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Global Facility for Disaster Reduction and Recovery

TRADE & HUMANITARIAN EMERGENCIES



A SURVEY OF TRADE POLICY ISSUES AFFECTING
DISASTER RESPONSE, RECOVERY & RECONSTRUCTION



Cover picture

Credit: The Solomon Islands Red Cross

Solomon Islands, 2014

Non-food items and relief supplies being offloaded by Solomon Islands Red Cross volunteers at the Honiara airport following the recent flash floods

The World Bank Group (WBG) Geneva Office, in collaboration with the WBG Trade & Competitiveness Global Practice and the Global Facility for Disaster Reduction and Recovery (GFDRR)



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Acronyms & Abbreviations

ASYCUDA	Automated System for Customs Data
EC	European Commission
ECOWAS	Economic Community of West African States
EU	European Union
FAO	Food and Agriculture Organization
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GM	Genetically modified
GSP	Generalised System of preferences
ICT	Information and communications technology
IDRL Guidelines	Guidelines for the Domestic Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance
IFRC	International Federation of the Red Cross and Red Crescent Societies
IOM	International Organization for Migration
Kyoto Customs Convention	International Convention on the Simplification and Harmonization of Customs Procedures
LDC	Least Developed Country
MRE	Meal Ready-to-Eat
OSS	One-stop shop
ITU	International Telecommunication Union
OCHA	UN Office for the Coordination of Humanitarian Affairs
OECD	Organisation for Economic Cooperation and Development
SPS	Sanitary and phytosanitary standards
TBT Agreement	Agreement on Technical Barriers to Trade
TFA	Trade Facilitation Agreement
UN	United Nations
UNCTAD	UN Conference on Trade and Development
UNDP	UN Development Programme
USDA	United States Department of Agriculture
WAAPP	West Africa Agricultural Productivity Program
WCO	World Customs Organization
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization





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2011. Jakarta, Indonesia
Photo: [Farhana Asnap](#) / World Bank

Executive Summary

The initial hours and days after a humanitarian emergency are generally seen as the most important. Because they affect the rapid deployment of relief to people in need, international trade policies, and the way in which they are implemented, can make an enormous difference to the effectiveness of the humanitarian response – in many cases, the difference between life and death. The same issues that affect trade on a daily basis, such as costly, inefficient and onerous borders procedures, are magnified in times of humanitarian emergencies where speed and reliability of delivery are so critical. Trade also plays a key role in recovery and reconstruction well beyond the initial phase of an emergency.

The report surveys three main areas at the intersection of trade-related policies and humanitarian emergencies:

■ **Border procedures and trade facilitation.** Challenges related to border clearance procedures are among the most important in international disaster response. The new World Trade Organisation (WTO) Trade Facilitation Agreement (TFA), which seeks to expedite the movement, release and clearance of goods, has the potential to alleviate some of these border bottlenecks. Beyond customs procedures, the TFA also sets out measures for effective cooperation between the many agencies involved in moving goods across borders. Given the

range of agencies, ministries and authorities that aid organisations often deal with to get relief and related items into a disaster-affected country, TFA measures which enhance cooperation amongst border agencies could also yield positive benefits for disaster relief operations. The TFA builds on existing agreements and guidelines. Beyond the TFA, the private sector is playing an increasingly prominent role in supporting the response to humanitarian emergencies, especially in the area of logistics.

■ **Other trade policies affecting humanitarian response.** A wide range of other trade policies also have an impact on humanitarian response. Three areas are surveyed. First, policies that affect food trade are directly relevant, with the ability of humanitarian actors to address food needs sometimes undermined by inefficiencies in the supply chain and by various trade policies that distort agricultural markets. Subsidies, high tariff protection, import/export restriction and a range of other policies distort international markets and lead to significant costs for the poor. These trade policies also present challenges to humanitarian actors by adding costs to food procurement and their transportation, as well as causing delays in the delivery of food to affected communities. Second, a range of trade policies affect medicine. Third, relief equipment and goods are subject to a range of trade policies.

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■ **Trade and disaster recovery and reconstruction.** Moving from initial relief to the recovery and reconstruction phase, trade can play an important role in helping countries restore economic growth and livelihoods after the immediate emergencies have passed.

The focus of the study is on natural disasters but some of the issues and principles are equally applicable to responding to humanitarian emergencies caused by conflict.

As it is aimed at both a trade and humanitarian audience, the report does not explore any issue in depth from either of those perspectives; nor is it exhaustive in terms of the trade measures which could affect humanitarian operations. Rather, the report serves to raise key issues or points of convergence between international trade and disaster response and recovery, aiming to add to the existing body of experience in this area, without offering a detailed cost-benefit analysis of specific policy choices, which can ultimately only be done on a country-by-country basis backed up by technical advice to the different actors involved in humanitarian emergencies. Accordingly, the purpose of this study is not to deliver static recommendations, but to act as an impetus for a fruitful dialogue between the trade and humanitarian community about these issues, and more detailed follow-up at the country level to ensure that in future disasters, trade-related policies and procedures facilitate effective response, recovery and reconstruction.

The issues canvassed in the report emerged through an in-depth literature review and detailed interviews with representatives of the International Federation of Red Cross and Red Crescent Societies (IFRC), International Organisation for Migration (IOM), the UN Office for the Coordination of Humanitarian Activities (OCHA), the United Nations Office for Disaster Risk Reduction (UNSIDR), the World Food Programme (WFP), the World Health Organisation (WHO) and the World Trade Organisation (WTO). For confidentiality reasons, anecdotes provided by interviewees were deliberately left anonymous. The issues identified as regulatory barriers were largely drawn from IFRC's previous work, in particular, *Law and legal issues international disaster response: a desk study 2007*. They were then mapped against trade rules and policies to identify any potential synergies or areas of tension, and complemented with lessons from the World Bank's work at the intersection of trade and humanitarian emergencies.

The study is intended to complement various initiatives by IFRC to better understand the legal and administrative issues that obstruct disaster response, and find practical solutions to address these issues. They include spearheading the negotiations for the development of the *Guidelines for the Domestic Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance* (IDRL Guidelines), which was adopted by the state parties to the



Geneva Conventions at the 30th International Conference of the Red Cross and Red Crescent in 2007. The Guidelines encapsulate a set of recommendations to governments on how to prepare their laws and procedures in a way that facilitates international disaster relief operations. Similarly, the *Model Act for the Facilitation and Regulation of International Disaster Relief and Initial Recovery*

Assistance, finalized in 2013 and based on the IDRL Guidelines, is a well-recognized reference tool and example to law-makers as they develop legislation on managing outside aid in a manner appropriate to their national circumstances. This study should be seen as building on this work, and focusing more specifically on trade policies and their implementation.

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2013. Sudan

Photo: [Salahaldeen Nadir](#) / World Bank

Border Management & Trade Facilitation

Following the onset of a disaster the imperative is to provide humanitarian assistance as quickly as possible to address critical needs, which depending on the national context, may require international assistance. In such contexts, customs and other border authorities play an important role in facilitating the entry of international relief personnel and their equipment, and relief consignments so that assistance reaches affected persons in a timely manner.

Operating in the specific context of a disaster can bring added challenges for border agencies. The influx of incoming relief consignments arriving in a short period of time can overwhelm authorities. The crisis can serve to magnify shortcomings encountered by traders on a day-to-day basis in regular commercial trade, such as lengthy clearance procedures, opaque and confusing regulations, and administrative complexity. Border agencies may also be directly impacted where custom personnel are themselves affected by the disaster. In an extreme example - in the aftermath of Cyclone Pam in Vanuatu in March 2015 - it was reported that only one customs official was available to process incoming shipments of humanitarian aid as the rest of the staff were attending to their own personal circumstances.¹

Trade facilitation seeks to reduce transaction costs incurred as a result of importing and exporting goods, through the streamlining, harmonising and modernising of trade procedures associated with border clearance. The importance of trade facilitation to economic development and national competitiveness is now widely acknowledged. Countries with better logistics can become more competitive and increase their participation in international trade and their capacity to attract investment. According to a joint study by the World Bank, World Economic Forum and Bain & Company, if every country improved just two key supply chain barriers even halfway to the world's best practices, global GDP could increase by US\$ 2.6 trillion (4.7%) and exports by US\$ 1.6 trillion (14.5%). Improving supply chain barriers include implementing trade facilitation measures.²

Reducing border bottlenecks is not just a concern for the trade community; the humanitarian community also sees it as necessary objective to speed up the delivery of international humanitarian assistance. Indeed, in a 2007 survey conducted by the IFRC on legal issues in international disaster response, customs issues were among the most widely cited regulatory obstacles.³

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While the exceptional circumstances of a humanitarian emergency present an array of challenges, there are specific border management issues that obstruct the rapid entry of relief goods and personnel into an affected country. Delays in clearance can be due to a range of reasons, including:⁴

- Differences in standards among the sending, receiving and transit countries;
- Lack of capacity to modify standard operating procedures to cope with the particular demands of emergency situations including massive increases in arriving cargo;
- Imposition of taxes, duties, fees and charges including on humanitarian consignments;
- Complex and opaque bureaucratic or administrative requirements, which sometimes change without notice;
- Excessive documentary requirements and the need for documents to be translated before submission;
- The necessity to deal with numerous government entities to obtain necessary clearances and exemptions;
- Excessive physical inspections and testing of relief consignments;
- Inflexible working hours of border authorities;
- Delays in receiving information concerning applicable requirements and lack of awareness of customs procedures; and
- Burdensome processes for obtaining particular exemptions for humanitarian shipments (where such exemptions are possible at all) from applicable measures (where exemptions are possible at all).

