Regional Integration and Trade in the Era of COVID-19: A First Look

Patrick Holden
About the author:

Reader in International Relations, Programme Manager of the Masters in International Relations
Lead of the Global Instability and Justice Research Group
University of Plymouth
Plymouth, Devon, PL4 8AA

Acknowledgements:

The author would like to thank the University of Plymouth for financial support and thanks in particular to Michele Fox for her invaluable research assistance.

The views expressed in this paper are those of the author(s) and may not represent the position of the UN, UNU or UNU-CRIS.
Abstract

COVID-19 has had a massive impact on regional and global trade. How is this affecting regional integration? Are regional institutions moving to become more autonomous or even protectionist economic blocs as the liberal trade system weakens? Or are they bastions of free trade and open-ness? More generally have they seized the opportunity to use their unique position to lead economic and public policy responses in their regions? To understand this, we first need to analyse the different types of trade and economic policy responses to COVID-19 and how they relate to regional integration? This paper then analyses the response of the EU and four other regional institutions to the crisis (MERCOSUR, ASEAN, the EAC and ECOWAS). It considers the role of the institutions in terms of agency, exploring whether they have led collective action and/or coordination in trade and economic policy, as well as models of political economy. The EU is, as always, unique and there is evidence here that the crisis may lead (after an initial statist response) to a quantum leap in the economic autonomy of the Union. For now, it has not led to an illiberal backlash in international trade policy. For the other institutions, the response was overwhelmingly state-led and the regional role was more as a coordinator/norm promoter. However, the initial response was always likely to be state-led and further research is needed, especially on their role combining trade and other functionalist public policy concerns in the future.
Table of Contents

Introduction ................................................................................................................................ 5

The Impact of COVID-19 on International Trade Policy and Politics ................................. 6

Methodology: Measuring and Categorising the Different Forms of Impact on Trade 8

Regional Integration Institutions and COVID-19: An Overview ......................................... 9

The European Union in a Global Regional Context ................................................................ 10

ASEAN ................................................................................................................................... 12

MERCOSUR ........................................................................................................................... 13

The EAC ................................................................................................................................. 13

ECOWAS ............................................................................................................................... 14

Conclusion ................................................................................................................................ 15

References ................................................................................................................................ 17

Annex 1: ASEAN: Trade measures from 1/02/2020 to 31/05/2020 ........................................ 21

Annex 2 MERCOSUR: Trade measures from 1/02/2020 to 31/05/2020 ............................. 23
Introduction

The global shock of COVID-19 has seen unprecedented disruption to the international trade system. This has taken the form of direct trade measures taken by many states and a wide range of other measures with indirect effects, notably the shutting down of much of the domestic economy combined with restrictions of movement and increased economic intervention by governments. The longer-term implications of this emergency are complex and still up for debate. The pandemic reinforces a sense of global interdependence while also inspiring geopolitical tensions and impeding the free flow of goods and services. When countries compete with each other for scarce personal protective equipment/PPE, liberal ideas of comparative advantage in a global marketplace seem redundant and the death of ‘globalization’ itself has been heralded. However, others point to countervailing trends and the supporters of liberal trade policies have regrouped somewhat after the initial shock. In this context the regional dimension seems more important than ever. If global supply chains may seem (to our post-pandemic eyes) utopian and insecure, regional supply chains are more relevant than ever, assuming that national autarky is not an option. More generally the regional/geographical element is crucial in terms of biosecurity, environmental policy and health cooperation. As Katzenstein put it, the regional dimension of action may have the ‘goldilocks’ quality of neither being too cold (global) or too warm (domestic/internal) (2000). However, the ‘logic’ of regional integration and cooperation has always been powerful, but it has not always driven political behaviour.

This paper offers a comprehensive overview of the different forms of trade measures that were instigated in the first four months of the pandemic (based on the official records of the World Trade Organization/WTO and the International Trade Centre/ITC as well as other independent monitoring efforts). It aims to provide a quick and easy understanding of the different kinds of measures and following on from this it considers the impact on regional integration and analyses the actions or non-actions taken by regional institutions. Regional integration is understood here as the formal agreements by states to create new laws and institutions for their region and it is distinguished from regionalisation, the regional interaction of economic and other actors (Breslin and Higgott 2000). Apart from the EU itself, this dimension of analysis has been somewhat neglected in coverage of the crisis.

