



# Top WTO Official Wants Tariffs On Medical Supplies Dropped

Asher Stockler

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A top official at the World Trade Organization said the world should do more to eliminate tariffs on medical supplies and pharmaceuticals as countries gear up for another wave of COVID-19 cases.

"Governments, international agencies and philanthropic organizations have set up a number of initiatives to speed up the development and deployment of vaccines, therapies and diagnostics," WTO Deputy Director-General Alan Wolff said at a virtual World Economic Forum event on Thursday. "To succeed, however, they will need more funding, and just as importantly, cooperation with respect to the equitable sharing of supplies as they become available."

Wolff proposed that tariffs "on pharmaceuticals and medical supplies should be removed" by updating the 1994 Agreement on Trade in Pharmaceutical Product, which scraps tariffs on a list of pharmaceutical products but not medical supplies such as syringes and face masks.

Wolff advocated for increasing the number of countries subject to the agreement, which currently sits at 34, and expanding its scope to include medical supplies. According to the WTO, these members represented 65% of global pharmaceutical trade in 2016.

Simon Lester, associate director at the Cato Institute's Center for Trade Policy Studies, told Law360 it was "not clear" that a Biden administration "will be interested in pursuing much trade liberalization."

"If they were to try something like this, they would get a lot of pushback from economic nationalists, so there would be political risks," Lester said. "But there would be great public health and international relations benefits to doing this, so perhaps they would be willing to try it."

Terence Stewart, a longtime trade lawyer who runs the blog Current Thoughts on Trade, said Wolff's admonitions were just as unlikely to be heeded by the outgoing Trump administration, which has shown a tendency for imposing new restrictions, not reducing them.

"The U.S., under the Trump Administration, has not wanted to address reform/liberalization issues during the pandemic," he said in an email. "So while some countries may opt to reduce tariffs on medical goods relevant to the pandemic (and some already have), I wouldn't expect the U.S. to be involved until the next Administration."

"How quickly the Biden Administration will address is unknown but could be relatively quickly

with its focus on addressing the pandemic," he added.

As of April, the average tariff on medical products needed to fight COVID-19, as measured under the applied tariff rates set by WTO members, was 4.8%. However, the average tariff rate varied significantly depending on the nature of the product.

The average tariff on medicines was 2.1%, but the average tariff on protective and cleaning products was as high as 11.5%. WTO data shows there is substantial room for these applied tariff rates to grow if trade restrictions increase.

While the average applied tariff on COVID-19-relevant products is less than 5%, WTO countries have on average committed to a ceiling that sits above 25%, indicating that there is room within the current framework for restrictions to rise sharply.

Manufacturing giant 3M told Law360 it "supports policies that promote free and fair trade and removal of barriers that prevent countries from accessing needed goods."

"These policies are particularly vital when facing crises like COVID-19, which require responsive global supply chains to meet rapidly shifting demands," the company added. "Leaders worldwide should take action to help ensure supplies like PPE can reach health care workers and first responders who need them."

In his speech, Wolff further called for countries to expand use of telemedicine, especially across borders, to ensure patients have safe access to treatment. At the same time, new agreements will have to be hammered out to set privacy standards as telehealth becomes increasingly utilized, he said.

He also advocated for a "code of conduct" to govern export controls should countries decide to limit exports of critical supplies needed to fight COVID-19.

"When export controls are being considered, both countries and businesses should recognize that they would pay a high price in terms of future participation in the world economy were they to become unreliable suppliers," he said.