Supply-side issues often compound the challenge of quickly bringing in relief items into disaster-affected countries.⁵ Senders of relief consignments have sometimes mislabelled consignments or marked them in languages not understood in the receiving country; failed to include required customs documentation; or left out the details of the consignee. Large volumes of unneeded or inappropriate items have also been reported such as expired food or medicine and clothing ill-suited to the disaster affected country.



The experience of logistics companies in humanitarian operations

Logistics companies have also played an important role in supporting humanitarian operations. In recent years, new forms of engagement between the private sector and the humanitarian community have also come about in this sector. The Logistics Emergency Team (LET) provides such an example.

Facilitated by the World Economic Forum, the LET brings together three of the largest global logistics and transportation companies - Agility, UPS and Maersk - alongside the UN Global Logistics Cluster, led by the World Food Programme (WFP) to provide pro bono support to humanitarian operations during emergency response to large-scale natural disasters. During large-scale natural disasters, the LET companies provide pro bono services and assets at the request of the Global Logistics Cluster. The LET has been deployed to a number of natural disasters.

In every disaster in which the LET has responded, customs administration and clearance has proven to be a significant challenge for humanitarian and commercial logistics professionals alike. An example of this is the first LET deployment in Myanmar & Thailand in 2008 in response to Cyclone Nargis. In that emergency, the LET learned that the humanitarian community was confronted by significant challenges related to the administrative processing of cargo.

With any small errors in declarations and other paperwork, humanitarian cargo was at risk for delay in either neighboring countries or at destination in Myanmar. One of the highest priority LET tasks during this emergency was the coordination of dialogue between the Thai airport administration and Customs agency and the Logistics Cluster coordination team. This resulted in clear understanding of processes, paperwork requirements and other issues that were rapidly shared with the broader humanitarian community to enable cargo to move without delay to the disaster area. Due to customs bond requirements, humanitarian organizations were required to store in-transit cargo in bonded facilities only, and this added unnecessary costs to their operating budgets. On top of this, all humanitarian cargo arriving in Yangon was required to be manually inspected at the package level. This required all released cargo to be manually unpacked, inspected and reloaded before being moved to the Cluster warehouse. It also required manual offloading at the warehouse, which created onerous requirements for labor, transportation and warehouse resources.

Similar scenarios have been recorded by the LET in Haiti, Pakistan, Indonesia, Nepal, the Philippines and other locations. More information can be found at: www.logcluster.org/logistics-emergency-teams

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These challenges have sometimes led to months-long delays where, for example in Indonesia and Sri Lanka in the wake of the 2004 Indian Ocean Tsunami, “perishable items rotted, medicines expired and emergency items relief items like clothes, tents, blankets and surgical equipment, which were essential at the start of the relief effort, were redundant by the time they were cleared months later”.⁶ Customs delays also increase costs for humanitarian actors as relief consignments awaiting clearance can accumulate storage costs.⁷ More recently in Nepal in May 2015 in the aftermath of the initial earthquake, there were reports that streamlined customs procedures intended for such emergencies

were not being applied in practice. As was the case in Vanuatu, described above, this was compounded by the personal circumstances of many customs officials that were themselves affected by the emergency; for example, the key Customs building in Kathmandu was one of the buildings heavily damaged by the earthquake.

Relief consignments or goods used for relief operations may be subject to customs duties and other charges at the border. This can add significant costs and delay to relief operations. These are discussed in more detail in subsequent sections.

INTERNATIONAL STANDARDS & GUIDELINES RELATING TO HUMANITARIAN GOODS⁸

Several existing legal instruments address the importation of relief items during times of emergency. First, [the Recommendations of the World Customs Organization \(WCO\) to Expedite the Forwarding of Relief Consignments in the Event of Disasters](#) 1970, is a non-binding instrument that calls on countries to adopt a number of measures to facilitate relief consignments. It includes: the waiver of restrictions on the export or import of relief consignments; simplification of associated documentation; waiver of duties, taxes and fees on consignments to approved organizations; and the authorization of customs clearance outside normally prescribed hours and locations.

Second, the special annexes of the revised International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention) adopted by the

WCO in 1999, are also relevant to disaster relief. In particular, specific annex B.3 provides as a “recommended practice” that contracting parties grant provide relief from import duties and taxes and from economic prohibitions and restrictions to “goods such as foodstuffs, medicaments, clothing and blankets sent as gifts to an approved charitable or philanthropic organization for distribution free of charge to needy persons by the organization or under its control”. In addition, annex J.5 provides for a mixture of binding and recommended steps in order to speed up the clearance of relief consignments, such as requiring priority clearance, the conduct of inspections outside business hours, exemptions from examination under exceptional circumstances and simplified documentation procedures. At the time of writing, there were 99 contracting parties to the Convention.



2012. Jordan. Al Zaatari Refugee Camp
Photo: [William Stebbins](#) / World Bank

The [WCO Convention on Temporary Admission 1990](#) is yet another important instrument which facilitate disaster assistance by way of import and duty and tax exemption for humanitarian goods. However, the Convention is limited to items intended for re-exportation, and does not include those goods brought in by relief personnel which are critical for humanitarian operations but not provided as aid to disaster victims, such as ICT equipment. In 2014, the IFRC, OCHA and WCO submitted an information paper to the administrative committee of the Convention to shed light on these deficiencies, including the fact that the majority of goods and equipment imported for humanitarian purposes are not re-exported, but distributed as aid, or donated to local authorities and other actors.⁹ The

paper also suggested several amendments to rectify these issues, but in accordance with the rules of the Convention, amendments must be proposed by a contracting party. IFRC, OCHA and WHO are continuing to pursue discussions with committee members.

The OCHA and WCO have also developed a [Model Agreement between the United Nations and a State](#) concerning measures to expedite the import, export and transit of relief consignments and possessions of relief personnel in the event of disasters and emergencies. So far OCHA has signed the customs agreement with the governments of Belarus, Bhutan, Dominican Republic, Honduras, Liberia, Mali, Moldova, Nepal and Uzbekistan.¹⁰

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Similarly, the [Guidelines for the domestic facilitation and regulation of international disaster relief and initial recovery assistance](#) adopted in 2007 by the state parties to the Geneva Conventions at the 30th International Conference of the Red Cross and Red Crescent Societies, also provides some guidance to states on how laws and procedures could be amended to ensure the expedited movement of relief items. On the issue of customs, the Guidelines call for: relief goods and equipment to be exempted from all duties and charges; simplified documentation procedures; waiver or reduction of inspections, or as an alternative, rapid clearance through preclearance processes; and inspection and release outside business hours and/or at a place other than a customs office as necessary to minimize delay.

Built upon the IDRL Guidelines, the [Model Act for the Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance](#) was developed over a two-year period as a collaboration between the IFRC, OCHA and the Inter-Parliamentary Union (IPU) and launched in 2013. Bearing in mind that legal and disaster management systems vary significantly from country to country, the Model Act is intended to serve as a reference tool and example to law-makers as they develop legislation on managing external aid in a manner appropriate to their national circumstances. The Model Act can serve as the basis of a stand-alone act or as the basis for amendments and additions to existing laws or regulations addressing

the various regulatory questions at issue in international operations. To date, 18 countries have adopted legal frameworks for the facilitation of international disaster relief assistance drawing on the Model Act, and 20 more are currently discussing related legal drafts in parliament.

Individual countries have introduced customs laws and procedures to facilitate the expeditious clearance of relief items. In 2012, Namibia adopted the *Disaster Risk Management Act*, which provides that the Prime Minister in consultation with the Finance Minister, “must facilitate reduced and simplified customs procedures, exemption from duties, taxes and charges for donations of equipment and materials, including food, made during disaster situations”.¹¹ Nepal is now working to establish procedures for its border agencies during future disasters, so that clear guidelines exist for officials to follow – this can be an important way of building preparedness for disasters.

Other countries have introduced ad-hoc custom measures following the onset of disaster. In 2013, following the Sichuan earthquake in China, special custom procedures were established to enable 24-hour clearance, where emergency goods were allowed to pass customs without inspection provided all required documentation was submitted at a later date.¹² In other circumstances it was the good relationships between humanitarian actors and government authorities that allowed for rapid clearance of relief items.¹³



FOCUS ON THE WTO TRADE FACILITATION AGREEMENT

The WTO Trade Facilitation Agreement does not explicitly address humanitarian emergencies, but its provisions and their implementation are central to the capacity to respond to these emergencies. This section

explained the relevance of the TFA procedures to humanitarian emergencies, and focuses on three specific aspects: transparency; coordinated border management; and risk management.