The paper is light on theory but does explore core concepts, in particular the question of ‘agency’ (to what extent is there collective action on the part of different regions as opposed to individual states?), models of political economy and (briefly) the relationship between ‘functional’ cooperation and trade/economic integration. This paper covers the EU relatively briefly and then analyses a select group of African, South American and Asian regional institutions. Specifically, it looks at the reaction to COVID 19 in the Economic Community of West African States/ECOWAS, the East African Community/EAC, the Common Market of the South/MERCOSUR and the Association of South East Asian Nations/ASEAN. Obviously the rich historical, sociological and politico-economic elements of these regional institutions cannot be covered here. What I offer is a series of snapshots based on the actions taken, documents produced and statements made by these institutions from the beginning of February to the end of May 2020 as well as an analysis of the trade measures taken by their member states. (There is no effort to evaluate their health policy response, the focus is on the broader economic and political response). It must be stressed that I do not expect to find a common pattern here, the heterogeneity of regional institutions is well known (De Lombaerde, Söderbaum, Langenhove, and Baert 2010) as are the pitfalls of teleological assumptions about what they ‘should’ be doing, but it is surely worth taking a broad look at the role of regional institutions at such a crucial time. The paper
ends with as many questions as answers but hopes to shed some light on the many different ways in which the pandemic has impacted integration institutions and their trade regimes.

The Impact of COVID-19 on International Trade Policy and Politics

The pandemic has changed both the discourse and practice of political economy at all levels of society, from the local to the global. Most obviously it has frozen or greatly restricted local and national economies. At the international and global level, it would seem to be the death knell for global neoliberalism (the trend to downplay the role of the state in the economy while promoting an ever-integrated global economy based on the legal frameworks of free market capitalism). This process was already under severe strain due to the rise of illiberal capitalist states such as China, the financial crisis of 2008 which discredited the deregulatory model, Brexit and the threat to break up the integrated European economic and regulatory zone as well as the coming to power of Trump whose attitude to trade is that of a classic zero-sum game/mercantilist approach (Holden 2020). The trade war between the two largest economies (China and the US) has mostly ignored the WTO and the temporary deal signed in December 19 included profoundly illiberal precepts (such as guarantees from China to purchase a certain level of goods from the US). To this can now be added the impact of COVID-19. As outlined in the next section, the impact of the crisis can be understood in terms of direct trade policy measures, other economic policy measures and the overall impact on actual trade.

China first went into a series of lockdowns in late January 2020. The government engaged in a massive effort to control the virus and to marshal medical resources. While no formal export restrictions were noted, exports of key equipment to the outside world dwindled. Meanwhile the general restrictions closed down many factories which in itself had a major impact on global and regional supply chains. As the virus spread to Iran, Europe and the US restrictions intensified. The explicitly trade-related measures are being monitored by the WTO and other private organisations. The restrictive element is generally targeted at the export of key equipment. Even within the EU, states such as France and Germany initially banned exports of key materials, even to other member states (this was soon over-ridden). Other countries (such as Colombia and Belarus) also moved to manage trade in food as food security soon emerged as a pressing issue. However, it is worth noting that many of these measures are actually a form of liberalisation (removing tariffs and other checks on key medical equipment to promote the flow). As of the 4th of June, 285 measures were noted by the International Trade Centre, 151 were restrictive but 134 were liberalising1.

Thus the impact, if understood in terms of trade policy measures, is mixed. However, the broader changes to the economy, economic policy and geo-economic outlook tell a different story. To combat the virus many national markets have been effectively frozen, while many of the flows of what we can call globalization have been halted (in terms of people and many goods, though not finance or digital interaction). As economies suffer depression level shrinkages the WTO projects international trade in goods to decrease by up to 32%. The role of the state as the economic actor of last resort has reasserted itself

---

1 As to their legality there is a prima facie case that they are legal given the derogations allowed for in the case of national security and health in WTO Treaties. Whether they comply with the regional integration treaties of the states concerned is more debatable.
(even more blatantly than during the financial crisis of ‘08) and as states support various industries in different ways this must be competition distorting (in liberal terms). This may well be a form of temporary pragmatic statism rather than an ideological realignment, but the impact is enormous. While the long-term impact of this on trade paradigms is unclear (Orbie and De Ville 2020) the immediate psychological and political effect is profoundly illiberal. Liberal and neoliberal economic models rest on the assumption that countries can specialise because they can buy what they need internationally. As such, countries rely on being able to import even the most fundamental products (a large bulk of its food in the case of the UK, essential medicines for the US). In a time of crisis when medical equipment is scarce, the perils of this are evident. Countries such as the UK, which allowed elements of manufacturing to deplete, have been left short of key PPE. Many countries’ economic dependence on China has been exposed. Japan, for example, has launched a 2 billion fund to encourage its companies to diversify away from China. Meanwhile US policy had already appeared to move towards permanent tariff increases in some areas of Chinese trade. Crude competition has reasserted itself, in particular due to the attitudes of the US administration (normally a leader of the West) which stands accused of outbidding European allies for equipment and vaccine rights.

