

## **Секція 11. МАРКЕТИНГОВІ ПРОБЛЕМИ ТА ІННОВАЦІЇ В СУЧАСНИХ УМОВАХ ГОСПОДАРЮВАННЯ**

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### **CORONAVIRUS INFLUENCE ON INTERNATIONAL ECONOMIC DIPLOMACY AND TRADE POLICY**

#### **(ВПЛИВ ПАНДЕМІЇ КОРОНАВІРУСУ НА МІЖНАРОДНУ ЕКОНОМІЧНУ ДИПЛОМАТІЮ ТА ТОРГОВЕЛЬНУ ПОЛІТИКУ)**

World trade contracted 0,5 per cent last year, the first annual decline since 2009 according to ING, the Dutch Bank, as the Trump administration's trade war with China and threats to place tariffs on EU exports created uncertainty. This latest slowdown has pushed China-US West Coast freight prices down 10 per cent year on year, according to shipping consultancy Freightos, a sign of weak demand. Almost 80 per cent of US importers surveyed by the consultancy reported lower inventories as a result.

Nonetheless what can international economic diplomacy do to support the fight against the coronavirus? As the author emphasizes, governments should get rid of the restrictions and tariffs that delay the purchase of medical equipment and make them more expensive. Products such as masks, medical gowns, gloves and protective glasses should pay no import tariff. Unfortunately, this is not the case and many of these products face substantial tariffs.

It is necessary to emphasize that, all sorts of businesses have suddenly realized the risks of relying on complex global supply chains that are specific not just to China but to particular places such as Wuhan, the epicenter of the pandemic. Chinese people and now Italians, Iranians, Koreans, and others have become widely seen as vectors of disease; senior Republican politicians in the United States have even labeled the disease the "Chinese coronavirus." Meanwhile, governments of all stripes have rushed to impose travel bans, additional visa requirements, and export restrictions. The travel ban on most arrivals from Europe, U.S., Asia that Presidents and governments announced is particularly broad, but far from unique. All of this is making economies more national and politics more nationalistic. It is also necessary to remember also about the complex China-centered global supply chains on which so many Western companies have come to rely are particularly at risk. The cost advantage of producing in China has eroded in recent years as the country has become richer and wages have soared.

Removing these tariffs will have several positive effects:

– it will send a signal that governments consider foreign manufacturers an equal partner in their efforts to tackle this crisis.

– it will enhance the profitability of the companies producing these goods which will encourage further investments.

– as the current situation is likely to carry on for some months, eliminating these tariffs and keeping markets open, will give confidence to foreign companies and entrepreneurs willing to invest in equipment to produce these goods.

It is also necessary to say, an increase in supply will contribute to resolving the severe shortage of medical equipment currently faced by some countries. The coronavirus crisis has highlighted the downsides of extensive international integration while fanning fears of foreigners and providing legitimacy for national restrictions on global trade and flows of people.

With economists warning of a global recession, however, economic policymakers and central bankers have begun to coordinate a response. But if U.S.-China tensions prevent the two countries from cooperating as closely as they did during the 2008 financial crisis, the effectiveness of any global response could be severely limited. In the United States, the coronavirus has amplified calls to decouple from China. The outbreak is adding to the concerns of multinational corporations with supply chains based in China, many of which have seen business curbed by Beijing's lack of transparency and extreme, swiftly imposed measures. Companies that had been considering diversifying their supply chains because of the U.S.-China trade war are likely to feel further validated and accelerate their plans. Apple, for example, reportedly intends to shift at least some manufacturing of its products (including AirPods and Apple Watches) to Taiwan due to the challenges the coronavirus poses. In Washington, members of Congress have used the outbreak to call for scaling back U.S. reliance on China for prescription drugs, medical supplies, and other critical resources.

Eliminating import tariffs and non-tariff barriers on these goods will help our health system to receive these most-needed medical products sooner and at a lower price. We will all benefit from this measure. Countries like the US are already following this advice, and have taken some measures to lower their tariffs on a number of medical items coming from China Other countries should follow suit

Summing up, we must also remember, that much of this disruption may be temporary. But the coronavirus crisis is likely to have a lasting impact, especially when it reinforces other trends that are already undermining globalization. It may deal a blow to fragmented international supply chains, reduce the hypermobility of global business travelers, and provide political fodder for nationalists who favor greater protectionism and immigration controls.