Context

Concluded at the WTO Bali Ministerial Conference in 2013, the TFA contains provisions to simplify and harmonise international trade procedures. The Agreement extends beyond reforming customs procedures to capture the activities of other border agencies. When implemented, the TFA promises significant economic efficiency gains. For business, trade facilitation enhances predictability and reduces the delay and costs of moving goods across borders. Governments can also expect to see benefit including improved compliance, increased revenue and reduced corruption. Trade facilitation holds particular promise for many developing countries, where at present, border clearance processes are particularly cumbersome – imports to these countries require nearly twice as many documents and six times as many signatures¹⁴ as more developed economies.

In addition to reducing the cost of international trade, implementation of the TFA could yield

improvements for international disaster response. Humanitarian operations should also benefit from the enhanced transparency, simplified processes, reduced documentation and increased co-operation amongst border agencies that implementation of the TFA will achieve. Not only will it serve to complement other international instruments and national regulations that specifically seek to expedite relief items, but it will also provide a binding legal framework within which international relief organisations can operate with greater certainty and confidence. Where special procedures for relief organisations/ consignments are limited in application – by time, jurisdiction, or to specific items or organisations – general improvements to border procedures brought about by trade facilitation could serve to mitigate the limitations of those special procedures. For example, some countries may introduce streamlined procedures for the emergency phase of operations, but terminate them prior to or during the recovery and reconstruction

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phase. While the level of urgency naturally declines from the immediate, emergency response phase, significant delays arising from inefficiencies in border management in the later phases can also lead to unnecessarily high costs for humanitarian operations. Moreover, it may undermine efforts to return to past levels of economic activity and increase the total cost of reconstruction efforts.

Finally, through streamlining ordinary customs processes in unaffected countries, TFA implementation can also contribute to improved humanitarian logistics where those countries are part of the supply chain for relief items – transit/export countries – but do not have any special procedures for expediting movement of relief consignments when are not themselves subject to an emergency. For instance, during the famine in the Horn of Africa, food aid destined for Somalia was delayed in Kenyan customs.¹⁵ In the Dominican Republic, which played an important role in response to the 2010 earthquake in Haiti, customs control and related documentation requirements was reduced to a minimum, and operating hours were increased, to facilitate rapid entry of humanitarian relief.¹⁶ Customs procedures of transit countries are particularly relevant for disaster-affected landlocked countries as relief items

shipped by sea will involve transit through a third country, potentially encountering additional delay and expense.

A unique feature of the TFA among WTO Agreements is that it links implementation by developing countries to assistance provided by other WTO Members and by international organizations like the World Bank Group. Assistance is available to help prioritize and sequence reforms, as well as for their actual implementation. As such, not only does the TFA entail significant benefits for trade and for humanitarian relief, but there are strong incentives for providing the necessary support for its implementation by all WTO Members.

Although the text of the TFA was finalized in December 2013, the Agreement will only enter into force when two-thirds of WTO Members notify their ratification of the Agreement. Only at this stage will the Agreement acquire legal force – one of the key benefits of having the standards set by the TFA incorporated into a WTO agreement. Ratification of the Agreement would increase the confidence of humanitarian actors that its provisions will be fully implemented and that the associated benefits for humanitarian relief and reconstruction would be realized.



Transparency

Uncertainty about relevant import, export and transit requirements amongst customs and border management officials, relief providers and other senders of relief consignments has contributed to unnecessary delays during relief operations. Inexperienced actors, in particular, have omitted required documents, failed to mark or label consignments correctly or have completed them in languages not understood by those in the receiving country.¹⁷ Moreover, certain items, such as ICT equipment, vehicles, food and medicine can be especially challenging to import as the sender is required to navigate the many regulatory requirements that are often attached to the importation of such items. Therefore increasing transparency around the relevant customs and other border management agency requirements and procedures has the potential to tackle some of these challenges.

Under Article 1 of the TFA, WTO Members are required to 'promptly' make available specific information related to procedures for clearing goods for import or export. This includes providing information regarding: applied rates of duties and taxes, rules of origin, transit restrictions and procedures, fees and charges and forms and documents, in an easily accessible manner. In particular,

it requires Members to make available, and update, information on the Internet and publish - to the extent possible - information in one of the official languages of the WTO (English, French and Spanish).

Across many countries, such trade-related information is often available on websites of government authorities responsible for a particular aspect of trade. This information is, however, often difficult to find and not presented in a user friendly manner. To overcome this problem some countries have developed consolidated information on a single website – a Trade Information Portal or National Trade Repository – as a means of facilitating trade and increasing transparency. However, in many countries, such websites do not exist and even when they do, they are often incomplete, out of date, or do not cover all the necessary import, export or transit requirements. In a recent UN Conference on Trade and Development (UNCTAD) study which examined, amongst other things, the implementation status of the trade facilitation measure “information through internet” in 26 developing countries, only two countries reported a full level of implementation, while 22 (84 per cent) reported partial implementation.¹⁸

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The additional transparency requirements should assist humanitarian actors to better plan and manage their operations through obtaining up-to-date information regarding all requirements around import and export procedures. Changes in processes or situations – e.g. opening up of previously inaccessible ports – could also be disseminated quickly through Trade Information Portals or other consolidated web-based platforms. Even before a disaster strikes, the availability of such information could be used to inform disaster preparedness activities, so that humanitarian actors could work with governments to obtain exemptions or look to pre-position highly regulated items, before a disaster strikes.

The requirement would also extend to publishing information regarding laws or special procedures – including updated procedures – for relief items or organisations, which may ease some of the confusion that can arise around such procedures particularly during the initial period after a humanitarian emergency. Further, by

having a single authoritative reference point, conflicts could be avoided and the discretion available to border officials clarified to reduce misunderstandings and ensure rapid clearance of consignments.

The provision of such information on a consolidated website would also make it easier for relief operators to obtain clear guidance on what duties apply to imported relief goods. The duties paid can often be significant. During the response to the Indian Ocean Tsunami, Oxfam was required to pay over USD 1 million in duties for the importation of 25 vehicles in Sri Lanka.¹⁹ More recently, one relief worker reported that UN vehicles sent as part of the response to avian flu were subject to significant customs duties by the recipient country.²⁰ As a result, the vehicles remained in storage for many months until a solution was reached between the UN and the government. Clear guidance prepared in advance of an emergency situation and made publically available on a single website would ensure donated equipment could be deployed immediately.

Coordinated Border Management

Aside from Customs, many government agencies, ministries and agencies play a role in approving or controlling the import or export of goods and are entitled to examine goods entering the territory – often ten or more agencies are involved in clearing goods for import. Due to lack of information sharing among these agencies, those

bringing in goods into a country may be required to provide the same information to different government agencies. Indeed, relief organisations have expressed frustrations over the multitude of border authorities that sometimes need to be consulted.²¹ Multiple inspections may also be undertaken by these agencies at different points in time. Under

these circumstances, controls are not often based on the full data set provided with respect to a consignment, but rather, based on agency specific data. Clearances can be expedited if the inspections take place in coordination with competent authorities.

Apart from stifling the flow of commercial trade, obtaining clearance from multiple agencies, and the lack of information sharing has also led to delays to the entry of relief items. During the recent outbreak of Ebola, for example, lab samples sent to a regional facility for diagnosis were delayed at the border until customs authorities could clarify from other border agencies how they should be treated.²²

Article 8 of the TFA recognises the importance of better collaboration, requiring national border authorities/agencies to cooperate and coordinate border controls and procedures to facilitate trade. It also obliges WTO Members, to the extent possible and practicable, to coordinate procedures with neighbouring countries at border crossings to eliminate or at least reduce duplication of processes/procedures. Additionally, the Agreement requires all Members to establish National Trade Facilitation Committees. Although these are already at the centre of any successful trade facilitation reform program, the TFA gives a clear acknowledgement of their importance. The collaborative behaviour that such Committees foster between government agencies, and between government, the private sector, and other stakeholders, is an important condition for successful implementation of many of the provisions of the TFA that would benefit humanitarian actors.

One common task for National Trade Facilitation Committees is the simplification and consolidation of documents required for

trade. A frequently cited complaint by relief workers is the volume of documents that need to be submitted as part of transporting relief consignments. In the aftermath of a disaster, when time is of the essence, completing multiple documents, sometimes repeatedly for different border authorities, further strains relief efforts. While close coordination between government agencies is always important, it is absolutely critical during humanitarian emergencies.

Simplifying documentation procedures for export, transit and import is a key objective of the TFA. For example, the TFA requires Members to review their formalities and documentation requirements to ensure they are oriented towards rapid release and clearance of goods, and reducing trade transaction costs. For many countries, the consolidation of multiple documents and their simplification can deliver important efficiencies, even without the implementation of more technology-intensive systems like national single windows.

The TFA – Article 10.4 – encourages members to establish a “single window” to allow for a single submission of all documents and/or data required by Customs and all other border or licensing authorities and to simplify procedures. It also provides that information that has already been supplied should not be requested again, other than in exceptional circumstances. Member states are required, to the extent possible and where practical, to establish electronic single windows.

The impact of coordinated border management in disaster in speeding up clearance times was clearly demonstrated by the use of a ‘One-stop Shop’ established in the Philippines during the response to Typhoon Yolanda (see case study below).

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Case Study – Typhoon Yolanda & ‘One-stop Shops’

Adapted from Disaster Response Dialogue (2014) ‘Learning Review of the cooperation between the Government of the Philippines and humanitarian actors in their response to Typhoon Yolanda’.

