



**Shushan
MOVSIYAN**

Expert at AMBERD
Research Center

She holds a Master's degree in International Economic Relations from the Armenian State University of Economics. She has been a PhD student since 2016. She joined AMBERD Research Center as a junior researcher in 2014 and currently she is an expert at AMBERD. She is an author and co-author of 9 scientific works.

 <https://orcid.org/0000-0001-7669-8626>

HOW COVID-19 AFFECTED GLOBAL TRADE OF MEDICAL PRODUCTS?

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COVID-19 pandemic has become a real challenge to globalization and international economic relations. At the very onset of pandemic most countries have imposed trade restrictions to prevent the shortage of critical supplies. Even advanced integration units (European Union, EAEU etc.), where trade barriers were previously eliminated or reduced to a minimum, have not managed to give a coordinated response to a new situation. Most of these trade regulation measures apply to medical products required to combat the pandemic. The article studies trade policy changes during the pandemic and their impact on global trade of medical products.

It has been two years since the world failed to take COVID-19 pandemic under control, which as of December 2021, has taken the lives of more than five million people globally. Enormous efforts were made to prevent the spread of coronavirus, which have caused considerable damage to international economic relations. On the onset of pandemic most countries have closed their economies, the export of certain goods was banned. Some analysts started to predict the end of globalization.¹ These assertions were particularly based on the lack of coordinated actions in advanced integration structures during the pandemic. Integration structures failed to implement unified and coordinated policy both to tackle the pandemic and its economic consequences. Initially, this was related to critical commodities, restrictions on mobility of people, and in 2021, it refers to vaccination policy. Obviously, the world was not ready to face this challenge. But do these measures have

¹ <https://www.economist.com/leaders/2020/05/14/has-covid-19-killed-globalisation>

long-term impact on the economy?

International trade was hit hard by supply chains disruptions and the imposition of trade barriers. To prevent shortages of critical products, governments introduced import liberalization and export restriction policy measures on key medical supplies and food.

Most of these measures have been introduced temporary. However, the pandemic may be used by governments as an excuse

for maintaining protectionism measures and trade barriers.²

How have trade regulation measures affected the global trade in medical products? Trade regulation measures have taken two main forms: export restrictions and import facilitation. Medical products accounted for two third of implemented measures.³

Figures 1 and 2 show the monthly data of export restriction and import facilitation measures for the period January 2020 to June

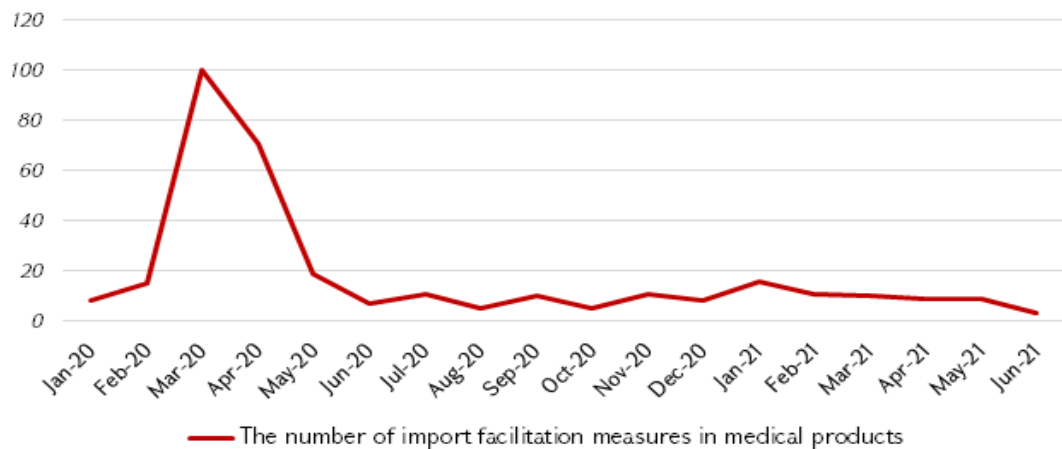


FIGURE 1

The number of import facilitation measures in medical products, January 2020 – June 2021