Something of a liberal fightback is underway. The WTO (increasingly at risk of falling into irrelevance) and others have stressed the liberal argument for resilience and the self-defeating nature of protectionism (Baldwin and Evenett 2020). In any case other dimensions of trade and globalization are not in retreat. Digital services are expanding rapidly, including in the pandemic (Marel 2020) However, given the blatant power dynamics and long-running geopolitical and geoeconomic trends, it seems unlikely that a momentum for global liberalization of trade in goods can be reinvigorated quickly2. While a retreat into national autarky is neither likely to be attempted nor feasible, there are other ways in which trade can be adjusted. It is here that the regional dimension asserts itself. While national self-sufficiency is clearly hopeless, a degree of regional self-sufficiency may seem more achievable. Generally, the geographical dimension has reasserted itself and regional supply chains and trade in general seem more feasible. (It is the ‘global’ dimension that is most fragile). Note, for example, a paper published under the auspices of the Brookings Institute (generally seen as a bastion of liberalism) encouraging member states of the East African Community to divert from global to regional supply chains (Mold and Mveyange 2020). Within the EU, states were persuaded to lift embargos on trade with each other but only at the cost of imposing temporary collective restrictions (albeit lighter ones) on exports from the EU to the rest of the world. The European Commission has been at pains to disavow any notion of regional protectionism/autarky (see the later section on the EU). Nevertheless, it is a dynamic that could at least theoretically be repeated in other sectors and other regions. A World Economic Forum paper of 2019 noted various scenario for future international trade relations, from a relapse into statism and protectionism to revived multilateral free trade legal system (Tan and González 2019). One scenario is a global system resting primarily on ‘competing coalitions’ which could well be dominated by protectionist regional blocs (which take the trade diversion implicit in any regional integration or free trade agreement to unprecedented levels). Under this scenario the WTO would be reduced to acting ‘as a repository for RTAs and forum to discuss the spaghetti bowl of ideas generated therein’ (Medhora 2020). Before going on to look at what is

2 Furthermore, there are obstacles on the horizon for trade in digital services given the different data regimes and different approaches to regulating the internet worldwide (Tan and González 2019).
happening at the regional level in more detail, we should clarify how to understand the different measures taken.

Methodology: Measuring and Categorising the Different Forms of Impact on Trade

The public sources for tracing the trade measures in response to COVID-19 are the official WTO list of trade related measures on goods officially notified to it, and a database by the ITC which also monitors measures (covering more than have been notified to the WTO). On the logistical side, the World Customs Organization also tracks any official changes made. These offer simple reporting functions and do not quantify the impact of these actions or cover the myriad of other actions which could be deemed market distorting or discriminatory. More ambitious efforts to measure protectionism at an official level have been ongoing since the crisis of 2008 raised fears of a breakdown in the liberal trading system. The WTO produces a biannual report on the trade restrictions of its members and a specially focused report - in tandem with the OECD and UNCTAD - on the trade and investment measures of G-20 countries (WTO 2019a; WTO 2019b). The biannual report on all its members quantifies the cost of said measures; before 2020 the highest estimated cost was $588.3 billion over 2017-2018 (WTO 2019b). The independent Global Trade Alert/GTA estimates that the WTO severely understates the range and cost of protectionism as it only counts direct ‘import restrictive measures’ (tariffs and quotas) while the GTA focuses on ‘relative treatment’ and tries to cover a range of other discriminatory protectionist practises, including state aid and regulatory or other non-tariff barriers (Evenett 2014). Of course, the impact of the latter is even harder to quantify but these are crucial for COVID-19. Figure 1 offers an elementary classification of the kinds of actions taken on a scale of ‘directness’ (in regard to what can be reasonably understood as an intervention primarily aimed at trade or aimed at something else with an impact on trade). Figure 2 displays the efforts of Vulcan consulting to categorise the different economic measures taken by EU member states (many of which would come under the more expansive sense of ‘discriminatory interventions’ counted by the GTA). Politically and functionally, the core fact here is that these broader activities are harder to measure, harder to police and indeed (as the story of European integration implies) requires extensive international/supranational legal harmonisation and monitoring to control.

<table>
<thead>
<tr>
<th>Direct</th>
<th>Indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export restrictions: checks, Controls, partial bans</td>
<td>Customs Procedures /checks</td>
</tr>
<tr>
<td></td>
<td>State aid to business: Grants / cheap loans VAT / tax deferrals</td>
</tr>
<tr>
<td>Import Tariffs / quotas</td>
<td>Procurement restrictions</td>
</tr>
<tr>
<td></td>
<td>Extraordinary investment</td>
</tr>
<tr>
<td></td>
<td>Lockdowns within country</td>
</tr>
<tr>
<td></td>
<td>Travel restrictions</td>
</tr>
</tbody>
</table>

Figure 1 Economic policy responses in terms of their relationship to trade policy

3 149 measures were officially notified to the WTO during this period. The ITC counts 285. This is relied on here for the study of the regional integration member states.
Regional Integration Institutions and COVID-19: An Overview