Typhoon Yolanda (internationally known as Haiyan) of early November 2013 was the strongest typhoon ever to hit the Philippines. The humanitarian impact of the typhoon was enormous, with approximately 16 million people directly affected by the typhoon across 44 provinces in 591 municipalities and 57 cities. Given the scale of the disaster and the corresponding intervention required, the President of the Philippines declared a state of emergency.

A massive emergency operation by the authorities and international partners ensued. In Cebu, the main entry point for international relief assistance, the Bureau of Customs reported that the volume of relief flights and ships received during the disaster included some 710 aerial shipment and 33 ships - almost ten times the normal volumes.

In an attempt to streamline customs procedures for humanitarian organizations bringing relief items to the disaster zones, the Government of the Philippines established

“One-stop Shops” (OSS) in points of entry. The purpose of the OSS was to bring together the different national and local departments and agencies with oversight and authority for the entry of humanitarian goods, equipment and transport in order to expedite the entry of such items. The OSS included representatives from the Department of Social Welfare and Development, the Department of Health, The Bureau of Food and Drugs, the Ministry of Finance, and the Department of Foreign Affairs (DFA). To further expedite the process, organizations bringing goods into the Philippines were encouraged to notify the OSS so they could begin proceedings prior to the arrival of the goods into the country.

Largely thanks to the OSS, the entry of personnel, goods and equipment in response to Typhoon were generally reported to be extremely rapid. Notwithstanding the significant volume of relief items that arrived, OSS was able to clear most shipments within several hours.



Risk Management

Border agencies are responsible for managing a broad range of risks in areas such as security, sanitary and phytosanitary (SPS) standards and revenue collection, to name but a few. A priority for trade facilitation reform is balancing the legitimate government objectives of protecting human and animal health, food safety, national security, and other concerns, with the costs to trade generated by excessive inspection regimes where all shipments are stopped and physically examined causing significant delays at the border. Risk-based approaches allow governments to more effectively balance these objectives.

In the context of disasters, when the needs of the population are highest, and the capacity of border agencies are already stretched with the arrival of an abundance of relief consignments in a short period of time, burdensome inspection processes can cause operational delays for relief actors. Nevertheless, managing security and safety risks when using simplified

customs procedures, including during disaster contexts, is a legitimate concern. This was demonstrated in Guatemala after Tropical Storm Stan in 2005, when arms and narcotics were discovered hidden among food shipments, causing officials to increase inspections.²³

To achieve a balance between the legitimate need for agencies to both control and facilitate trade, the TFA (Article 7) advocates the use of risk management systems, whereby customs controls would be focused on the highest-risk consignments, thus allowing low-risk consignments to enjoy faster release.

Risk management could be enhanced through information sharing amongst border agencies to create more complete risk profiles of importers and imported goods, and streamlined through the use of pre-arrival processing for early identification of goods or persons that may pose a health or security risk to the country.

Other features of the TFA relevant to disaster response

PRE-ARRIVAL PROCESSING

The TFA requires members to operate procedures that would allow documentation, including in electronic format, to be dealt with prior to the arrival of imported goods in order to speed their release once they have arrived. Humanitarian actors could also use pre-arrival processing in anticipation of the goods arriving. Issues could be identified and resolved early, reducing the time (and thereby the costs) that relief items spend in storage.

The use of pre-arrival processing formed part of the special customs procedures, or ‘one-stop shops’, in the Philippines to facilitate the expedited entry of relief goods after Typhoon Yolanda.

AUTHORIZED OPERATORS

The TFA provides for ‘Authorized Operators’ schemes that would allow certain traders to benefit from additional trade facilitation measures, such as further reduction in documentation requirements, rapid release and fewer inspections. These are based on existing schemes, such as the

“Authorized Economic Operator” program in the European Union and the WCO’s SAFE Framework. Humanitarian organisations could work with customs authorities and the private sector to see how they may benefit from such programs, including through the use of certified Authorized Operator service providers (e.g. logistics firms) which – where AO schemes exist - may be able to operate at lower cost and higher speed than other firms.

PERISHABLE GOODS

The agreement obliges member to provide for the release of perishable goods within the shortest possible time, giving them appropriate priority when scheduling examinations and allowing proper storage prior to their release. As food and medicine often comprise an important part of relief efforts (as discussed in more detail in subsequent sections), priority examination and proper storage would facilitate faster delivery of those goods, while ensuring they remain suitable for consumption.



Conclusion

Policies relating to trade facilitation, and the manner in which they are implemented, has very significant impacts on humanitarian responses. This is an area in which a number of international guidelines exist to help governments and other humanitarian actors balance the various priorities involved – for example, between facilitating the entry of relief goods and personnel as rapidly as possible, and maintaining the integrity of the

customs and border management regime. The implementation of the WTO Trade Facilitation Agreement would make a new contribution by providing a legally-binding instrument that would help address many of the challenges related to border management during humanitarian emergencies, including transparency, coordination among border agencies, and better targeting of border clearance procedures based on risk.

2015. Liberia
Photo: [Dominic Chavez](#) / World Bank





2

TRADE & HUMANITARIAN EMERGENCIES

Trade policies in specific areas affecting humanitarian response: food, medicine, relief goods & equipment

Aside from trade facilitation, which can play an important role in meeting the immediate needs of affected people after a humanitarian emergency, there are a number of wider trade policy issues that impact on both delivery of relief supplies and longer term recovery. This

section briefly surveys three issues: policies affecting food trade; technical standards affecting humanitarian shipments; and the long-term, indirect role of services trade policies in affecting the capacity to respond to emergencies.

TRADE POLICIES AFFECTING FOOD TRADE

Shortages of food are a central characteristic of many humanitarian emergencies. Meeting the food needs of those affected is among the leading priorities for the affected government and for humanitarian actors.

While long-term efforts to address this challenge involve policies to improve agricultural productivity and resilience, in the short-term, food aid is essential for meeting the needs of affected people. With

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more donors opting to provide cash – as opposed to in-kind assistance – to the World Food Programme (WFP) and other actors, food is increasingly purchased locally so as to minimise distortions to the local economy and support local producers, but trade continues to be important. In 2013, the WFP procured 2.1million metric tons of food, valued at USD1.6 billion from 91 countries, with over 50 per cent purchased within the countries and regions where it operated.²⁴ The remainder, including wheat, vegetable oil, pulses (grain legumes) and specialized nutritional products continue to be sourced primarily from global markets, given their production deficit in local markets.²⁵

Trade costs in agriculture are significantly higher than in other goods trade, and the poorest countries (which are most vulnerable to disasters) have the highest costs.²⁶ Subsidies, high tariff protection, export restrictions, and a range of other policies distort international markets and lead to significant costs for the poor. These trade policies present challenges

to humanitarian actors by adding costs to food procurement and their transportation, as well as causing delays in the delivery of food to affected communities.

Procurement planning of humanitarian organizations takes into consideration such factors as price, the accessibility of the product to the taste of receiving beneficiaries, as well as the location of the most advantageous places to buy, relative to the area of need.²⁷ However, conditions placed by donors, recipients and source countries, including restrictions on origin and destination, quality, and the movement of goods, often limit flexibility in the effective and efficient procurement of food.

In this section we focus on a subset of the sources of agricultural trade costs that are most relevant for humanitarian emergencies. These are: policies to lower the costs of transporting food to those affected by humanitarian emergencies; the impact of export restrictions; and the impact of food quality standards.

Reducing food trade costs

The timely and unrestricted delivery of, and access to, humanitarian food aid is often a critical aspect of responding to a humanitarian emergency. Especially in the case of sudden-impact disasters – such as floods, tsunamis, and earthquakes – food needs are usually extremely urgent, although temporary. The perishable nature of food also requires that they are delivered expeditiously, or otherwise

stored in appropriate facilities to ensure they remain safe for human consumption. However, as described above, the efficient delivery of food aid is sometimes hindered by burdensome border procedures. For example, food shipments, among over 400 containers of relief items, sat rotting in customs over a year after the Indian Ocean Tsunami struck Indonesia.²⁸

2008. Nigeria

Photo: [Arne Hoel](#) / World Bank



The efforts to streamline customs procedures detailed in the preceding section are therefore especially relevant for food aid. In this regard, Article 9 of the TFA seeks to provide rapid release for perishable goods, including, under exceptional circumstances,

outside the business hours of Customs and other relevant authorities. Moreover, it requires WTO Members to give perishable items appropriate priority when scheduling examinations, and facilitate movement to proper storage prior to their release.

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Export restrictions

Distortion of international markets through the use of trade policies such as export restrictions has an impact on food security by increasing the cost of food for vulnerable net food buyers. For a number of staple food commodities, some governments adopt export restrictions – in the form of bans/embargoes, licences, quotas and taxes – with the objective of addressing domestic food security concerns. Although such measures may be justified as a rational response for individual countries wanting to ensure adequate food supply for their domestic markets, they have direct and indirect impacts on world food prices.

