

The Impact of COVID-19 on International Trade: Differences Between Importing and Exporting Countries

Hangyu Lin^{1,a,*}

¹ *Department of Economics, University of Toronto, Toronto, Canada*

a. akaren.lin@mail.utoronto.ca

**corresponding author*

Abstract: During the pandemic period, import and export trade has been affected seriously. This study investigates the different implications on importing and exporting countries of international trade under the COVID-19 pandemic. The data in this article include the top five net exporters and top five net importers in 2019 ranked by their account balance. After the comparison, there are four findings have been found. First, the epidemic has had a severe negative impact on international trade for both importing and exporting countries. Second, the impacts of the pandemic on exporting countries are relatively deeper and consist longer than the importing countries. Third, unlike international trade on a global scale, intra-Asian trade has fewer negative impacts on exporting countries. Fourth, the negative impact of the COVID-19 burden on exporters is more pronounced in developing country exports rather than developed countries

Keywords: international trade, COVID-19, importing country, exporting country.

1. Introduction

As the COVID-19 pandemic spread around the world, many countries have published serval bans on people and trade to provide a further spread of the epidemic. Inside each country, lockdown rules are widely promoted. Social distance is mandatory and during some special periods, people are also forced to stay at home and work remotely. The logistics industry be harmfully damaged as a result which will break the supply chain system. Many businesses and factories are hard to survive under the lockdown policy, a rapid rise in the unemployment rate and fall in GDP is commonly seen in many countries after the first wave of the pandemic.

Although the epidemic has had a severe negative impact on international trade for both importing and exporting countries, the ways are affected for importing and exporting countries are different. For importing countries, reducing people's earnings and the number of shopping offline will lead to the decline of aggregate demand. For exporting counties, the lower production scale and capacity is the main reason for decreasing exports, especially for developing countries where the technical support for remote working is relatively weaker than in developed countries. Thus, the negative impact of the COVID-19 burden on exporters is more pronounced in developing country exports rather than developed countries.

Internationally, the pandemic went from a transmissible disease to a trigger that changed the pattern of world trade, the equilibrium between economics has been destroyed harmfully. Many countries haven't fully recovered to pre-pandemic international trade levels yet by 2021. However,

continent. There are eight developed countries be selected: Australia, America, Sweden, Canada, Germany, Japan, Singapore, and the United Kingdom. And eight developing countries are selected as well, which are Brazil, Nigeria, Kenya, Malaysia, Mexico, South Africa, Russia, and Thailand. The average export annual growth rate in 2020 is -8.40% and -11.19% for developed countries and developing countries respectively. Therefore, the developing countries have a lower export annual growth rate than the developed countries, especially for the developing countries on the African continent. The export annual growth rate for the United Kingdom is the lowest among developed countries which fall nearly 14% compared with the year 2019. It may also relate to the UK's Brexit policy. The UK's Brexit policy sharply decline the exports of goods and services for the United Kingdom to other European Union (EU) member states, and the March pandemic also caused a further drop in the export trade for the UK. The double whammy of policy and the pandemic has caused the UK's import and export trade to plummet.

Table 2: The exports of goods and services annual growth rate of developed countries and developing countries.

Developed countries		Developing countries	
Developed country	Export annual Growth rate (%)	Developing countries	Export annual Growth rate (%)
Australia	-1.74	Brazil	-1.76
America	-13.56	Nigeria	-27.0
Sweden	-4.60	Kenya	-8.20
Canada	-8.69	Malaysia	-8.90
Germany	-9.32	Mexico	-7.30
Japan	-11.74	South Africa	-11.95
Singapore	-4.32	Russia	-4.27
UK	-13.94	Thailand	-19.43
Average	-8.40	Average	-11.19

4. Discussion

Based on the previous data, it could get the first finding that the COVID-19 pandemic led to an economic shock on both importing countries and exporting countries and harmed international trade flow, which is similar to that proposed by K. Hayakawa's and H. Mukunoki's [1].

Although many importing countries also own a large negative import annual growth rate in 2020, the change in net imports of goods and services as a share of GDP in importing countries is much lower than the change in net export as a share of GDP in exporting countries. In another word, the international trade for most exporters is suffered deeper than the importers. The decline of the overall economy has less impact on importers, and they will take a shorter period to recover the trade gap than the exporters when the economy rebounds. That is the second finding for this study: the impacts of the pandemic on exporting countries are relatively deeper and consist longer than the importing countries.

Based on Table I, the third finding could be found that the intra-Asia export trade is less affected by the pandemic than the other three continents. This result may be due to the fact that some Asian countries allow the machinery industry to continue operations in the event that a plant closure order takes effect, or because Asian manufacturing companies can mitigate negative supply chain shocks by adjusting existing finished goods inventories [6].