As a consequence of the COVID-19 pandemic, global demand for medical products has increased very significantly in recent months, affecting international trade flows. Thus, between January and July 2020, world trade in medical products increased by 7.5% compared with the same period in 2019. This increase was particularly marked in the case of personal protective products (36%) and medicines (6%) (see Chart 1.1). This is in a context where a large number of countries have introduced trade policy measures, often of a temporary nature, to limit exports of such goods or to liberalise their import (see Chart 1.2).

The impact of these developments on the trade balance of the world’s main economies has been highly uneven. Thus, for instance, between February and July, the cumulative 12-month balance associated with international trade in medical products in China changed from a $0.8 billion deficit to a $36 billion surplus — which would explain 64% of the increase in China’s trade surplus in goods recorded in that period. Conversely, it deteriorated by 20% in the United States — thereby increasing the country’s trade deficit growth rate for goods between February and July by 2.2 pp — and by 10.5% in the European Union (EU) — which would have reduced the EU’s trade balance growth rate during this period by 6 pp.

In the case of Spain, imports of medical products also increased more than exports of these types of goods in the first nine months of the year (23.5% year-on-year and 10.5% in nominal terms), raising the economy’s deficit under this heading by 55% to €6.9 billion, which accounts for approximately 62% of the Spanish trade deficit in goods recorded in that period. Conversely, it deteriorated by 20% in the United States — thereby increasing the country’s trade deficit growth rate for goods between February and July by 2.2 pp — and by 10.5% in the European Union (EU) — which would have reduced the EU’s trade balance growth rate during this period by 6 pp.

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As for Spain, its interdependence index for international trade in the medical products most related to the COVID-19 pandemic is relatively high, albeit lower than that of other major euro area economies, such as France or Italy. In this respect, it is worth noting that, although the bulk of Spanish exports of medical products in 2019 was in the medicine category, imports of these same products were even higher (see Chart 2.5). Moreover, in line with the international evidence mentioned above, Spanish imports of medical products are concentrated in a relatively small number of supplier countries, with the United States and Germany playing a particularly important role in the supply of these goods.

Notes
1 For the purposes of this box, the classification of medical products developed by the World Trade Organization (WTO) has been used. See WTO (2020), “Trade in medical goods in the context of tackling COVID-19”, WTO Information Note.
provision of medicines and medical supplies, and Germany, France and China in purchases of personal protective products (see Chart 2.6).

In short, the rise in demand of medical products in recent months as a consequence of the COVID-19 pandemic has resulted in a very significant increase in international trade flows for these types of products. As this is a particularly concentrated industry, these flows have had an uneven impact on trade balances across countries. In the case of Spain, the international trade deficit in medical products recorded in recent years would have increased notably in 2020 to date, although it appears to have a relatively minor weight in terms of the economy’s aggregate output.

**Box 4**

**INTERNATIONAL TRADE IN MEDICAL PRODUCTS DURING THE COVID-19 PANDEMIC**

(continued)

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**SOURCES:** UN Comtrade, Eurostat, Global Trade Alert, WTO, Departamento de Aduanas and OECD.

a The data refer to a group of countries for which this information is available in the UN Comtrade and Eurostat statistics. These countries account for around 70% of world trade. China’s trade flows are calculated based on the bilateral flows reported by its trading partners.

b Number of measures adopted between January and November 2020 according to the HS4 code of the WTO medical products classification.
Box 4
INTERNATIONAL TRADE IN MEDICAL PRODUCTS DURING THE COVID-19 PANDEMIC (cont’d)

Chart 2
STRUCTURE OF INTERNATIONAL TRADE IN MEDICAL PRODUCTS

1 CONCENTRATION OF EXPORTS (a)
Exports from the five largest exporters

2 LARGEST EXPORTERS OF MEDICAL PRODUCTS (b)

3 LARGEST IMPORTERS OF MEDICAL PRODUCTS (c)

4 INTERDEPENDENCIES IN TRADE IN MEDICAL PRODUCTS RELATED TO COVID-19 (d)

5 EXTERNAL TRADE IN MEDICAL PRODUCTS. SPAIN
Percentages of external trade in goods in 2019

6 SPANISH IMPORTS OF MEDICAL PRODUCTS: MAIN SUPPLIERS AND CATEGORIES
Total percentage of imports of medical products in 2019

Sources: UN Comtrade, Eurostat, Global Trade Alert, WTO, Departamento de Aduanas and OECD.

b 2019 data. WTO classification of medical products, by HS6 code.
c 2019 data. WTO classification of medical products, by HS6 code.
From an economic policy standpoint, the fact that there is a high degree of interdependence worldwide in exports and imports of medical products makes it advisable to adopt coordinated trade policies which steer clear of non-cooperative strategies that limit or hinder trade in these types of products.