According to one study, trade restrictions implemented during the 2007-2008 food crisis to insulate domestic prices accounted for 45 per cent of the increase in international rice prices, while 30 percent of the price change of wheat was attributed to changes in border protection rates during 2005-2008.²⁹ As the prices of certain substitutable food commodities – rice, wheat and maize – share a positive correlation, price changes in one as result of production or export disruptions also has possible effects on the prices of other substitutes. The overall impact of this can be significant. The Food and Agricultural Organisation (FAO) reported that the 2007-2008 food crisis increased the undernourished population from 850 million in 2006 to more than one billion in 2009.³⁰ An estimated 100 million people were pushed

into poverty as food deficit countries saw an increase in consumer prices and farmers in food surplus countries received lower prices for their produce. Therefore, the adverse effects of export restrictions also affect the capacity of communities to respond and ensure their own food security. This presents challenges to relief organizations as they are required to respond to increased food needs.

Export restrictions can place additional hurdles for relief organizations in efficiently and effectively managing food supply chains, causing delays in the delivery of food to affected persons. When global food prices increase, organizations are able to purchase less food, despite increased needs. This may be further compounded by the imposition of taxes on humanitarian purchases of food items.

WFP and other organisations need to be able to rely on a strong supply chain of reliable and reputable suppliers. Yet, as evident in the case study on Afghanistan below, suppliers are sometimes unable to export humanitarian food due to export restrictions. If imposed by a source country, export restrictions prevent the purchase and physical shipping/transport of food out of that country; and if imposed by a transit country, they prevent the shipping/transport of food through that country to another country where people affected by a disaster are located.³¹



During the 2007–2008 food crisis, twenty six net food exporting countries, among others, maintained or introduced export restrictions and extraordinary taxes, making it difficult to acquire and ship food for humanitarian operations.³² For example, for the WFP, China’s restrictions negatively impacted a number of its operations; restrictions in Pakistan, Kazakhstan and Iran affected its Afghanistan procurement chain; and in West Africa, Burkina Faso’s control measures affected purchases for Ghana and Niger operations.³³ Under such circumstances, relief organisations have to negotiate with governments for exemptions to export and transport food for humanitarian purposes, or look outside of usual markets to procure the necessary supplies.³⁴ Both these scenarios increase transportation costs and lead to delays in the delivery of food to the hungry.

The challenge presented for humanitarian emergencies through the imposition of export and other trade restrictions on food is clear. It is a challenge that can only be effectively addressed through international cooperation – by acting individually, countries believe they are acting to remedy their own national challenge in the short term, while they are in fact exacerbating the larger problem.

Export restrictions are only lightly regulated under current WTO disciplines. Therefore, in an attempt to mitigate some of the adverse effects export restrictions on WFP’s

operations, a group of 14 WTO Members submitted a proposal in 2011, based on an earlier decision by G20 Agriculture Ministers, to “remove food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by the World Food Programme (WFP)” and not to impose them in the future. WTO Members did not agree to the proposal.³⁵

While the WFP supplies almost half of the food needs in humanitarian emergencies, the percentage of food purchased for its programs is negligible compared in terms of global trade. Thus the impact of exempting food aid procurement should have a minimal effect on exporting countries in terms of both revenue and supplies. A number of countries have exempted WFP humanitarian food aid from restrictions ‘on a case-by-case basis’. However, ‘case-by-case’ exemptions are not always sustainable solutions and can cause delays and additional transaction costs. The costs in terms of time and effort required to negotiate and formalize exemptions, and to obtain the necessary export permits, are barriers to providing timely aid. A general or universal exemption from export restrictions, applicable to food and food components purchased for humanitarian purposes, obtainable through a clear and efficient process should be considered. Such regulatory preparedness will save time and money, and ultimately lives and livelihoods.

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Case Study – Afghanistan

Adapted from 'AFGHANISTAN: Export restrictions, insecurity delay food aid delivery' IRIN

During the global food crisis in 2007-2008, food prices, particularly wheat and wheat flour (staples of the Afghan diet), increased by 60-80 percent across Afghanistan. This steep rise in staple food prices pushed at least 1.41 million people in rural and 1.14 million urban areas into high-risk food-insecurity.

The crisis prompted the Government of Afghanistan and the UN to launch the Joint Appeal for the Humanitarian Consequences of the Rise in Food Prices so as to provide an emergency 'safety net' for the most vulnerable parts of the population until the harvest season in August. The appeal included a request from the WFP of USD77 million to deliver 89,000 metric tons of food.

While donors provided over 90 percent of the requested funds, WFP faced procurement and logistical hurdles during its operation.

Initially, WFP had planned to procure wheat and other food items from neighboring countries, in particular Pakistan – the traditional supplier of food products to Afghanistan. However, rising international food prices prompted the Pakistani Government to introduce export restrictions on wheat, in the form of an export tax and quota. Consequently, WFP was forced to procure food supplies from other parts of the world at higher cost and with longer delivery times.

Food safety & quality standards

The importation of food for humanitarian purposes can be further complicated by the need to meet safety and quality requirements of the receiving country, such as those maintained for animal and plant life or health. Such laws may prevent food consignments from entering the affected country's territory in the event of an emergency.

Relief consignments may include non-staple foodstuffs i.e. food items that are not part of the usual diet in the disaster-affected country. In these cases, complicated approval systems may be invoked by that country, such as import risk assessments and laboratory testing for the presence of contaminants and toxins. These processes can be time-



consuming, complex and expensive. Where staple food products are being imported as part of relief consignments, inspections for pest or disease presence may still be conducted and accompanying certification of freedom required. There may also be additional regulatory requirements placed on certain types of food. As the case study below on British MREs demonstrates, where the food does not meet the requisite rules and regulations of the disaster-affected country, they may be prevented from being distributed to affected persons even if they are donated from countries with comparable regulatory requirements.

The complexities around balancing the need to meet national requirements of disaster-affected countries, and meeting the food needs of affected populations are well illustrated in donated food containing genetically modified organisms (GMO). Several countries have resisted accepting GMOs in food aid to varying degrees. Some, like Zambia, have banned genetically modified maize food aid in any form even during periods of severe food shortages; while other countries like Zimbabwe, Malawi and Mozambique, allow imports of maize in its milled form. Resistance to receiving GM food aid is twofold: first, there are concerns around possible threats of biotechnology to human, animal and plant life and health. Second, there are fears that inclusion of GMOs in the agricultural supply chains (e.g. animal feed) could risk action by third countries to ban their produce as a result

of the residual presence of GMOs export products e.g. livestock and meat products.

With respect to health concerns, WHO, WFP and FAO have expressed the view that consumption of GM foods are not likely to present human health risk.³⁶ However, WFP have adopted the position that it would respect national legal standards, including any bans on GM foods.³⁷

Divergent sanitary and phytosanitary standards (SPS) rules and regulations can also complicate regional procurement and distribution of food aid. Across Sub-Saharan Africa, food safety and quality standards for food staples vary despite many having similar agro-ecological conditions for pests and diseases, and similar demands on food safety.³⁸ As a result, food imports must often meet different food safety and SPS standards between importing countries, thereby restricting regional export of food supplies. In East Africa, food-producing companies in Kenya sometimes find it easier to meet the strict regulations for exporting to the Japanese, European, or Singapore markets, than the widely diverging regulations in other African countries.³⁹ In the context of food aid, such measures can frustrate attempts made by relief organisations moving towards local and regional procurement so as to minimize transportation costs and delivery time, and support local markets. Moreover, SPS measures can also raise food prices of staples, reducing the cost effectiveness of

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purchasing locally or regionally. According to one study by Organisation for Economic Cooperation and Development (OECD), SPS regulations were found to increase rice import prices in Kenya by up to 42 per cent, and by up to 29 per cent on edible oil import prices in Uganda.⁴⁰

States may well have legitimate reasons for resorting to SPS measures to ensure that

food is safe for consumers, and to prevent the spread of pests or disease. However, as provided under the WTO SPS Agreement, such measures should be based on the analysis and assessment of objective and accurate scientific data. Furthermore, depending on the nature and scale of the disaster a balance needs to be found between responding to the immediate need for relief and other longer term policy objectives.

Case Study – British MREs in response to Hurricane Katrina

Adapted from IFRC desk study

In 2005, in the wake of Hurricane Katrina, the United States requested international assistance in obtaining relief items, including emergency rations packs or “MREs”. In response, the British government delivered 500,000 MREs to New Orleans.

By the time the United States Department of Agriculture reached New Orleans to inspect the consignments, however, some of the meal packs had already been distributed. A decision was made by the USDA to halt the distribution because the MREs were deemed to have violated import restrictions on food containing British beef. Since 1997, the United States has banned beef products from Britain and several other European countries that have been affected by bovine spongiform encephalopathy - otherwise known as “mad cow disease” - with little flexibility when food needs arise in the event of a disaster.

As result of the decision, the MREs were left in storage for nearly a year, amassing – according to one media report - US\$16,000 a month in storage fees.

This case illustrates some of the challenges that arise between the application of food standards and the supply of food aid in emergency situations; chiefly, the extent to which food safety standards should be relaxed to meet the needs of persons affected by disasters. At least in this instance, the MREs arrived when the urgent need for food was highest but were available for distribution only after the need had subsided. It also highlights the importance of co-ordination between the different departments within a disaster-affected country – in this case, there were no fewer than six federal agencies or departments who had role in accepting, distributing and rejecting the food – and between the sending and beneficiary countries.