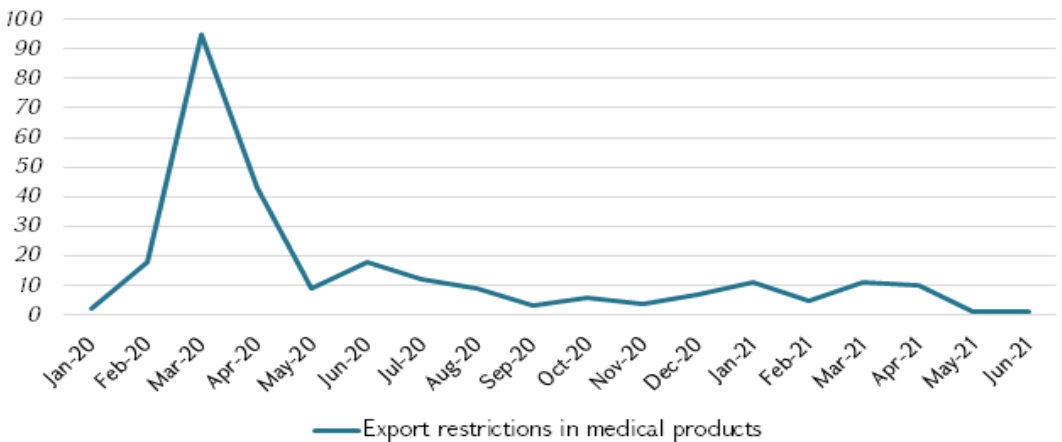


FIGURE 2

The number of export restrictions in medical products, January 2020 – June 2021

Source: <https://globalgovernanceprogramme.eui.eu/covid-19-trade-policy-database-food-and-medical-products/>

² Shushan Movsisyan (2020). Covid-19 pandemic promotes trade protectionism. AMBERD bulletin, (2 (3)), 13-19.
³ Evenett, S., Fiorini, M., Fritz, J., Hoekman, B., Lukaszuk, P., Rocha, N., Ruta, M., Santi, F., & Shingal, A. (2021). Trade policy responses to the COVID-19 pandemic crisis: Evidence from a new data set. The World economy, 10.1111/twec.13119. Advance online publication. <https://doi.org/10.1111/twec.13119>

2021. The charts include only import and export policy measures. Policy measures, that create trade barriers, but are not referred to the trade policy (for example, requirements that local producers reserve a minimum percentage or amount of their production for the local market etc.) are excluded from the analysis. It can be seen that the number of import liberalization measures exceeds the number of export restriction measures. 328 import facilitation and 265 export restriction measures have been imposed during the period. About half of the measures have expired or been canceled through new regulations. In general, import liberalization measures have been applied for a longer period of time. In both cases, the number of imposed measures increased sharply by March-April 2020 and then stabilized.

The majority of export restrictions refer to medical consumables (166 measures) and medicines (123). 20% of restrictions apply to medical equipment (56) and vaccines (51). Out of 328 import facilitation measures, 277 are related to medical consumables, 171 refer to medical equipment, 132 to medicines and 50 to vaccines. Small number of export restriction on medical equipment is due to the fact, that the latter are high technology products and very few countries produce/ export medical equipment, and, therefore,

there is no need for special regulations. Most restrictions were imposed on medical consumables, especially on personal protective equipment.

In order to measures trade flows of medical products, we applied “an indicative list” of medical supplies used during the COVID-19 pandemic published by the World Customs Organization (WCO) and World Health Organization (WHO), where the products are represented according to the Harmonized System (HS) at 6-digit-level.⁴ This classification at 6-digit-level has certain limitations. It can lead to overestimation of the trade of medical products, as product groups may contain products other than medicinal products.⁵ However, it is not possible to obtain standardized and comparable data at a more detailed level, as subcategories beyond six digit level are not standardized and countries register the same medical products under different subcategories making detailed analysis impossible. Despite the limitation, this classification allows us to understand the trends of international trade of medical supplies.