The very term ‘regional integration’ can have problematic connotations as it may seem to imply a teleological assumption about increasing legal-economic integration and political unity across different world regions that are not valid. As is well known, regional integration institutions vary widely and are not to be measured on a European template. The term here is assumed to denote those institutions that have formal aspirations to integrate and which sign legal agreements that, at least formally, constrain the sovereignty of member states even though many are entirely ‘intergovernmental’ in practice. This includes groupings such as ASEAN, the GCC and the Eurasian Union which are more in the former category (highly intergovernmental, flexible, and political institutions whose legal integration is either very light or not considered credible and applicable) as well as institutions such as the East African Community, ECOWAS, CARICOM, and Mercosur which have implemented, at least partially, substantial legal/economic integration. Although this is not inevitable, regional integration processes have been driven (at least in terms of legal commitments) by trade liberalisation within the region. Historically of course there have been other drivers based on functional cooperation and integration and this dimension may be re-emphasised by the COVID-19 crisis. Apart from the EU, few regional institutions have developed a strong legal framework that governs broader socio-economic regulation and policy (the indirect measures discussed earlier). However, those regional institutions which have formal customs unions might be expected to take common region-wide measures on trade⁴.

---

⁴ This may or may not be a legal requirement, most customs unions are less than comprehensive.
As already noted several times, this crisis could prove to be ‘the hour of the region’. Yet the crisis also poses acute threats to ‘really existing’ regional integration. Complex regional supply chains can be broken up by the unilateral economic actions in one county, for example Mexican shutdowns spilled over into the broader North American manufacturing sectors (Politico 2020). Also, existing geopolitical tensions could be exacerbated under pressure of the pandemic. A review of the role of regional institutions during the initial C-19 crisis (February to May) reveals that most took a limited role indeed. Action was overwhelmingly member state driven. As such, the institutions generally had a low level of ‘agency’ in that they did not take strong collective action on trade and economics as an institution but were more of a forum for state interaction (the degree and form of agency varies as discussed in the case studies). This is to be expected for health policy but not necessarily for trade. Of course the member state is always the locus of decision-making in a crisis and the institutions may also have been constrained by the travel restrictions, which makes diplomacy more anaemic and makes it less likely that radical decisions can be made.

In some cases, the crisis inspired an ambition (it could be no more at this stage) to reinforce ‘regionalisation’ in terms of regional supply chains. For example, ASEAN declared an aim to ‘preserve supply chain connectivity’ as well as ‘strengthen regional supply chains’ (ASEAN 2020). Observers called for exploiting the moment to move integration in Asia beyond free trade paradigms but without offering details of how this could be done (Oba 2020). MERCOSUR has much more pretensions to being an integrated region than ASEAN, and includes a customs union but its response to the COVID-19 is regarded as highly disjointed, notwithstanding institutional efforts at coordination (Alden and Dunst, 2020). This is contrasted with CARICOM (a very old collection of Caribbean state) that has responded more politically cohesively and dynamically to the crisis (in terms of coordinating health policy - there has been little action on trade) although it lacks financial capacity (ibid). Somewhat counter-intuitively the Eurasian Union, generally regarded as an illiberal geopolitical bloc more than a coherent legal-economic structure, has implemented common policies which involve relative liberalisation of trade (tariff exemptions and simplified rules of origin on key products).

The African Union has long-term integrative ambitions and an agreement on an African Continental Free Trade Area (AfCFTA) was signed in 2018, however its original implementation date of 1st July 2020 has now been postponed. In any case the most substantial regional integration takes place within smaller regions (which face challenges due to overlapping memberships as well as internal problems). In reaction to C-19 the AU released a broad-brush strategy on health and economic recovery but relies on smaller units to realise and implement these. In a study of the African regional response Medinilla et al. find ‘a spectrum of cooperation and complexity - rising from information sharing; to ‘nudging’ and guiding; to active coordination of state responses, to collective action’ (Medinilla, Byiers and Apiko 2020, 12). However, real collective action was relatively rare and not in the economic realm generally (see the following case studies).

The European Union in a Global Regional Context

The EU stands out as by far the most integrated institution although it is not without its fissile tendencies. As a result of the depth of economic integration (including restrictions on state intervention enforced by relatively powerful supranational institutions such as the European

---

5 This must be understood in the context of ongoing policies and political economy structures that are not at all ‘liberal’.
Initially the EU’s major policy decision may have been to temporarily recuse from implementing some of what Scharpf would call negative integration: controls on state aid and fiscal policy have been suspended (1998). This in itself will distort the single market, ceteris paribus, as a country like Germany will have much more resources to suppose its businesses than, for example, Greece or Italy. Furthermore, the EU is expected (given the constraints placed on Eurozone states) to play a leading proactive role in the economic recovery. The details of the debate and the political process on burden-sharing go beyond the scope of this paper. Suffice it to say that the ECB has provided the kind of immediate and comprehensive support that took years to emerge during the Eurozone crisis. Germany and France, (supported by the Commission) agreed quite radical proposal to strengthen the financial resources of the EU, including via common debt instruments (Jones 2020; Kirkegaard 2020; Von der Leyen 2020). The European Council officially endorsed the essence of these plans in July 2020 and these signify a quantum leap in the financial resources and financial autonomy of the Union (European Council, 2020).