TRADE POLICIES AFFECTING MEDICINES

Health emergencies, such as the ongoing West African Ebola outbreak that started in 2013, highlight the importance of ensuring that legal, regulatory and other measures support innovative activity in the pharmaceutical sector and do not obstruct access to medical technologies, including vaccines, medicines and medical devices. Access to medicine is also a vital aspect of responding to other

types of emergencies, beyond epidemics or pandemics. Nonetheless, as medicines and medical equipment are highly regulated under domestic law, it is not then surprising that humanitarian actors have frequently cited problems with the importation of medication and medical devices to disaster-affected countries.

Tariffs

Medicine or medical devices imported by humanitarian organisations for pre-positioning purposes, or even for immediate use in a disaster-affected country, may be subject to tariffs or customs duties. The global trend, however, is to reduce or eliminate tariffs. According to a joint study between WTO, WHO and WIPO, since 2000, developed countries have applied tariffs on medicines of less than 0.1 per cent ad valorem; while developing countries have lowered their applied tariff rates from 6.7 per cent to 4.2 per cent, on average.⁴¹

A country may also grant tariff exemptions for medicine and medical devices in times

of a crisis or where purchases are made by certain organization, such as international organizations. However, this is not always the case. Moreover, exemptions may not apply when humanitarian organizations are prepositioning such goods in anticipation of a crisis in the countries where it is being stored, or elsewhere. Although the collection of these duties may well be within country's legal framework, revenue collection should be considered against the costs to relief organizations, especially considering amounts raised by governments from tariffs applied on medicines are generally not significant.⁴²

Non-tariff measures

Many countries maintain specific registration or approval processes that must be satisfied before medication can be imported and consumed in that country. Similarly, the importations of medical devices are subject to compliance with administrative rules, specific standards and authorisations.

Maintaining regulatory oversight over the importation and use of medicines and medical devices fulfils legitimate policy objectives: ensuring the quality, safety and effectiveness of medicines; and the safety, effectiveness and performances of medical devices.⁴³ Indeed, during humanitarian



2015. Liberia
Photo: [Dominic Chavez](#) / World Bank

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emergencies, an oft-cited issue with respect to medicine is the arrival of inappropriate donations, including expired medicines and medicine labelled in foreign languages.

Nonetheless, bureaucratic procedures, coupled with lack of transparency in regulatory processes, can also delay the arrival of urgently needed medicine and medical devices. Following the 2007 earthquake in Peru, for example, the delivery of replacement x-ray machines was delayed for a month, as their release was subject to the granting of permission from both the Ministry of Health and the Institute of Nuclear Energy.⁴⁴

The importation of new medication and equipment can be especially problematic where the local laws require testing of products and the introduction of new regulation to allow for their importation. In emergency contexts, when time is of the essence, lengthy administrative processes can have severe consequences for those requiring immediate medical attention. Consider, for instance, a situation where new diagnostic equipment is brought in by relief organisations in response to an outbreak of a rapidly spreading epidemic. Despite the immediate need, the equipment cannot be released until such time it is authorized for use in the affected country.

As with food safety standards, a balance needs to be struck between ensuring adequate oversight, and facilitating the rapid entry of medication and medical devices in emergency situations.

The WTO's Agreement on Technical Barriers to Trade (TBT Agreement) attempts to strike

such a balance. While recognising that countries' right to introduce standards - to achieve national security requirements, the prevention of deceptive practices, protection of human health or safety, animal or plant life or health, or the environment - it seeks to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles. The TBT Agreement also strives to streamline procedures, avoid duplication through, for example, encouraging countries to recognize each other's product assessment procedures where possible. The SPS Agreement includes a similar balance, through promoting measures that are based on international standards, science-based and no more trade restrictive than necessary to meet the country's appropriate level of protection.

Convergence of national regulatory approaches, harmonization of technical requirements, along with increasing trust in decisions made by competent foreign authorities, can help facilitate faster entry of medicine and medical devices through shorter regulatory processes. This would be beneficial for both trade in these goods, as well their importation during times of emergency. To this end, there are several international, regional and interregional initiatives to promote regulatory collaboration.⁴⁵ At the international level, the World Health Organisation (WHO) convenes the International Conference of Drug Regulatory Authorities to build collaboration amongst national regulators, to promote harmonization and exchange information regarding best practice and to seek common approaches to challenges faced by medical regulatory authorities. Other international fora with similar objectives

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include the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceutical for Human Use, the Global Harmonisation Task Force (for medical devices) and the International Medical Device Regulators Forums. At the regional level, the East African Community (EAC), for example, has launched a project

with the objective of achieving rapid access to medicine through the harmonisation of technical requirements and registration. The EAC project also attempts to enhance collaboration amongst authorities, resulting in joint assessments, mutual recognition and the avoidance of duplication.

Trade restrictions based on national or international security

Trade-restrictive measures instituted on the basis of national or international security can also compromise the provision of emergency healthcare. The problem arises when the list of restricted goods includes medicines and medical equipment used by humanitarian actors during relief or recovery efforts. In the event of an emergency, obtaining an authorisation from governments to import or export banned products is often a lengthy process, interrupting the timely delivery of humanitarian assistance. Negotiating a resolution in this context can be especially challenging given the sensitive nature of security issues. For instance, following the emergence of the conflict in Ukraine in 2014, the Government introduced a ban on several products, including WHO pre-qualified medicine to be brought into Ukraine originating from Russia.⁴⁶ To facilitate the entry of those medicines, the WHO, along with other humanitarian actors, were

compelled to negotiate with the Ukrainian Government for four months to introduce a new law that would allow the importation, for humanitarian purposes, of all medicine pre-qualified by WHO. Similarly, in the aftermath of severe floods in 2010 in Pakistan, relief organizations were prevented from bringing in antimalarial medicine from neighbouring India.⁴⁷ Instead, production was increased in Thailand and China to meet the needs of relief efforts in Pakistan.

The WTO Agreements give Members broad scope to impose trade restrictions for security reasons. However, it is important for policymakers to carefully weigh the security motivations of trade restrictions with their potential impact on humanitarian emergencies. More targeted approach that meets security concerns while facilitating the movement of humanitarian goods like medicines should be considered.



TRADE POLICIES AFFECTING GOODS & EQUIPMENT USED BY RELIEF PERSONNEL

Goods and equipment brought in for emergency relief and reconstruction are often subject to customs duties, adding costs to already stretched aid budgets. Negotiating with government authorities for exemptions can be a lengthy process and not always successful. During the response to the Indian Ocean Tsunami, Oxfam was required to pay over USD 1 million in duties for the importation of 25 vehicles in Sri Lanka.⁴⁸ More recently, one relief worker reported that UN vehicles sent as part of the response to avian flu were subject to significant customs duties by the recipient country.⁴⁹ As a result, the vehicles remained in storage for many months until a solution was reached between the UN and the government.

Although the collection of duties may well be within the country's legal framework – e.g. tariffs on motor vehicles in the example given above – the collection of revenue should be weighed against the negative impact of imposing duties on legitimate humanitarian goods during crisis situations. Likewise, provisions for re-export after the emergency can be pursued, alleviating concerns of revenue risk to governments.

Non-tariff measures in the form of import/export licensing requirements, import/export restrictions, sanitary measures, technical regulations and other taxes, have constituted formidable barriers to the entry of relief items and equipment critical for humanitarian operations. These measures are sometimes introduced to encourage or force international actors to procure equipment locally.⁵⁰

The importation of goods such as ICT equipment and vehicles are subject to compliance with various technical requirements related to their (intrinsic and extrinsic) characteristics or their related processes and production methods. Accordingly, humanitarian organizations may have to fulfil an array of administrative procedures to be able to bring them into disaster-affected states.

The issue is further compounded by the divergence of regulatory requirements between different countries. Vehicles made according to the specification in one country may be very different to the specifications required in another. In addition to importing goods that comply with local standards, humanitarian organizations may also be



2010. Cambodia/Vietnam Border
Photo: [Marcus Bartley Johns](#) / World Bank

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required to obtain import and/or export licences to move certain goods; processes which in themselves can be lengthy.

Local procurement is one way in which these issues may be overcome. However, this is not always possible. This is because relief and reconstruction operations often require specialized equipment not available in sufficient quantity and quality in the affected state, or otherwise available at inflated prices.⁵¹ Additionally, relief workers are not always trained to use locally available alternatives. In those circumstances, the more practical solution is to deploy the equipment that relief workers are already trained to use.⁵²

For at least one humanitarian actor, the various administrative hurdles attached to importing certain equipment have informed their prepositioning activities.⁵³ So, for example, ICT equipment was prepositioned in Myanmar as part of disaster preparedness activities due to significant difficulties attached to the importation of ICT equipment into the country. These difficulties could have acted to frustrate operations if the organisation were to import the equipment at the time of relief efforts.

The harmonization or mutual recognition of applicable standards across countries, as advocated for under WTO agreements, can certainly allay some of these issues. One option to consider is basing national standards and procedures on international standards. As described in section 3.2 above, mutual recognition of decisions made by competent foreign authorities, where appropriate, could also allay some of these challenges.