In 2020, global exports of COVID related medical products amounted to \$998.0 billion increasing by 19,7% compared with the previous year, while the overall global trade decreased by 5.3 % in 2020. It should also be

TABLE 1
Export structure of medical products, 2019-2020

Country		2020		2019	
		export, billion US dollars	share in world exports, %	export, billion US dollars	share in world exports, %
1	China	163,4	16,4	77,5	9,3
2	Germany	128,9	12,9	117,7	14,1
3	USA	96,5	9,7	96,6	11,6
4	Switzerland	83,9	8,4	78,5	9,4
5	Ireland	52,0	5,2	42,7	5,1
6	Netherlands	48,4	4,9	42,2	5,1
7	Italy	36,4	3,7	36,3	4,4
8	France	34,8	3,5	32,4	3,9
9	Belgium	34,7	3,5	29,6	3,6
10	UK	31,0	3,1	29,1	3,5

⁴ See <https://www.globaltradealert.org/reports/51> and http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/covid_19/hs-classification-reference_edition-3_en.pdf?la=en June 2020
⁵ Improving trade data for products essential to fight COVID-19: a possible way forward; information note; https://www.wto.org/english/tratop_e/covid19_e/trade_data_report_e.pdf

TABLE 2

Commodity structure of the export of medical products, 2019-2020

<i>Subgroup</i>	<i>2020, Billion US dollar</i>	<i>2019, Billion US dollar</i>	<i>Growth, %</i>
Section I. COVID-19 Test kits	184,0	148,0	24.3
Section II. Protective garments and the like	212,4	128,2	65.7
Section III. Disinfectants and sterilisation products	375,2	344,2	9.0
Section IV. Oxygen Therapy equipment and pulse oximeters	62,9	56,0	12.2
Section V. Other medical devices and equipment	105,1	99,7	5.3
Section VI. Other Medical Consumables	260,2	200,0	30.1
Section VII. Vehicles	1.4	1,6	-0,1
Section VIII. Other	44,2	41,2	7.3

noted that the growth of exports of medical products was 5.6% in 2019 compared to the previous year. Table 1 shows the geographical structure of exports in 2019 and 2020.

In 2020, the share of top ten countries in the global export of medical products was about 71,1%. The share of these countries was 69.9% in the previous year. In 2019, the largest exporters of medical products were Germany (14.1%), USA (11.6%) and Switzerland (9.4%). China ranked fourth with a share of 9.3%. In 2020, the largest exporter of medical supplies was China with 16.4%, which has doubled its export from \$77.5 to \$163,4 billion dollars. The exports of the other top eight countries have increased slightly. Only the USA exports experienced a slight decline from \$96.6 to \$96.5 billion dollars in 2020.

Overall, almost all leading exporters of medical products have experienced growth in 2020. The exceptions were Israel with 31,6% decline in export and Australia with

11,3% decline.

In South Caucasus region the largest decline has been registered in Georgia (35,7), the largest growth in Azerbaijan (84.8). Armenian export of medical supplies dropped by 8,7% in 2020.

According to the WCO, pandemic-related medicinal products are classified into eight groups - COVID-19 Test kits, protective garments and the like, disinfectants, oxygen therapy equipment, other medical devices and equipment, other medical consumables, vehicles and other medical products.

As it is shown in Table 2, growth was recorded in all sections. The largest increase was in “protective garments and the like” group, that includes personal protective equipment - mask, gloves, protective clothing etc. The exports of these products increased by 65.7%. At the same time, China accounts for 47% of these exports. The next are “other medical consumables” with 30.1% growth in 2020. This group includes various medical products – oxygen, gauze, bandages, surgical

TABLE 3

Export of medical products of Armenia, 2019-2020

<i>Subgroup</i>	<i>2020, US dollar</i>	<i>2019, US dollar</i>	<i>Growth, %</i>
Section I. COVID-19 Test kits	998846	665610	50.1
Section II. Protective garments and the like	9786565	2488256	74.6
Section III. Disinfectants and sterilisation products	18241774	14663157	24.4
Section IV. Oxygen Therapy equipment and pulse oximeters	3201841	6578039	-105.4
Section V. Other medical devices and equipment	6445787	17821276	-63.8
Section VI. Other Medical Consumables	12276643	18447004	-50.3
Section VII. Vehicles	396850	1111437	-64.3
Section VIII. Other	567664	703839	-24.0

tape, intubation kits, soap etc. The export of test kits amounted to \$184.0 billion dollar increasing by 24.3% compared with the previous year. 30% of exported medical products are disinfectants and sterilization products, that amounted \$375,2 billion dollar. The export of this group increased by 9%.

