



Preliminary Considerations on *The Trade Policy Response to Covid-19: A Call for Urgent OECD Action*

April 2020

Across OECD countries and beyond, governments are taking ambitious initial responses to minimize the implications of the Covid-19 pandemic for their citizens, while limiting severe damages to our economies and societies. It is clear that the size of the economic shock will critically depend on the length, extent and coordination of containment measures, and it will last well after the crisis dominated headlines.

In this context, *Business at OECD* urges governments to ensure a coordinated international effort, which is the only way to meet the challenge of a global pandemic. We also need governments to work together rather than competitively to maintain trust in the international trade and investment system. For the OECD, it is now more important than ever to deliver best policy advice - on both, short-term collective response measures, as well as the longer-term recovery plans that will soon need to be implemented.

In particular, we urge the OECD Trade Committee to support the Organization's member and partner countries in establishing effective, risk- and evidence-based measures to address the Covid-19 pandemic in a coordinated and timely manner, thereby ensuring that interventions are not more trade restrictive than necessary. Further, OECD work on trade policy should safeguard that governments do not misuse these developments to adopt or keep arbitrary, discriminatory or protectionist policies that disrupt supply chains, and put further strains on the economy. Instead, it should highlight the crucial role of open trade and global value chains as fundamental drivers to recover from this global crisis.

We call on the OECD and its Trade Committee in particular to:

- ***Ensure transparency by establishing a framework to monitor trade policy measures that are introduced by governments in response to the Covid-19 pandemic.***
- ***Highlight best practice solutions of risk- and evidence-based trade policies that effectively contribute to containing Covid-19 at various stages of the pandemic.***
- ***Foster coordination and coherence by working towards a joint trade policy approach, including a common understanding of "essential" goods and services.***
- ***Underline the importance of global and regional value chains to ensure the supply of goods and services, and avoid arbitrary restrictions and disruption.***
- ***Emphasize that a reduction in tariff and non-tariff barriers is an effective tool in stimulating the economy, and must be a critical part of a holistic economic policy response.***

- *Work across the OECD to support programs and assistance to companies, especially for SMEs and economic sectors that are particularly affected by this crisis.*

Preliminary Recommendations:

In their risk- and evidence-based response to the Covid-19 pandemic, *Business at OECD* members strongly encourage the OECD and governments to urgently consider and address the following preliminary points:

- *Publish clear, coherent and timely guidance regarding border-measures and procedures and ensure transparency for business in a rapidly changing landscape, particularly where measures are applied under the designation “non-essential”.*
- *Ensure that – within necessary safeguards – the international movement of essential business persons as a condition of trade and investment remains as free and predictable as possible.*
- *Explore control mechanisms and conditions that avoid multiple day quarantine upon arrival or return to facilitate trade in this context. This should particularly concern amongst others:*
 - *Hi-tech medical equipment technicians, who must be able to move across borders in a timely manner to service equipment.*
 - *Logistics personnel including air cargo pilots and crew, who must be able to travel between their home base and outbound destinations.¹*
- *Avoid arbitrary border closings to cargo.*
- *Consider temporary tariff suspensions for all products that are directly or indirectly vital in fighting the virus, ideally to be agreed at WTO level for the duration needed to offset the worst supply shortages (ex. end 2020).*
- *Avoid restrictions that delay the purchase of medical equipment and remove tariffs that make these goods more expensive.*
 - *Explore mechanisms of fast track approvals by Regulatory Agencies of OECD countries, in order to speed up the access of new vaccines, medicines, medical devices or tests, proven to be effective on COVID19.*
 - *Export controls on medical equipment prevent life-saving products to move where they are needed the most, and erode trust in the international trade and investment system.*
 - *Customs procedures should not lead to additional bottlenecks in the supply of medical and protective equipment, already hindered by additional national*

¹ In this context, we highlight that bans on passenger flights had significant negative consequences for air transport as up to 60 percent of air cargo is transported in the holds of passenger jets.

authorizations, certification and licenses and subject to strict export restrictions.

- *Support businesses struggling to maintain liquidity, particularly SMEs, with a package of measures - ranging from postponing the payment of customs duties and waivers, to allowing delayed payment of customs debts, to agreeing on a seaborne FOB value when rerouting urgent parts via air.*
- *Stimulate the economy by avoiding or at least temporarily suspending trade tensions to reduce the risk of a severe and longer-lasting recession.*