In the case of ICT equipment, the Tampere Convention on the Provision of Telecommunication Resources for Disaster Mitigation and Relief Operations that came into force 8 January 2005 attempts to facilitate the rapid deployment of telecommunication assistance in an emergency. The Convention requires countries to reduce or remove regulatory barriers to the use of telecommunication resources for disaster mitigation and relief, including restrictions on the import/export and use of such equipment. The Convention goes on to list ways in which regulatory barriers may be reduced or eliminated, for example: exempting equipment used in disaster mitigation and relief; pre-clearance of telecommunication resources for use in disaster mitigation and relief; recognition of foreign type-approvals; expedited processes; and temporary waiver of regulations.

It is not just relief equipment that is subject to sometimes burdensome procedures. Rescue dogs used by search and rescue teams to locate trapped persons or bodies, have sometimes been subject to animal health controls to control the spread of rabies and other illnesses.⁵⁴ Dogs brought in after the Kobe earthquake in Japan, for example, were stuck in quarantine for several days while their rabies vaccinations and disease status were verified. Rescue dogs returning from a rescue mission, may also be subject to quarantine measures upon return to their country of origin, particularly if they have been deployed in countries in which rabies is endemic.

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Conclusion

A wide range of trade-related policies can affect the effectiveness of humanitarian response. Policies have an important role in pushing agricultural trade costs up, and access to food – often through trade – is an important feature of many humanitarian emergencies. Trade-related policies can also affect access to medicines during humanitarian emergencies, as well as access

to relief goods and equipment. In each of these areas, it is not a simple question of whether policies are “good” or “bad”. Policy-makers need to weigh the various effects that they have, not just on the trading environment or on public policy objectives like food security or public health, but also in terms of the impact they have on humanitarian response.



2008. Nigeria
Photo: [Arne Hoel](#) / World Bank





3

TRADE & HUMANITARIAN EMERGENCIES

The Role of Trade in Recovery & Reconstruction

Disasters can cause significant damage to a country's economy. Critical infrastructure may be damaged, and systems upon which society and the economy depend (health care, telecommunications, transport, energy supply) severely disrupted. Moreover, disasters can cause disruptions to production, trade, investment and travel.

Illustrative of such impacts is the recent Ebola crisis in West Africa. At the time of writing the World Bank expects around US\$1.6 billion of lost economic growth in the crisis for the worst affected nations – Sierra Leone, Liberia and

Guinea – with these countries experiencing flat or negative income growth since mid-2014.⁵⁵ All major production sectors – agriculture, mining, and tourism – have been affected. Border closures and lack of general mobility have cut off trade and disrupted business activities and livelihoods. Foreign investors have scaled back operations and suspended new investment. Tourist and other visitors – with the exception of relief providers – have avoided the region for fear of contamination, resulting in reduced demand for hotels, airlines and service providers linked to the tourism sector.

REBUILDING THE CAPACITY TO PARTICIPATE IN TRADE

In the aftermath of a disaster, a focus on rebuilding the capacity to participate in international trade can make an important contribution to economic recovery. For example, reviving the tourism sector in an affected country has enormous potential to stimulate recovery and restore livelihoods. Tourism is an important source of economic development in developing countries. In the majority of developing countries, tourism is one of the top three exports; and in at least 11 least developing countries, it is the lead export.⁵⁶ For example in Vanuatu, affected by a devastating cyclone in 2015, travel and tourism contributed 23.2 per cent of total GDP in 2013.⁵⁷ The tourism sector also provides a wide range of employment opportunities, and has linkages to other sectors.

The tourism sector is especially vulnerable to sudden-onset natural disasters. Recent epidemics and pandemics have also shown to significantly affect tourism and travel. The SARS outbreak in 2003, for instance, had a major economic impact on the travel industry around the world. In Malaysia, which only had a few recorded cases and deaths, tourism arrivals dropped by 30 per cent, hotel occupancy countrywide fell to 30-50% and airline bookings were reportedly down by 40%.⁵⁸

The importance of re-building the tourism industry to long-term economic recovery has been recognized by many policy-makers. When thousands of would-be visitors cancelled their holidays to Peru following floods in 2010 – forcing the closure of Machu Picchu – the Peruvian government launched a campaign of half-priced hotels and airfares in an attempt to lure tourists, as well as other measures to diversify the tourist industry. Japan, which saw an annual decline in tourism of over 3 million people or US\$6 billion following the March 2011 tsunami and the Fukushima nuclear disaster, sought to revitalise tourism by offering 10,000 visitors free airline tickets to Japan, provided they spread positive remarks on media platforms.⁵⁹

Similarly, measures introduced to revive other export sectors can also be an important feature of economic recovery following a humanitarian emergency (see Ebola case study below). However, it is important to note that there are important capacity constraints in countries' exports, particularly in developing countries, that would be exponentially magnified in the case of a natural disaster. Addressing these constraints through aid (rather than trade policy) may therefore remain a priority.



Case Study – Ebola & West African agricultural sectors

Source: World Bank Group

<http://www.worldbank.org/en/topic/agriculture/brief/reviving-agriculture-in-ebola-hit-guinea-liberia-and-sierra-leone>

Disasters can have a devastating impact on the agricultural sector, with significant losses in the production of crops, livestock and fisheries. Livelihoods of farmers and those involved in agricultural-dependent manufacturing, such as textiles and food processing industries, are also affected. A recent study by the FAO also demonstrates that disasters can also cause drastic changes to agricultural trade flows. According to the study, disaster-affected countries analyzed between 2003 and 2013, the value of agricultural imports increased by US\$18.9 billion and the value of exports decreased by \$14.9 billion. It is countries that are most reliant on agriculture that are most susceptible to these adverse consequences. Reviving the agricultural sector therefore, could contribute to economic growth, poverty alleviation and food security.

Agriculture, the lifeline of the economies of Guinea, Liberia and Sierra Leone, has been hit hard as a result of the Ebola epidemic. In Guinea, for example, rice production is estimated to have fallen by 20 percent in 2014, coffee by half, cocoa by a third, and corn by a quarter.

In an attempt to revive this sector, the World Bank mobilized up to US\$15 million in emergency financing to provide a record 10,500 tons of maize and rice seed to over 200,000 farmers in the worst affected countries in time for the April 2015 planting season. The project is part of an ongoing West & Africa Agricultural Productivity

Program (WAAPP) that spans 13 West African countries, including the three Ebola-hit countries.

Arrangements had to be made to ensure the timely delivery of the seeds from seed suppliers in neighboring countries. To enable free movement of seed-laden trucks, travel routes have been pre-arranged and the Economic Community of West African States (ECOWAS) requested customs and border control authorities to let the trucks pass without difficulty.

Depending on the nature of the disaster, the provision of inputs such as seeds and fertilizer can be a key aspect of stimulating recovery of agricultural production systems following a disaster. The basic rationale is that, in emergency situations, affected farming households many have lost their seed and, hence, their capacity for production. By supplying good quality seed of appropriate varieties, they can resume and increase agricultural production.

This case study also highlights the importance of trade facilitation to ensure timely delivery of agricultural inputs to disaster-affected regions, including coordination amongst border authorities. Similarly, it is important to ensure that non-tariff measures do not obstruct this movement. Indeed, a recent World Bank study indicated that SPS measures could act to prevent seeds from moving quickly across borders when a seed deficit occurs due to a disaster.

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Governments should also align recovery plans with long-term development objectives, including building their trade-related capacity. This could involve building better infrastructure such as roads, ports and telecommunication networks to connect domestic markets to the global economy; or building productive capacity to, for example, assist export-driven economic recovery (see Haiti case study below).



Case Study – Trade facilitation in Haiti

Successive natural disasters, most notably the devastating earthquake in 2010, have badly impacted the Haitian economy. Poor infrastructure and ineffective policy have also hindered economic development.

The World Bank is assisting the Haitian Government in its efforts to overcome these challenges by reducing trade and transportation costs, boosting competitiveness, and increasing regional integration.

The first phase involved a comprehensive assessment of the trade facilitation environment in Haiti including: a customs audit, a review of the port and maritime industry, a national survey of Haiti's trucking industry, and an analysis of Haiti's ability to integrate with formal supply chains concerning key agricultural and textile products.

The second phase of the project is currently ongoing, and seeks to implement:

- trade facilitation activities with the Dominican Republic;
- creating an online trade information portal;
- developing a modernization plan for customs administration; and
- capacity building for small-scale traders, including through the training of at least 60 Haitians Small and Medium-sized Enterprises and agriculture cooperatives.

The World Bank has also held discussions with private and public stakeholders, including the Ministry of Commerce and Industry, in order to discuss ways to strengthen the Haitian Trade Facilitation program. The recommendations presented to the Government were based on the findings from the first phase of the program, and many centered on key agricultural products – avocado, mango, coffee, and rice – as well as textiles. Part of this phased approach will require related process reforms, to make customs clearance procedures more effective and efficient.

The Government is implementing a customs modernization plan to do just this. It will begin with an audit of procedures at ports and inland frontiers. Infrastructure will be strengthened, and the capacity of customs officers will be improved. They will be aided by the further roll out and increased use of an Automated System for Customs Data (ASYCUDA) across institutions. The Government is also finalizing plans for the implementation of a trade information portal, similar to those implemented by the World Bank in Lao PDR and Lesotho.

POLICIES ADOPTED BY TRADING PARTNERS THAT AFFECT RECOVERY

Trading partners' policies can also have a wide range of effects on recovering in disaster-affected countries. This section considers two types of policy: trade preference schemes intended to aid recovery; and trade restrictions put in place that can negatively affect recovery.