Although, overall export of medical products of Armenia has declined in 2020, certain subgroups have experienced increase as shown in Table 3. The highest increase was recorded in the export of personal protective equipment (74.6%): 50,1% growth was seen in the export of test kits. “Disinfectants and sterilization products” subgroup, which has the largest share in export, has increased by 24.4%. All the other groups have recorded a significant decline. It should be mentioned, that Armenian economy, including export of critical supplies has been adversely affected not only by pandemic, but also by Artsakh

war in 2020.

In conclusion, on the onset of pandemic, most countries reduced barriers to import, and, at the same time, restricted or banned the export of critical medical supplies to prevent the shortage of these products. Although most of these measures have been implemented in March and April 2020, when there was a shortage of COVID-19 related medical products, some part of the regulations have remained even in 2021. And although trade regulation measures have been implemented by majority of countries, large part of the export falls to a few countries, which managed to expand their export in a short time. As a result, the export of medical products has increased sharply in 2020 due to the pandemic. China, where the pandemic has started, managed to tackle it in a short time and turned into the first largest supplier of medical supplies critical to overcome the pandemic.

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Շուշան ՄՈՎՍԻՍՅԱՆ

«Ամբերդ» հեղափոխական կենտրոնի փորձագետ, ՀՊՏՀ

ՀԱՅԱՍՏԱՆԻ ԵՎ ԱՇԽԱՐՀ

ԻՆՉՊԵՍ Է ԱՆԴՐԱԴԱՐՁԵԼ ԿՈՐՈՆԱՎԻՐՈՒՍԱՅԻՆ ՀԱՄԱՎԱՐԱԿԸ ԲԺՇԿԱԿԱՆ ԱՊՐԱՆՔՆԵՐԻ ՀԱՄԱՇԽԱՐՀԱՅԻՆ ԱՌԵՎՏՐԻ ՎՐԱ

Կորոնավիրուսային համավարակն իսկական մարտահրավեր էր գլոբալացմանն ու միջազգային տնտեսական կապերին: Համավարակի հենց սկզբում երկրների մեծ մասը առևտրի արգելքներ սահմանեց՝ ծայրահեղ անհրաժեշտ ապրանքների պակասուրդ թույլ չտալու համար: Նույնիսկ ինտեգրացիոն կառույցները, որոնց ներսում մինչ այդ առևտրի խոչընդոտները հասցվել էին նվազագույնի, չկարողացան արձագանքել համակարգված ձևով: Առևտրի կարգավորումների երկու երրորդը վերաբերում է բժշկական ապրանքներին:

Հոդվածում ուսումնասիրվել են կորոնավիրուսային համավարակի ընթացքում կիրառված առևտային կարգավորումներն ու դրանց ազդեցությունը բժշկական պարագաների համաշխարհային առևտրի վրա:

Հիմնաբառեր. *COVID-19, արդահանման սահմանափակումներ, ներմուծման ազադականացում, բժշկական ապրանքներ*

Шушан МОВСИСЯН

Эксперт исследовательского центра «Амберд», АГЭУ

АРМЕНИЯ И МИР

КАК COVID-19 ПОВЛИЯЛ НА МИРОВУЮ ТОРГОВЛЮ МЕДИЦИНСКИХ ТОВАРОВ

Пандемия коронавируса стала настоящим вызовом для глобализации и международных экономических отношений. В самом начале пандемии большинство стран ввели торговые ограничения для того, чтобы предотвратить дефицит важнейших товаров. Даже развитые интеграционные структуры, в рамках которых торговые барьеры ранее сводились к минимуму, не смогли скоординированно отреагировать на ситуацию. Примерно две трети торговых мер приходится на медицинские изделия.

В статье исследуются торговые меры принятые во время пандемии, а также их влияние на мировую торговлю товарами медицинского назначения.

Ключевые слова: *ограничения на экспорт, либерализация импорта, медицинские товары*