From a global trade perspective, the key fact about the EU’s initial reaction was that internal restrictions on trade were only removed at the price of adding external controls on trade in medical products. This has been severely criticised as a hard blow to vulnerable developing countries and counter-productive (Brown 2020). The European Commission has been at pains to emphasise that is a limited temporary step. ‘It is not the intention of the Union to restrict exports any more than absolutely necessary, and the Union also wishes to uphold the principle of international solidarity in this situation of a global pandemic.’ (Official Journal 2020). The controls were ended on 26 May 2020. As with other states and regions, the EU has temporarily liberalised the import of medical equipment. However, the message sent by these export controls (to those already sceptical of a liberalism that is preached for others but not always followed by core countries) has resonated widely. Notwithstanding this, the EC has attempted to lead the calls for a liberal response to the broader crisis. Trade Commissioner Hogan disavows any ideas of a Fortress Europe, noting bluntly that (apart from idealistic and ethical concerns) Europe lacks raw materials. In the G-20 and other forums, the EU calls for an open rules-based trading response to the crisis. ‘Maintaining open trade and avoiding unnecessary disruption of supply chains is essential’ (Hogan 2020a). It has articulated a goal of “open strategic autonomy” which deals with the problems of vulnerability of supply chains by diversification and stockpiling rather than protectionism (Hogan 2020b). It calls for applying WTO trade facilitation initiatives in
health-related products. It coordinated a statement with 21 other WTO members to call for trade measures in agriculture and agri-food products to ‘be targeted, proportionate, transparent, temporary and consistent with WTO rules. Measures should not distort international trade in these products or result in unjustified trade barriers’ (European Commission 2020). Yet individual member states (who hold the ultimate power) are noticeably less gushing about liberal trade and, depending on the progress of the EU’s economic and political recovery, the EC’s liberal agenda may not be sustained. The global illiberal forces and the impact of Brexit closer to home may reinforce tendencies towards a more circumspect and geoeconomic if not entirely protectionist Europe.

ASEAN

ASEAN (which includes highly developed and least developed countries) is known for privileging a flexible multi-speed member state driven approach to regional cooperation. Notwithstanding many agreements and initiatives, actual regional economic integration is limited (Dosch 2017). Also, although ASEAN signs free trade agreements as a bloc, it is not a customs union and thus would not be legally bound to develop a common external trade policy on C-19 related issues. The economic impact for ASEAN was immediately severe given its trade linkages with China (while the spread to its other major trading partners – the EU and the US - also had severe implications). On 10 March ASEAN economic ministers met and declared a willingness to strengthen ‘economic resilience’, keep markets open and in particular facilitate the flow of basic goods and commodities (ASEAN 2020a). It also, as noted, committed to strengthening regional supply chain resilience, without any sign of an ‘inward turn’ (the bloc is heavily reliant on and a major player in global trade). A special summit for heads of state and government the following month reiterated this determination to remain united and to act jointly and decisively (ASEAN 2020b). Food security emerges as a distinct priority in its statements (although as noted below one country took unilateral action in this regard).

ASEAN countries individually implemented many stimulus packages for different sectors (with no sign of real coordination) although given its limited economic integration and rule system this is less of a problem than for an entity such as the EU. ASEAN includes some major producers and exporters of PPE, but some individual countries were net importers even before COVID-19 (Suvannaphakdy 2020). Standard Tariffs for WTO partners on PPE are relatively high (ibid). Countries have individually implemented liberalising measures on tariffs and non-tariff barriers for PPE. On the other hand, notwithstanding the spirit of ASEAN declarations, member states also implemented restrictions on an individual bilateral level (see annex 1) and these apply to fellow ASEAN members as well as outside trading partners. Indonesia, for example, has strict export bans on some medical equipment. Other countries have also put in export restrictions. Noteworthy is that Vietnam applied export restrictions (quotas) on rice (it is a major exporter) as well as key medical products. This was a temporary measure ending in May. On the whole, ASEAN as an institution with less ambitious ‘integrative’ pretensions has not been greatly damaged by C-19. Conversely it has not transformed to a greater role, although its value as a regional forum will surely have been reinforced.
MERCOSUR

MERCOSUR is a political and economic alliance mainly based on rapprochement between Argentina and Brazil. In existence since 1991, it has outlasted dramatic changes in the politics and political economy of the region (Kaltenthaler and Mora 2002). It had been under strain already in this era due to the very different political alignments in the two dominant states (with left-wing populists in Argentina and a form of right-wing neoliberal populism in Brazil). This dis-alignment and the idiosyncratic approach to the virus in Brazil (which has suffered a major outbreak but whose President has disavowed conventional health responses) has shaped the regional response. On the 18th March it met virtually and agreed a declaration in which members committed to keep trade and transport links open and maintain a free flow of information (MercoPress 2020). There was also discussion on developing a common policy on imports of medical equipment, but this did not arise. Member states took a range of bilateral actions on this issue. On the 24th April, Argentina announced that it would no longer participate in new trade agreements of the bloc, which its government felt were overly liberal in orientation (but it would implement and ratify existing ones, including in the EU) threatening the overall unity of the bloc (Arredondo 2020). The following month Argentina revoked this but declared it would maintain a protectionist approach to new agreements.

