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How Global Trade Affects Your Country's Ability to Beat COVID-19



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Apr 1 · 4 min read

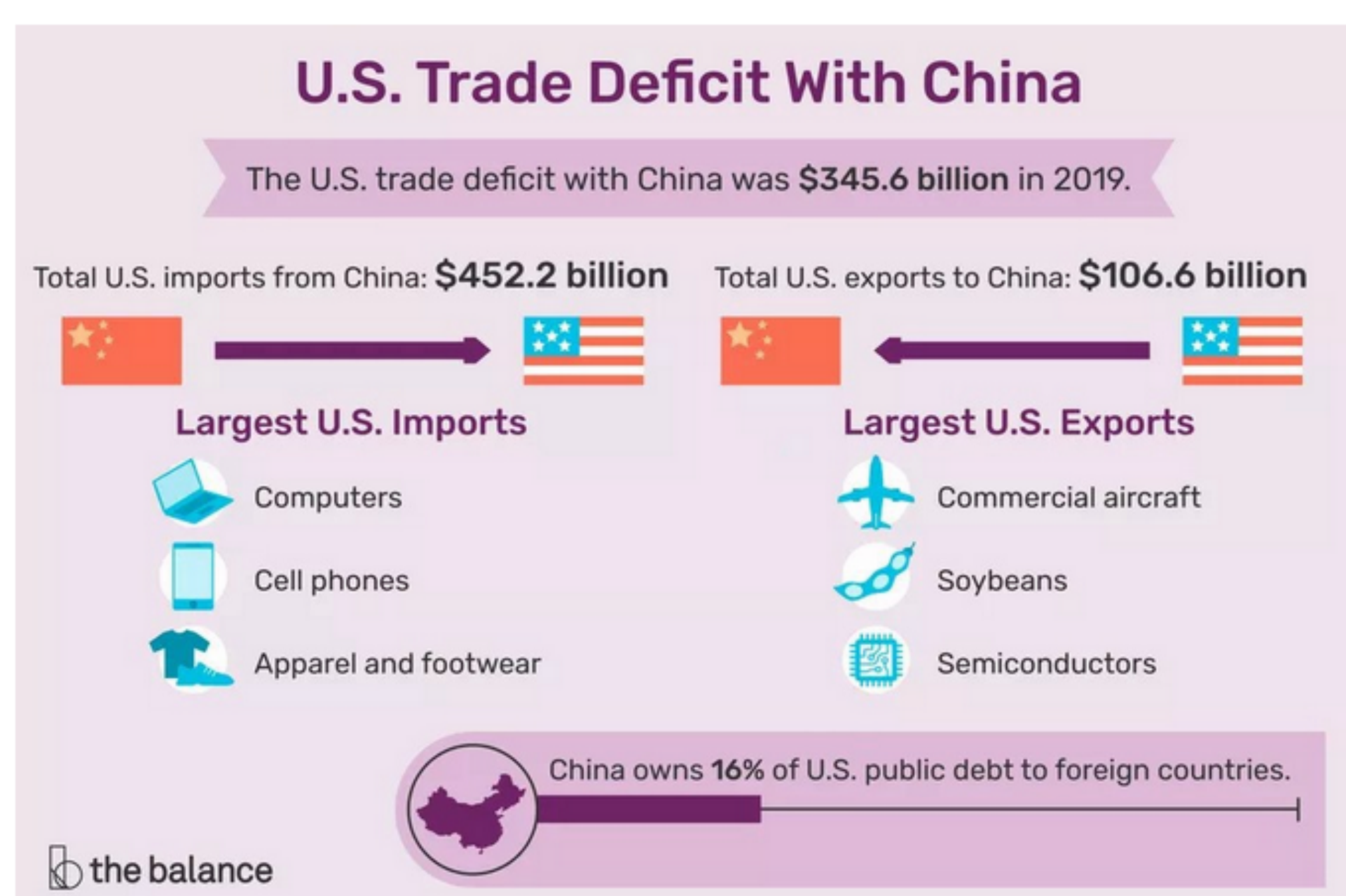


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If there was any doubt that the world economy is totally dependent on open trade in meeting today's needs, the on-going spread of the COVID-19 virus and its bruising impact on global economies, surely put doubt to rest.

