

Facilitating Trade in Healthcare Products: the EU's Proposal

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Introduction

The COVID-19 pandemic has shown the world how dependent we are on functioning global supply chains. It has also led to the realization that the free flow of goods, in particular healthcare products, is essential in addressing the current health crisis. As part of their response to the pandemic, many national governments have temporarily restricted the export of healthcare products to ensure adequate allocation of supplies to national healthcare systems and patients. Yet in the long term, these restrictions have the opposite effect, leading not only to price spikes but also to tensions with foreign trading partners. Some governments have taken the opposite approach, looking for sustainable solutions that help — not hinder — trade in healthcare products, with the aim of being better prepared for future health crises.

In that spirit, before the summer break, the European Commission put forward a proposal for an agreement on [Trade in Healthcare Products](#) that aims to (1) facilitate access to healthcare products and (2) minimize trade disruptions during global health crises. Among others, it proposes to

- abolish tariffs on a wide range of pharmaceuticals (building on the “zero-for-zero” tariff reduction initiatives taken previously in the World Trade Organization (WTO)), vaccines, diagnostics, medical devices, and other healthcare products within the scope of the agreement
- establish a scheme of global cooperation in times of health crisis, covering issues such as import and export restrictions, customs and transit, public procurement, and transparency
- improve the current WTO rules applicable to trade in essential goods

The proposal is still being discussed internally, in Brussels. Provided it gains sufficient support internally — as well as from other WTO Member States — the proposal may well end up before the WTO, as an “international agreement open to all WTO Members for participation.”

To get initial reactions from other WTO Members, the EU already floated its proposal with the so-called Ottawa Group (comprising Australia, Brazil, Canada, Chile, European Union, Japan, Kenya, South Korea, Mexico, New Zealand, Norway, Singapore, and Switzerland).

EU internal discussions — as well as the initial feedback from the Ottawa Group — will help the EU define next steps in advancing its initiative.

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While former EU Trade Commissioner Phil Hogan supported the initiative, it is hoped that his successor, Valdis Dombroskis, picks up the baton. It is too good an opportunity to pass on. And as the current health crisis continues, we need to take constructive steps to be prepared for the next one.