Annex 2 shows the major trade measures taken by each. In Argentina’s case, for example, most of the direct trade measures are liberalising (on general imports or imports from specific countries). At the same time however, in responding to the crisis the government took a range of measures, including extensive price controls (boosting the price of oil and reducing the prices of food and other necessities) which are bound to affect its trading partners. Argentina also stands at risk of another default which is likely to affect currency values and trade directly. Brazil took four liberalising measures as well as one export ban and one set of export controls. At home, the government took a range of social welfare, employment and socio-economic measures but without a strong intervention in industry or anything like the kind of pricing interventions of Argentina. The two smaller members also took their own moderate trade measures and interventions. Extensive border controls have gone up, especially with Brazil which has become a centre of the epidemic. For example, Uruguay instigated 800 new check points on the border over this period. All of the countries instigated quarantines and extensive travel bans. In MERCOSUR’s case the pressures on the organization predate the pandemic but it is clear that the pandemic has not had a unifying effect. The institution has been quiescent during the crisis and the leading states are on divergent paths that threaten to make the institution less relevant in the future.

The EAC

The East African Community is widely regarded as one of the more integrated and coherent institutions, particularly in regard to its core original membership of Kenya, Tanzania and Uganda. It has implemented an imperfect but substantial common market and customs union (Bach 2015, 109). However, Kenya’s trade agreement with the US in February had already created a mini crisis. The acute health and economic implications of C-19 were, as in other parts of Africa, obvious. High profile issues include the plight of Kenyan flower sector (reliant on sales to Europe) and the collapse in Ugandan exports to China, as well as general concerns about food security (the wider region was also hit by swarms of locusts). Despite this threat the EAC senior leadership took some time to meet, although its
Secretariat worked up several versions of an EAC COVID-19 Response Plan while trying to rally a unified approach (EACa 2020). A virtual meeting of heads of state was held on 12 May after being postponed from April (EACc 2020) while a meeting of Health and EAC affairs ministers had been held on 25th March (EACb 2020).

References to trade policy in the heads of state communique are sparse (there is just a vague commitment to keep trade flowing). An integrated response is called for as the “ministers for health, trade, transport and the EAC affairs are continually invoked (EACc 2020). It also stresses, without any detail the need for ‘import substitution’ in the response plan and the ministerial communique go into more detail about logistical and customs issues, trying to balance improved health measures with maintaining the flow of goods: ‘Resolved to minimise cross border movement of people while facilitating free movement of goods and services in the EAC region’ (EACa 2020, 6). However, on the ground simmering tensions between Tanzania and Kenya erupted as Tanzania retaliated for what it saw as excessive Kenyan restrictions on its truck drivers entering the country on the 16th May by closing its border to Kenyan trucks on the 18th (Ilako and Amada 2020). This had followed several trade disputes between the two neighbours in recent years. On May 22nd the two governments agreed to bilateral talks and agreed a testing regime. The EAC had no formal role in the dispute. Meanwhile each country took individual trade measures (export restrictions and import liberalisations for PPE with Uganda adding an import restriction on second-hand clothes). In brief, although the EAC’s performance could be considered patchy, at the political level at least support for the EAC is very strong as is support and interest from the private sector in the region (EABC 2020).

ECOWAS

The Economic Community of Western African States covers a much larger territory and population than the EAC. (It includes the highly integrated West African Economic and Monetary Union of former French colonies). It has evolved into an important political and security actor in the region, which has severe security problems (Iwilade and Agbo 2012). There are often tensions between the Anglophone and Francophone countries and specific disputes have led to Nigeria (by far the largest economy) closing its borders to Benin and Niger since August 2019. Despite this it has pushed forward with ambitious economic integration agreements (the implementation of which has obviously been limited) including plans for a common currency.

A summit of Heads of State and Government of the 9th February 2020 did not mention COVID-19. As the spread of the virus accelerated (in tandem with the usual economic impact, including on food supply and production) ECOWAS took more action to coordinate and support health policy in the region. A major summit of the 23rd April dealt with the health and economic response. The major emphasis is at the national level (rather than collective legal measures). Member states politically agree to develop a response to stimulate their national economies (in reality there are massive differences in their capacity to do so) and ‘avoid the imposition of import restrictions on other ECOWAS countries, particularly with regard to essential goods (drugs, food, etc.)’ (ECOWAS 2020a). They also commit to ‘open humanitarian transport corridors for medical and other personnel in the fight against the pandemic, ‘ allocate at least 15 percent of their annual budget to strengthen their health care systems’, ‘continue to put in place humanitarian and palliative measures to assist’. They also encourage Member States to pool, as far as possible, their purchases of equipment and drugs to combat COVID 19’ (Ibid). They did not commit to
specific joint procurement programmes as organised by the EU in Europe. On 27th April the sub-grouping of WAEMU suspended their own economic/fiscal convergence programme.