In the most recent *Interim Economic Outlook* of the Paris-based Organization for Economic Cooperation and Development (OECD), global gross domestic product (GDP) is predicted to drop to 2.4% in 2020 in the best case scenario due to COVID-19 virus. The OECD warned that depending on whether the coronavirus outbreak is “longer lasting and more intensive” global growth could fall to as low as 1.5%. The shock waves would extend across the global economy, especially as sharp declines in manufacturing and domestic consumption are already expected from China (which represents between 11–12% of global trade, and is a huge importer of goods and commodities), and consumer market confidence in the rest of the world is badly shaken.

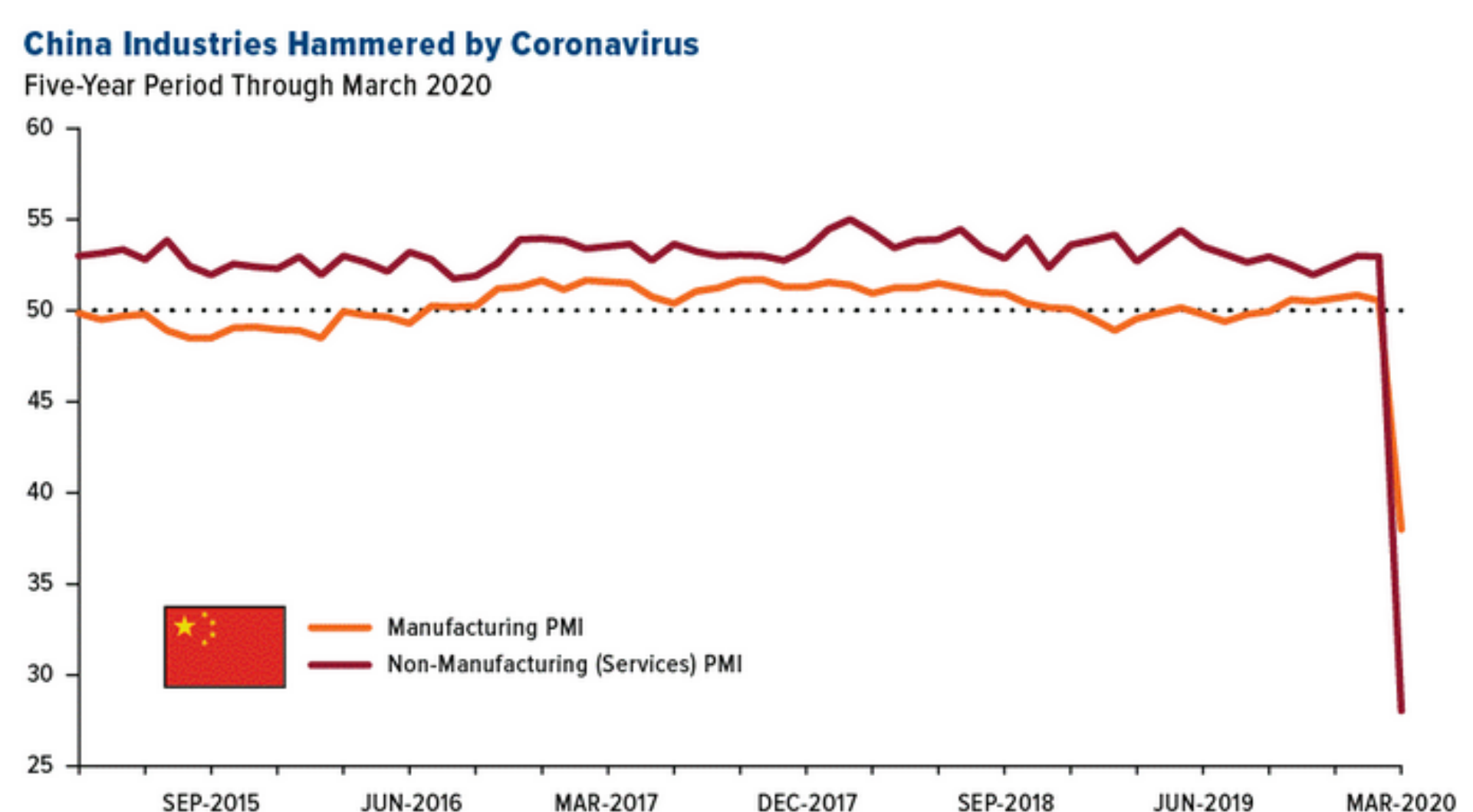
What happens to the [global production chain](#) given the world economy's exposure to China? Specifically, how are trade flows across the world's two largest economies, going to [reflect the COVID-19 outbreak](#)? The U.S. [trade deficit](#) with China was already expansive, but now, the situation looks even more dire.



