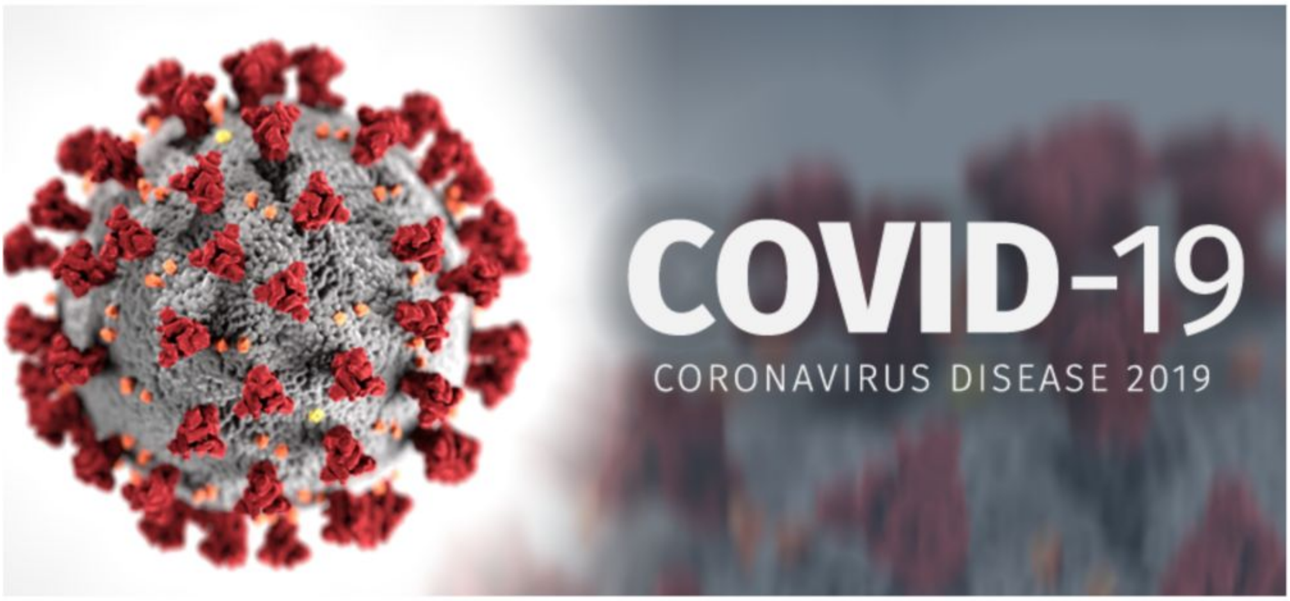
International Trade News Digest

Special Covid-19 Edition



April 2020

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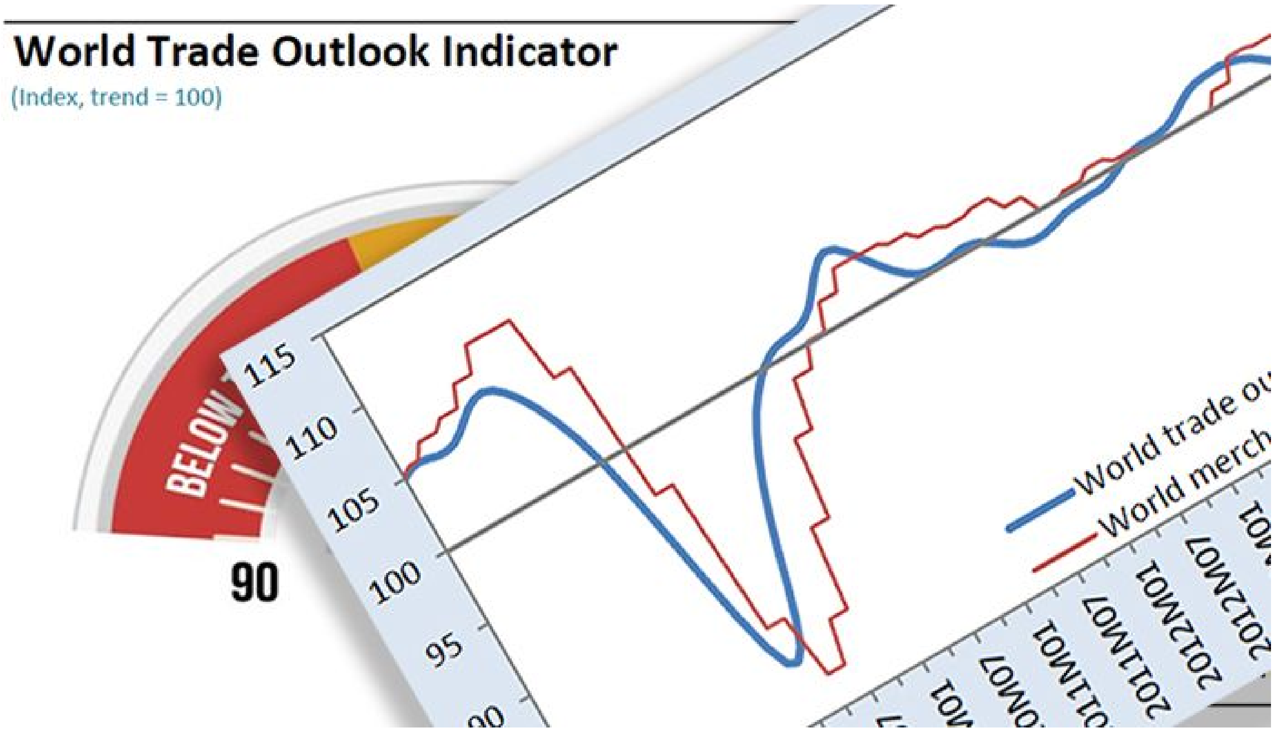
(1) Economic/Trade impact of Covid-19