Of the larger economies, Nigeria’s only official trade measure was to liberalise imports of some health-related products (see annex 4) but the impact of its economic shutdown and ongoing border disputes is severe. Ghana is regarded as having dealt effectively with the health crisis and it did not take any formal trade measures but for an open economy such as this the economic impact is stark (Gakpo 2020). Ivory Coast, like Ghana is particularly vulnerable due to its reliance of cocoa exports. It took two trade measures, one a restriction on the export of medical material. The region is a not a big supplier of PPE and only one other country (Mali) placed this export restriction. It could be seen as a positive result that only one country (Mali again) has placed restrictions on food exports. However, if the global C-19 crisis persists the problem of food security will gain in salience.

Conclusion

Apart from the EU, in the case of the regional institutions covered here the tangible trade measures taken were taken at the level of its member states, (even within the EU individual member state actions also predominated at the beginning). Neither was there regional level agency in terms of significant economic interventions, most regional organisations lack anything like the capacity for this. (The exception is the case of the EU where there was regional level agency in the form of the EU budget, ECB initiatives and more ambitious new funding mechanisms). Neither was there regional level agency in terms of significantly influencing the shape of restrictions and interventions taken at the national level. (Again, an exception in the case of the EU which relaxed its laws but maintains a degree of monitoring by the supranational institutions). At this stage the reader may feel that the paper is falling into the trap of inappropriately comparing different regional organisations with each other and the EU. Of course, the EU in particular is unique and it is not posited that its track (its common currency for example) is a path that other regional institutions should be on. It does however offer striking examples of collective action in this case. Likewise, all of the other regional entities vary widely in terms of their member states’ economic structures, trading patterns, roles in the global economy and so forth. It is not suggested that their responses should be similar. However, it is posited that the trade agreements and rhetoric of these institutions implies that they would be involved in the trade response to C-19. Whether stronger involvement would be a good thing is a moot point, this author would suggest yes but others would note the danger of stronger regional trade diversion and protectionism.

In summary, in the political economy arena, the actions/role of the non-European regional institutions were overwhelmingly discursive: their role could be described as norm promotion/ reinforcement with some light coordination. The regional forums were used to get states to make commitments to remain open as far as possible and to coordinate their public policy responses. There is no evidence that the trade and economic measures taken by member states were in fact coordinated in any way with their neighbours. If we take the conventional view of regional economic integration as market-making, these actions will be to a lesser or greater degree distortive and will set back this process. Clearly there is room for much more granular research on how the response to C-19 affects the political economy of the region (the measures are allegedly temporary, but this may not be a short period in some instances). In nearly all of these cases C-19 hit regional institutions that already had
severe problems. How do we evaluate their role? To do this more authoritatively would require much more detailed research on the context of each region and its needs. It is clear that they have not lived up to their rhetoric, but this is nothing new in regional integration and politics. It may be (the counterfactual cannot be proven) that they have prevented even more egregious disunity and economic protectionism or in the case of border disputes, even more drastic measures. In the case of developing countries, the real test may emerge if the food supply situation worsens dramatically.

Ideologically there is no clear message here. While regional institutions are not bastions of free trade (within or without) there is no sign of the world devolving into regional protectionist blocs either. There was a notable change in the policy discourse with more economically interventionist language hinting at efforts to reshape supply chains on a regional level and even support ‘import substitution’ in one case. Notwithstanding the problems, or the relative passivity, of most of the regional institutions covered here, economic regionalisation is likely to be further consolidated (simply because of a greater concern with resilience). Whether this inspires/demands regional integration is an open question. This paper has looked at the immediate reactions at the regional level. These are, I argue, revealing but not the whole story. The state was bound to lead the immediate reactions and there remains very powerful logic for regional action. The regional framework offers an opportunity to forge a balanced approach to trade and sustainability and a collaborative approach to biosecurity. As noted by the UNDP, regional integration – particularly in developing countries – does not have to be based on trade liberalisation (UNDP 2010). If we accept that the neoliberal vision of the relationship between states and markets has been rendered inoperable by the crisis, the case for greater functional cooperation and integration on health, environmental and energy issues is strong (Mitrany 1943). Whether this has to be led by supranational institutions or more flexible interstate initiatives is a moot point. The prospects for new forms of functional integration in public policy combined with new forms of economic cooperation should be high on the research agenda of academics and policy makers.
References


# Annex 1: ASEAN: Trade measures from 1/02/2020 to 31/05/2020

![Map of ASEAN countries](image)