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Global Supply Chain

The global supply chain plays a [critical role in today's economy](#), and it's difficult to imagine life without it. It is the lifeblood of many businesses because it provides access to raw materials and distribution of goods throughout the world. Yet, paradoxically, it is that same global connectedness that threatens production and delivery of much needed supplies today, including medical masks, ventilators, and personal [protective equipment](#).

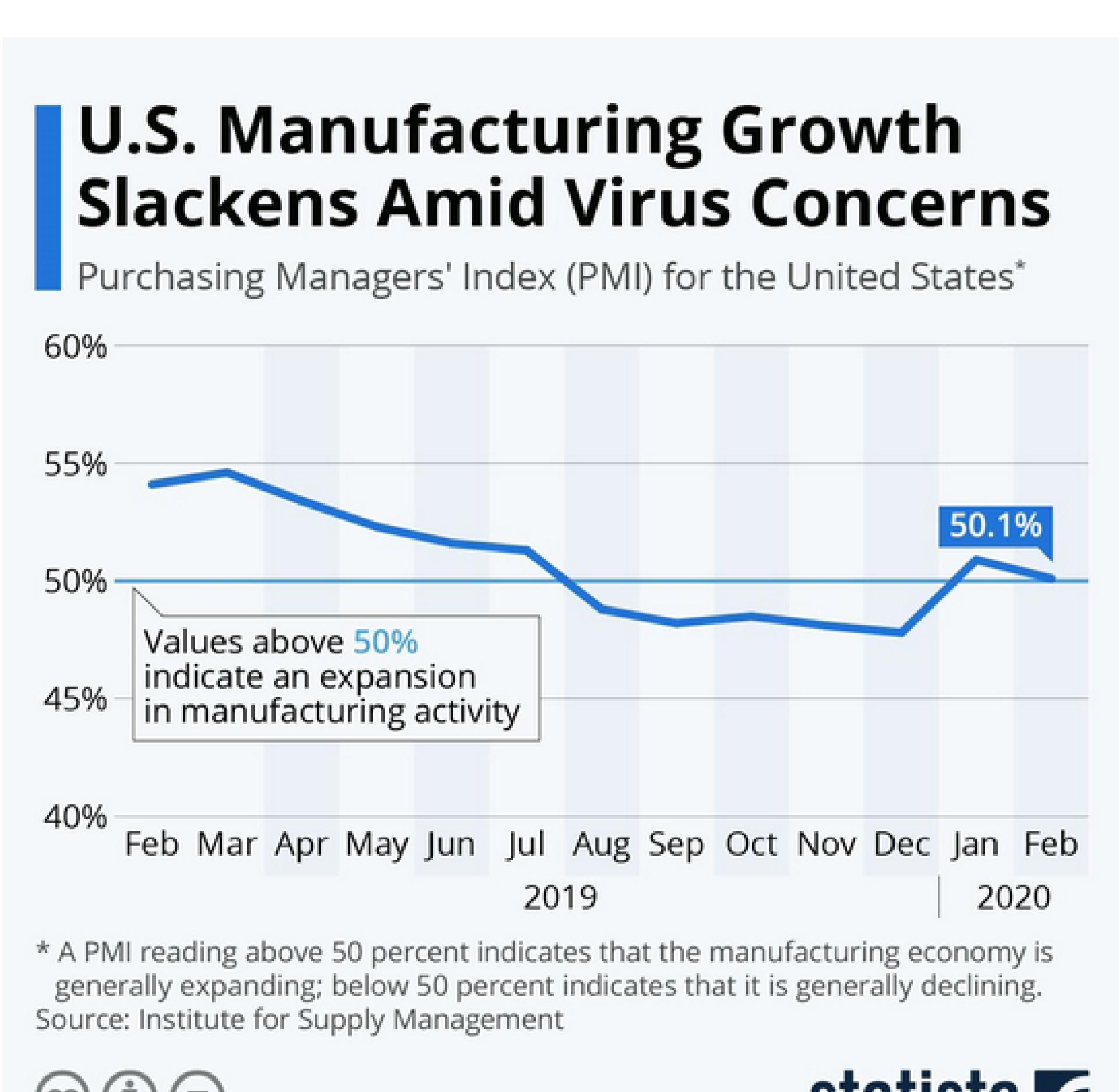


As the [Coronavirus](#) infects [hundreds of thousands](#) across the world, and moves from the manufacturing capitals in China and the Asia region more generally, to the traditional consumer classes around the globe, there is a growing public outcry about the inability of countries like the U.S. to meet escalating demand for everything from [pharmaceuticals](#) and medical [equipment](#), to [related electronics](#). Worse yet, the [spread of Coronavirus](#) in Europe and the manner in which the development of a [potential vaccine](#) has been subsequently managed, has led to calls for [export bans](#), which will only serve to exacerbate an already delicate situation.

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Trade barrier trade offs

While actions leveraging trade clearly demonstrate that governments will not hesitate to apply [non-tariff barriers](#) in their national interest to address the impacts of health emergencies and protect [their industries](#), there is a complex trade off in imposing [export bans](#), no matter the validity of the reasons behind them. We need only look at recent examples of retaliatory action through export bans (e.g. [Japan-South Korea](#), [China-U.S.](#), [Hong Kong-China](#), or [U.S.