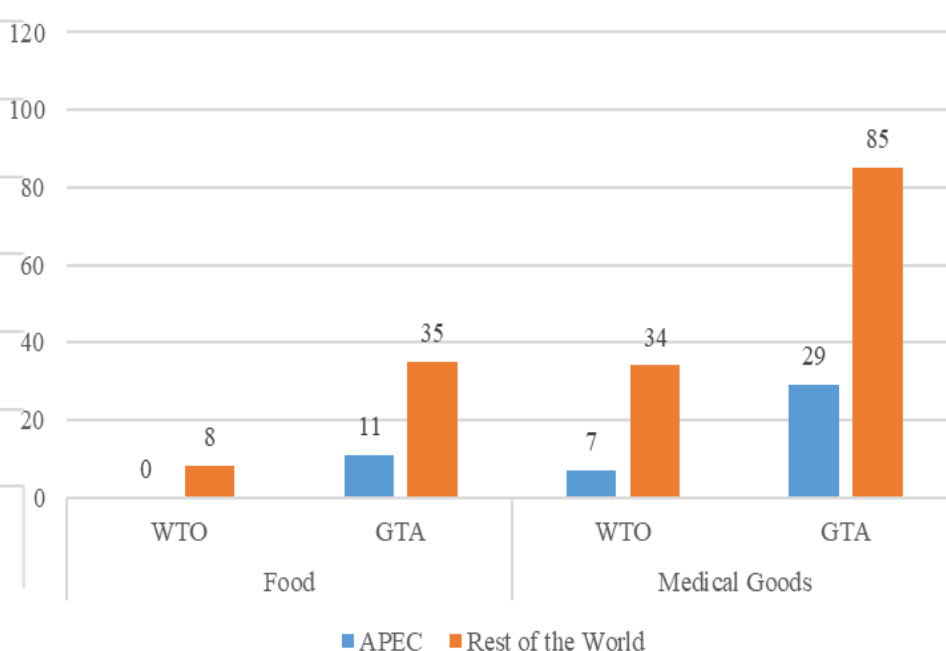
Average tariff of agricultural products is high. Also, some medical goods such as personal protective equipment and medical supplies could be charged with higher import tariffs than medicines or medical equipment

Export restrictions are a serious problem for essential goods, but they have declined in the last year

As of 6 May 2020



As of 2 July 2021



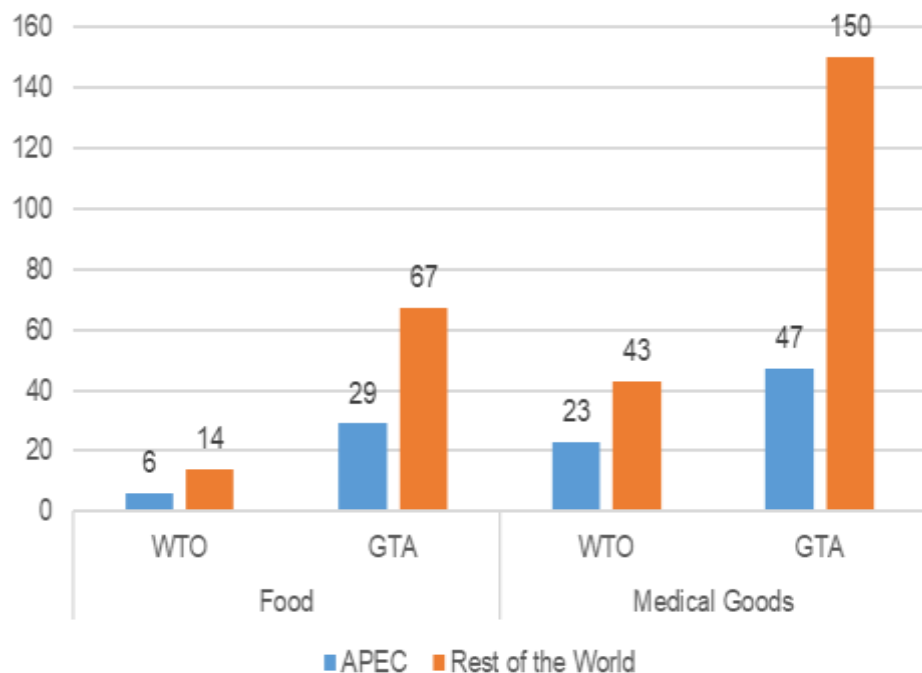
Export restrictions affecting medical goods have decreased. Increase of export restrictions on food according to Global Trade Alert.

