



April 2020

WHAT YOU NEED TO KNOW ABOUT Medical Supply Exports

PRO POINTS

• **Since the start of 2020, 76 governments have adopted 115 policies** that restrict the export of medical supplies, medical equipment and pharmaceuticals. Seventy-three of those restrictions were put in place in March and 20 have been imposed so far in April, according

to Global Trade Alert, a Swiss-based organization that tracks global export restrictions.

• **G-20 nations pledged to ease trade in medical goods** and promised that any emergency measures would “not create unnecessary barriers to trade.” Yet, five G-20 governments have put in place export curbs since the statement was issued.

• **The Trump administration is using the Defense Production Act** to restrict exports of N95 respirators and other protective equipment. Shipments bound for foreign countries are being held at the border until they are approved for export by the Federal Emergency Management Agency.

HOW WE GOT HERE

Shortages of medical supplies have forced countries to shift to allocating masks, gloves, testing kits and other critical goods for domestic use.

While some countries have put in place direct bans on the export of certain medical supplies, other policies have taken the form of “export authorizations,” or putting limits on how much a country’s production can be exported.

Critics of export restrictions argue that the policies hurt poorer countries that don’t produce many key medical supplies. Proponents of export controls say the policies are necessary to prevent companies and other players from siphoning off the limited supply and redistributing it to maximize profits.

WHAT’S AHEAD

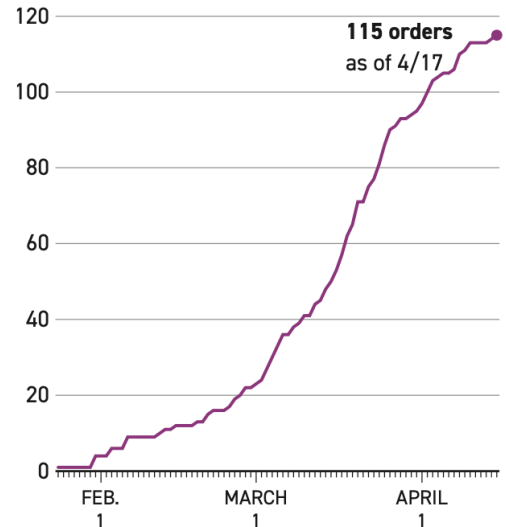
Trade restrictions on medical supplies have prompted some countries to reorient themselves toward self-sufficiency.

U.S. measures have largely been limited by scope and time, but the Trump administration could soon move ahead with a broader effort to bring more medical supply and drug manufacturing back. Work is still being done on an executive order that would put in place new domestic procurement requirements.

Proponents of free trade have cautioned that export restrictions on medical supplies could easily proliferate to other areas as the global economy recovers from the crisis.

Cumulative restrictions enacted on medical exports

TOTAL NUMBER OF RESTRICTIONS SET



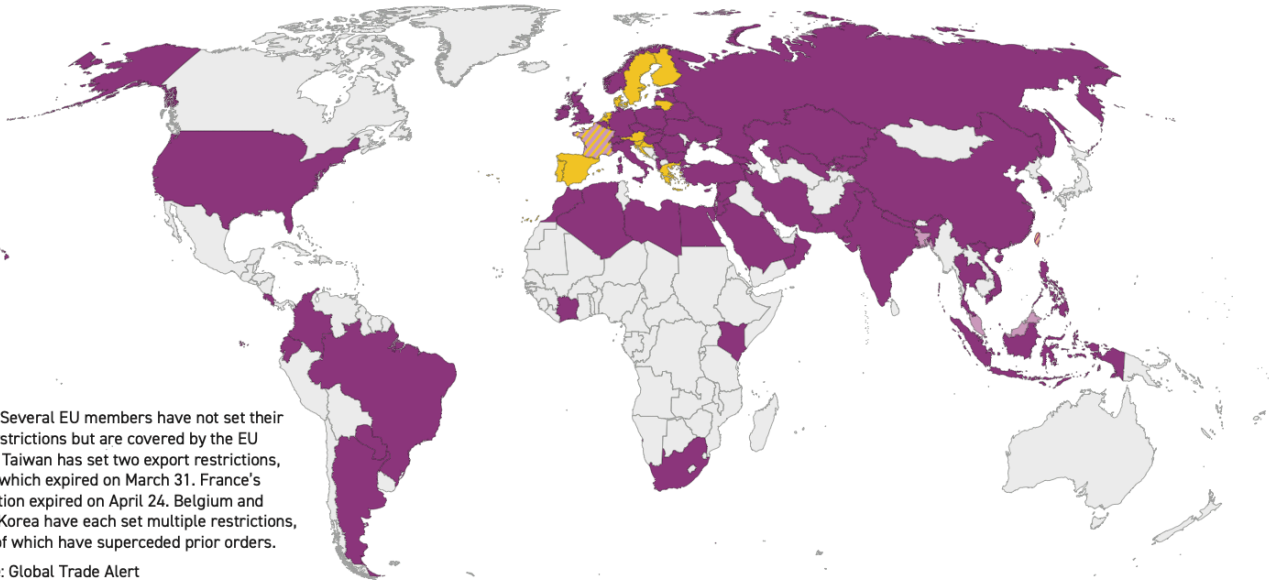
Source: Global Trade Alert



Tracking international action on restricting medical exports

AS OF APRIL 17, 2020

HAVE NOT SET RESTRICTION HAVE SET RESTRICTION COVERED BY EU RESTRICTION ORDER NO LONGER IN EFFECT



Notes: Several EU members have not set their own restrictions but are covered by the EU action. Taiwan has set two export restrictions, one of which expired on March 31. France's restriction expired on April 24. Belgium and South Korea have each set multiple restrictions, some of which have superceded prior orders.

Source: Global Trade Alert

POWER PLAYERS



China

China provides much of the world's supply of personal protective equipment. Production is ramping up, but officials recently cracked down on exports of certain products over quality concerns, leading to a major bottleneck for importers in other countries.



European Union

The EU was going to ease on April 25 export restrictions that channel any domestic supply to European countries, but those restrictions were extended for another 30 days. The European Commission is working with member states to grant exemptions to send equipment to humanitarian organizations and other countries.



FEMA

The Federal Emergency Management Agency now has control over any exports of certain types of medical equipment for roughly four months. Some U.S.-based companies like 3M make masks domestically and export them to Canada and Latin America.



World Trade Organization

The Geneva-based institution, led by Director-General Roberto Azevêdo (pictured), could take on new relevance in policing global trade restrictions related to the pandemic. The embattled organization is predicting as much as a 30 percent decline in global trade in 2020.