-Russia](#)) to see the negative impact these actions have along the entire supply chain. Although politicians may find export bans simple to implement and an expedient way to demonstrate decisive action, they [wreak havoc](#) on lean and integrated supply chains, and their result potentially puts millions of workers and global trade businesses at peril.



Conclusion

After seeing [drastic policy](#) and [legislative actions](#) (regardless of the impact on international supply chains) around the world, by countries desperate to contain the virus and rapidly offer a treatment that could end its spread, many are wondering, can the “[just in time](#)”, [integrated global supply chain](#) survive this stress test, or even more importantly, should it?

#internationaltrade #globalsupplychain #exportbans #tradepolicy
#citizenaccess #righttohealth #tradesustainability
#economicdevelopment #covid19supplies #coronavirusimpact

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Magda Theodate (J.D. and LL. M in international trade law) is an international trade lawyer and public procurement adviser, who has worked extensively in the international development arena. As Director of *Global Executive Trade Consulting Ltd.*, Magda has contributed to more than twenty public procurement governance initiatives focused on institution building, policy development, anti-corruption, and contract management in lower income countries. Her clients include UNDP, USAID, Social Impact, IADB, and World Bank. Magda has two decades of experience planning and implementing projects with diverse stakeholders in 30+ evolving countries. Her combined expertise make her a sought-after consultant for programs throughout Asia, Africa, Latin America and the Caribbean.