<table>
<thead>
<tr>
<th>Country</th>
<th>Liberalising measures</th>
<th>Restrictive measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>1: tariff reduction on personal hygiene products.</td>
<td>0</td>
</tr>
<tr>
<td>Cambodia</td>
<td>0</td>
<td>2: 1 export prohibition on rice/fish terminated 20th May;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 export prohibition on face masks terminated 4th May)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3: tariff reductions for medical supply products and suspension of import certification requirements for PPE. (Previously 1 suspension of import certification requirements for onions and garlic terminated 31st May)</td>
<td>2: including export prohibition on medical supply products and PPE; and raw materials for these</td>
</tr>
<tr>
<td>Laos</td>
<td>1: tariff reduction exempting import duties, taxes and other charges for health-related items and medical equipment.</td>
<td>0</td>
</tr>
</tbody>
</table>

---

6 The source for all annexes is the ITC database: https://www.macmap.org/covid19
7 This second measure was subsequently terminated in June 2020.
8 This ban on raw materials was terminated in June 2020.
<table>
<thead>
<tr>
<th>Country</th>
<th>Liberalising measures</th>
<th>Restrictive measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>2: tariff reductions eliminating import duties and sales tax for PPE and medical supplies.</td>
<td>1: prohibiting export of masks.</td>
</tr>
<tr>
<td>Myanmar</td>
<td>1: tariff reduction waiving specific goods tax on medical supply products</td>
<td>1: suspension of rice export permits (terminated 1st May).</td>
</tr>
<tr>
<td>Philippines</td>
<td>1: (Nonactive - previously 1 tariff reduction exempting healthcare equipment and supplies from import duties, taxes and other fees terminated 23rd May)</td>
<td>2: export prohibition for rice from a province (Bukidnon). 10% tariff increase on petroleum and petroleum products</td>
</tr>
<tr>
<td>Singapore</td>
<td>2: including relaxation of import licensing requirements for health-related products and elimination of import tariffs for essential medical, hygiene, pharmaceutical and agricultural products.</td>
<td>0</td>
</tr>
<tr>
<td>Thailand</td>
<td>3: including tariff reductions on medical supply products and equipment for producing medical devices; import VAT exemption for donated materials.</td>
<td>2: export prohibition on masks. (Previously 1 export ban on eggs, not extended on 1st May)</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1: tariff reduction exempting import tax for PPE related products.</td>
<td>4: (Nonactive - previously prohibition on trade and consumption of wild animals under investigation) licensing for masks terminated 29th April. export prohibition of 37 pharmaceutical products terminated 7th May. rice export quota set, terminated 1st May.</td>
</tr>
</tbody>
</table>
Annex 2 MERCOSUR: Trade measures from 1/02/2020 to 31/05/2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Liberalising measures</th>
<th>Restrictive measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>5: including tariff reductions, suspension of antidumping measures and VAT waivers for health-related products⁹.</td>
<td>1: export licensing for medical ventilators</td>
</tr>
<tr>
<td>Brazil</td>
<td>4: including tariff reductions, suspension of import licensing requirements and other control measures, suspension of antidumping measures for health-related products.</td>
<td>2: export prohibition on some medical products and export permits required for others.</td>
</tr>
<tr>
<td>Paraguay</td>
<td>2: changes in VAT for some health-related products, tariff reduction for others.</td>
<td>1: export licensing requirement for PPE.</td>
</tr>
<tr>
<td>Uruguay</td>
<td>1: tariff elimination for some health-related products</td>
<td>0</td>
</tr>
</tbody>
</table>

⁹ Argentina’s VAT waiver and the suspension of some control measures were later terminated in June 2020.
The United Nations University Institute on Comparative Regional Integration Studies (UNU-CRIS) is a research and training institute of the United Nations University, a global network engaged in research and capacity development to support the universal goals of the United Nations and generate new knowledge and ideas. Based in Bruges, UNU-CRIS focuses on the provision of global and regional public goods, and on processes and consequences of intra- and inter-regional integration. The Institute aims to generate policy-relevant knowledge about new patterns of governance and cooperation and build capacity on a global and regional level. UNU-CRIS acts as a resource for the United Nations system, with strong links to other United Nations bodies dealing with the provision and management of international and regional public goods.

The mission of UNU-CRIS is to contribute to generate policy-relevant knowledge about new forms of governance and cooperation on the regional and global level, about patterns of collective action and decision-making.

UNU-CRIS focuses on issues of imminent concern to the United Nations, such as the 2030 Development Agenda and the challenges arising from new and evolving peace, security, economic and environmental developments regionally and globally. On these issues, the Institute will develop solutions based on research on new patterns of collective action and regional and global governance. The Institute endeavours to pair academic excellence with policy-relevant research in these domains.

For more information, please visit www.cris.unu.edu

UNU-CRIS
Potterierei 72
8000 Bruges
BELGIUM