Using trade preferences to promote export-driven growth is not a novel idea. The WTO's enabling clause, for instance, allows developed countries to institute schemes under domestic legislation – called the general system of preferences (GSP) – that provide differential and more favourable treatment to developing country members, without violating the Most-Favoured Nation provision – the cornerstone of the international trade system. Under such schemes, developed countries offer unilateral non-reciprocal preferential treatment in the form of reduced or duty-free access to selected products

originating from designated countries. The underlying rationale is that facilitating greater market access promotes increased exports from beneficiary countries, export earnings, domestic consumption, and contributes to economic development in developing countries. Additionally, under the Decision on Measures in Favour of Least Developed Countries, adopted at the 2005 Hong Kong Ministerial Conference, developed countries, and developing-country members declaring themselves in a position to do so, agreed to implement duty-free and quota-free market access for products originating from LDCs.

So while the provision of trade preferences is not an innovative idea, the case study provides one example of how exceptional, temporary preferences can be used to promote the economic recovery of countries affected by disaster.

Case Study – EU trade preferences in response to floods in Pakistan

Adapted from 'The battle of the EU's proposed humanitarian trade preferences for Pakistan: a case study in multifaceted protectionism' (2012), published in the Journal of World Trade, Issue 1 and 2015 European commission report on the operation and effect of Regulation (EU) No 1029/2012 introducing emergency autonomous trade preferences for Pakistan, available at <https://ec.europa.eu/transparency/regdoc/rep/1/2015/EN/1-2015-591-EN-F1-1.PDF> (accessed 14 April 2016)

Following the floods in Pakistan in July 2010, the EU put forward a proposal of temporary trade concessions to promote economic recovery in the north and northwestern regions of Pakistan. According to the World Bank and the Asian Development Bank, the total losses associated with the disaster were USD9.7 billion.

The EU is Pakistan's largest and most important trading partner, accounting for 19 percent (or EUR6.9 billion) of Pakistan's total trade. Pakistan also benefitted from the EU's GSP scheme, which allowed Pakistan to export to the EU more than 3,000 product types duty free and a further 3000 product types at reduced duties. Trade relations were further strengthened through an existing Cooperation Agreement that entered into force in September 2004, with the objective to increase and develop trade between them.

The 'emergency' proposal went further than those concessions offered under the EU GSP schemes. The initial concessions package comprised a list of 75 product types – mainly textiles – which were to receive preferential access. However, the package had to be diluted due to opposition from within the EU.

To ensure compliance with WTO disciplines on non-discrimination, the EU tabled a request for a waiver in November 2010. Many countries expressed full support to the granting of the waiver, including the

United States, China, Saudi Arabia, Kuwait, Oman, Qatar, the United Arab Emirates, Chile, Turkey, Uganda, Colombia, Norway, Mauritius and Zambia. Some others however, primarily textile and clothing exporting countries, raised objections concerning the possible implications of such a waiver for the multilateral trading system and the effects on exports from other developing countries with interests in the same tariff lines.

Nearly a year after the proposal, and following consultations with those who objected, a fresh waiver request was put forward. The new waiver was for a revised package that reflected consultations with members that had expressed concerns about the EU request. The EU reiterated that it was asking for a waiver for an exceptional measure being taken in the light of exceptional circumstances, and would not be a precedent in the WTO. It added that the measures would only be in effect from 1 January 2012 to 31 December 2013. The waiver was ultimately granted.

A 2015 assessment of the trade preferences by the EU found that, while isolating the effect of the preferences from other support measures was not possible, there had been an increase in imports from Pakistan into the EU of products covered by the scheme. As part of the wider program of support for Pakistan from the EU, the preferences were judged to have fulfilled their objective of supporting Pakistan's economic recovery.

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Policies adopted by trading partners of a disaster-affected country can also have negative effects on their recovery prospects. Consider, for example, a situation where a country suffers an outbreak of a disease or an industrial accident. In response, other countries may impose import restrictions or require additional safeguards for products coming from those regions out of contamination fears. Such events have materialized in the case of Tanzania and Japan, as described below. More recently, in response to the Ebola outbreak in West Africa, some regional ports (such as Dakar – Senegal; Banjul – Gambia; Bissau – Guinea-Bissau; Douala – Cameroon; Pointe-Noire – Republic of Congo) began implementing protective measures and even refusing entry to vessels and/or crews that have first stopped in an affected country port.⁶⁰

Although governments may well have legitimate reasons for resorting to SPS measures to ensure that food is safe for consumers, and to prevent the spread of pests or disease. However, as mentioned previously, such measures should be founded on a risk assessment, based on objective and accurate scientific data. Countries should also consider the economic impact a measure may have on the affected country, explore alternative ways an acceptable level of risk can be achieved and select those which are not more trade restrictive than required to meet their health objective. Where measures are introduced, governments should continue to monitor the situation to ensure that any restriction only last as long as it is necessary to achieve the purported objective.



Case Study – Tanzania & the European Commission

Source: WTO SPS Information Management System
<http://spsims.wto.org/web/pages/search/stc/Search.aspx>

In 1998, the European Commission introduced safeguard measures with respect to imports of fruit, vegetables and fish products following a cholera outbreak in Tanzania, Kenya, Uganda and Mozambique.

In a meeting of the WTO's SPS Committee, technical experts from the WHO did not consider the import ban necessary, especially on fish products, which were not consumed in raw form in Europe. Reference was made to the WHO Guidance on Foundation of National Policy and Control of Cholera, and particularly the conclusion in Chapter IX that: "Although there is a theoretical risk of Cholera transmission associated with some food commodities moving in international trade, this has rarely proved significant and authorities should seek means of dealing

with it other than by applying an embargo on importation".

In June 1998, Tanzania reported that the European Commission continued to prohibit the importation of fresh, frozen and processed fishery products from the four African countries, although tests had not found the bacteria concerned. Tanzania stressed that the EC ban was having severe economic effects on its economy, and that according to the SPS Agreement, Members should help developing countries comply with their SPS measures. The European Commission responded that it was satisfied the necessary guarantees were in place, and that a new measure restoring trade with the four African countries would enter into force on 1 July 1998.

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Case Study – Japan & China

Source: WTO SPS Information Management System
<http://spsims.wto.org/web/pages/search/stc/Search.aspx>

Following the 2011 Fukushima nuclear incident, which was a “cascading disaster” caused by the Great East Japan Earthquake and subsequent tsunami, many countries imposed restriction on Japanese food products. Japan closely monitored food products for the presence of radionuclides and, as of April 2012, had imposed a food intervention exemption level of 1mSv/year - equivalent to the Codex standard. However, the dietary exposure estimates from total diet studies were far below 1 mSv/year across all studies - including those completed in Fukushima. Based on this scientific data, Japan requested all Members to lift any import restrictions on Japanese exports. While many already lifted most or all measures, China, Hong Kong-China and Chinese Taipei continued to maintain import bans on many Japanese food exports.

Chinese Taipei explained that although Japanese food exports contained acceptable trace levels of radionuclides, those levels still raised concern for Chinese Taipei and its consumers, consumer protection groups, and legislators. In order to assuage these concerns, Chinese Taipei requested further information from Japan, including about its surveillance methodology and control measures. Chinese Taipei also requested that foods exported from the five restricted prefectures be accompanied by a certificate of origin and a pre-export laboratory report certifying that they had been tested for radioactivity.

Hong Kong-China based its import restrictions were based on public health concerns over food imported from the five affected prefectures in Japan. The measures



would be adjusted according to any updates Hong Kong-China receives from Japan and relevant international organizations.

China responded that it only restricted the import of products produced in seriously nuclear-contaminated areas and those products seen as high-risk. At the time, the detection of nuclear contamination in food and agricultural products in Japan had been ongoing. China requested that Japan urge its relevant departments and enterprises to take measures that would ensure all food and agricultural exports were uncontaminated by nuclear matter and could satisfy the Chinese national standards.

As of March 2014, China continued to ban on all types of food and feed from 10 prefectures in Japan and requested the submission of an official pre-test certificate for fruits, vegetables, milk products, medicinal plants and fishery products from all other prefectures. China maintained that the restrictions were based on risk assessments in compliance with international standards. It also stated that it had already adjusted the inspection and quarantine measures for Japanese food and agricultural products, and continued to apply restrictions only for high-risk products from seriously polluted regions. Following Japan's request, China is continuing to analyze the technical data provided and agreed to review the measures accordingly.

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CONCLUSION

Trade is an important feature of recovery and reconstruction following humanitarian emergencies. Export-oriented sectors like tourism are often among the most important for the disaster-affected economy, and recovery in these sectors helps restore livelihoods, both in those firms directly involved in export, but also in those indirectly connected to them, like suppliers. Policies adopted by trading partners are also relevant to disaster recovery. Trade preferences – although not widely used with the specific objective of aiding recovery from humanitarian

emergencies – are another tool available to governments, as part of their wider support programs following emergencies. Policies that governments adopt that restrict trade with emergency-affected countries can have significant economic impacts – as demonstrated during the West African Ebola crisis. In these cases, governments need to take the impact of measures on the disaster-affected country into account, weighing up whether restrictions or bans on trade are the most appropriate response.



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2013.

Photo: [Mali](#) / World Bank





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