Export restrictions could affect availability of goods and increase prices in international markets. Exporters will be worst off and could affect future operations

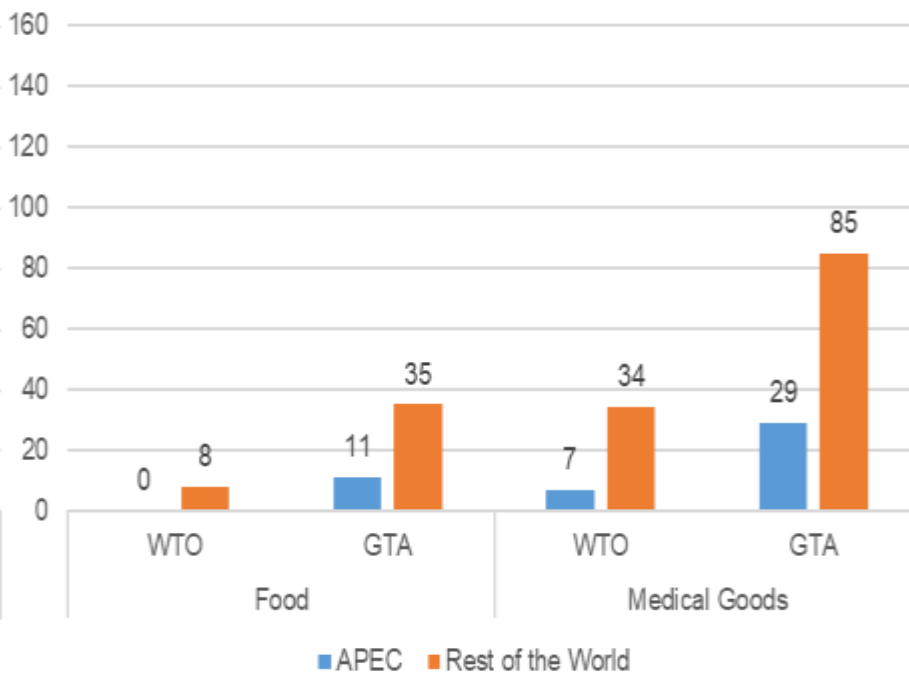
The number of import facilitating measures of essential goods exceed the number of export restrictive measures

As of July 2021

Import facilitating measures



Export restrictive measures



As the pandemic continues, **more import facilitating measures** are being put in place around the world. For example, **temporary tariff reductions/eliminations**, domestic **tax deferrals**, implementation of **digital paperwork**, **relaxation of import licensing procedures**, etc.

Main issues affecting food products during the COVID-19 pandemic

- ❑ World **food stocks OK** for now. **Retail food prices** going up a bit, as some **stocks-to-use ratios** of some products have fallen and **freight rates** are going up.
- ❑ **Export restrictions on food**: some restrictions removed, but additional restrictions in the future could increase food prices.
- ❑ **Production** issues. Examples:
 - **Shutdowns** after outbreaks to keep **labor workforce safe**
 - Availability of **temporary migrants workers** disappeared
- ❑ **Distribution** issues. Examples:
 - **International connectivity**: sea freight capacity is below pre-pandemic levels. Spot sea freight rates up. Some issues with customs clearance too.
 - **Domestic connectivity**: lockdowns and restrictions to movement of people affecting food supply/value chain.
 - **Changes in consumer demand**: difficulties switching from business customers to end-customers

Issues affecting medical goods, including COVID-19 vaccines

- **Complex supply chain.** Some medicines and COVID-19 vaccines are sensitive to disruptions in any of its components. Cold chain equipment and storage required, even in communities away from main urban centres.
- **High MFN tariffs** for some products.
- **Export restrictions and prohibitions** on medical products, COVID-19 vaccines and related supply and equipment could affect supplies.
- **Bottlenecks in intellectual property rights** could affect plans to expand vaccine production in the short term.
- **Good Manufacturing Practice** is a **requirement** to produce any vaccine. **Divergences in protocols** among economies could complicate plans to ramp up vaccine production of COVID-19.

Policy Recommendations

APEC economies should discuss initiatives on:

- **Trade liberalization**: **Reduction or elimination of tariffs** on essential goods. Commitment to **refrain from implementing unnecessary export restrictions and prohibitions** affecting those goods.
- **Trade facilitation**: Keep **supply lines open**. Strategies to **diversify procurement** of essential goods. Investments in cold chain equipment and storage. Use of **digital documents**.
- **Intellectual property**: **Technology transfer** initiatives. **Licensing IP rights** to 3rd parties. Discuss an APEC common position to the proposal at WTO on **temporary waiver on certain TRIPS obligations**. Partnerships between academia, government and private sector.
- **Standards and conformance**: Ensure domestic regulations incorporate **WHO guidelines**. **Mutual recognition of inspections and approvals** to ensure quality assurance of vaccines in one economy should also be valid in other economies.

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