COVID-19: Impact on Trade and Trade Policy

Matthias Helble
Regional Cooperation and Integration Division
Economic Research and Regional Cooperation Department
Asian Development Bank

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Exports during COVID-19 across Asia

Monthly Export Growth (%, y-o-y)

East Asia

Central Asia

South Asia

Southeast Asia

\( y-o-y = \text{year-on-year. Only PRC, KOR, MON, PAK, TAP, and VIE have data up to May 2020. The rest are up to April 2020.} \)

Balancing Acts

• Safeguarding **public health** interests, while preserving **open trade regime**. *Ex. Discussions on restricting the movement of health care workers.*

• Keeping the **private sector afloat**, while ensuring that **competition** is not distorted. *Ex. Temporary relief from electric bill payment for SME's.*

• **Increasing resilience**, while keeping costly **duplication of supply chains** to the minimum. *Ex. Programs to help firms diversify their operations.*

• **Starting** the support is obvious, when and how to **phase it out** less.
Trade Measures by Asian economies by type (January – May 2020)

Source: Global Trade Alerts and ADB calculations
Note: Based on 152 measures reported by GTA between January and 27th May for regional ADB member countries.
Looking forward

• Existing trade tensions could be further exacerbated by economic and trade impact of COVID-19.

• Transparent and predictable trade regime more important than ever.

• Countries should move away from unilateral action.

• More regional and global cooperation is needed when moving to the “new normal” (ex. preparing for future public health emergencies; tourism).

• Creating more resilient supply chains should not lead to protectionism, but be based on regional and global efforts including the private sector.