(1.1) Dramatic supply and demand shocks

World Trade Organization (WTO) Director-General Roberto Azevêdo noted that the Covid-19 crisis has caused dramatic supply and demand shocks in the world economy, and that these shocks are inevitably causing major disruptions to trade.



Disruptions to international trade will be apparent in WTO's annual trade forecast which is expected to be released in a few weeks. Analysis point to continued weakening of world trade in both goods and services and there is likelihood of further declines in the coming months as the full economic impact of the Covid-19 virus becomes more apparent. Latest barometers and forecasts are as follows:

(I) Trade in Goods

- WTO Trade in Goods barometer signals weakening of trade in first quarter of 2020. The real-time measure of trade in goods trends now reads 95.5 (Baseline value: 100) – i.e. less than the 96.6 recorded in November 2019.

- The drop in the barometer has been driven by declines in indices for **container shipping**, **agricultural raw materials** and **automotive products**.

(II) Trade in services

- According to the WTO, services trade growth weakens as Covid-19 crisis hits global economy. The latest reading of 96.8 (Baseline value: 100) is down from the 98.4 recorded in September 2019.
- Largest declines are in **passenger air travel**, **global financial transactions** and **Information and Communication Technologies services**.

Trade in services: Largest decline hit passenger air travel services, according to the WTO.

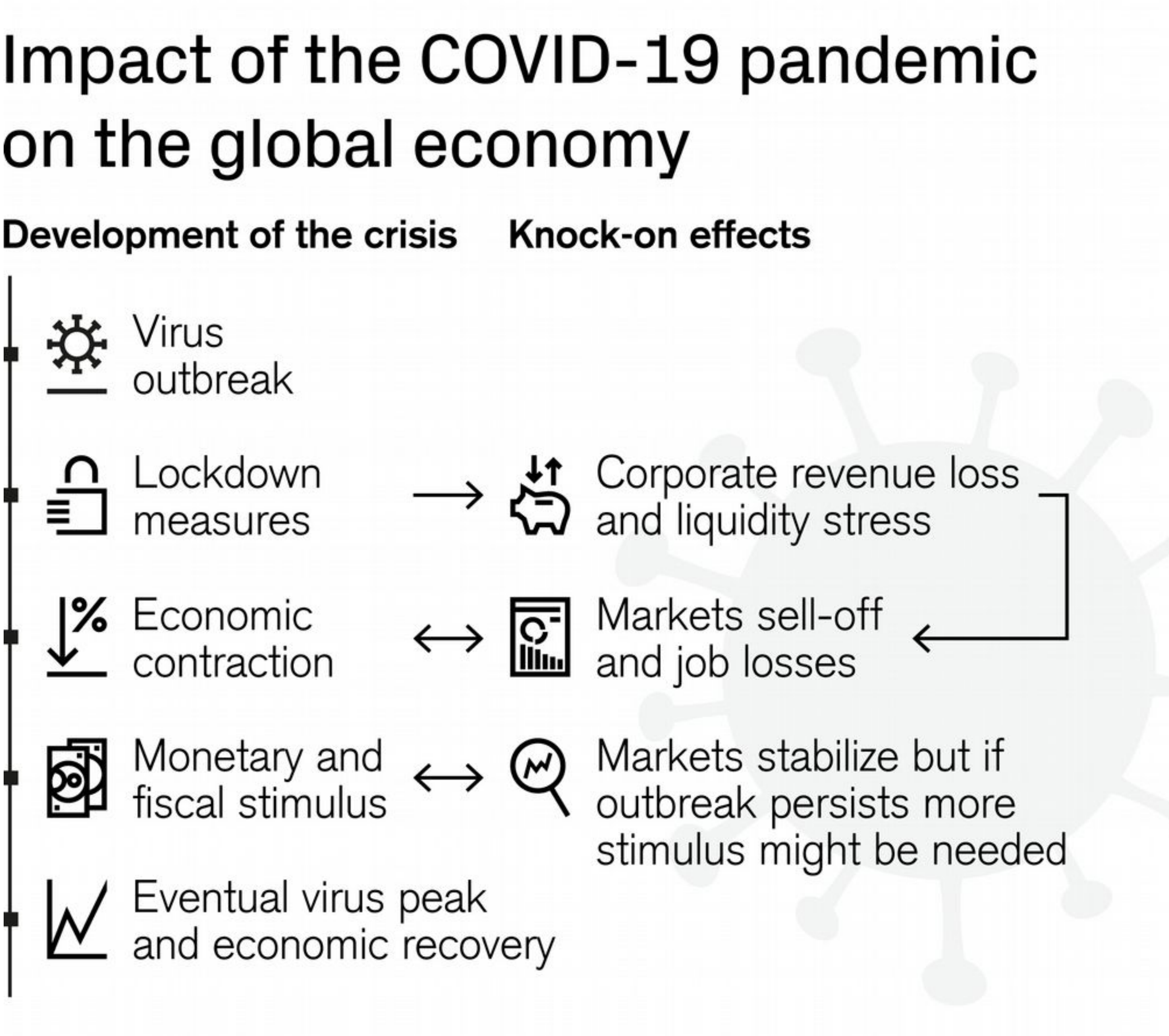
(III) Forecasts for developing economies and food importing countries

UNCTAD projects that developing countries (*excluding China*) will lose nearly US$ 800 billion in terms of export revenue in 2020 while imports will contract by an estimated US$ 575 billion.

For its part, the World Food Programme warned that if anxiety-driven panic by major food importers takes hold, the unfolding Covid-19 pandemic will have a **far-reaching impact on the global food supply chain**.

(1.2) Global economy to contract by 2.2%

The world's economy could grow at its slowest rate since 2009 this year due to the coronavirus outbreak. According to the Economist Intelligence Unit (EIU), the global economy will contract by 2.2% in 2020.



Source: Credit Suisse

Across the G20, all but three countries will register a recession this

year: Italy:-7%; **Germany:** -6.8%; **Argentina:** -6.7%; **Brazil:** -5.5%; **Mexico:** -5.4%; **UK:** -5%; **France:** -5%; **Saudi Arabia:** -5%; **South Africa:** -3%; **Turkey:** -3%; **US:** -2.8%; **Russia:** -2%; **South Korea:**-1.8%; **Japan:** -1.5%; **Canada:** -1.3%; and **Australia:** -0.4%. (*Source: EIU*)

The three G20 countries which will provisionally register a **positive Real GDP Growth** are **India** (+2.8%); **China** (+1%) and **Indonesia** (+1%).

According to the EIU, the **Eurozone** will be one of the hardest hit regions, posting a **full-year recession of 5.9%**.

Africa may face an immediate decline in GDP growth from 3.2% to 1.8% in 2020. (Source: ECA)

On the other hand, estimates from the United Nations Economic Commission for Africa (ECA) suggest **Africa will face an immediate decline in GDP growth from 3.2% to 1.8% in 2020**. It is to be highlighted that 51% of Africa's exports go to countries highly impacted by Covid-19, while 53% of its imports originate from such highly impacted countries.

(1.3) FDI's drop could range from -30% to -40% in 2020/2021

When it comes to investment, UNCTAD forecasts that Covid-19 will cause a dramatic drop in global FDI that could range from -30% to -40% during 2020/2021. Real capital expenditures, greenfield investments and expansions are being hampered.

Furthermore, the top 5,000 **Multinational** enterprises (MNEs) which account for a significant share of global FDI, have **downward revisions of 2020 earnings estimates of 30%**. **Hardest hit** are the following sectors: **energy** (-208%) and **basic materials industries**, **airlines** (-116%) and the **automotive industry** (-47%).

Delayed feed deliveries. Basic materials industries are amongst the hardest hit ones in the world.

In addition, **developed countries MNE profit guidance has been revised downward by 35% compared to 20% in developing economies**. Downward revisions in Europe exceed those in Asia. In **Africa**, as at 23

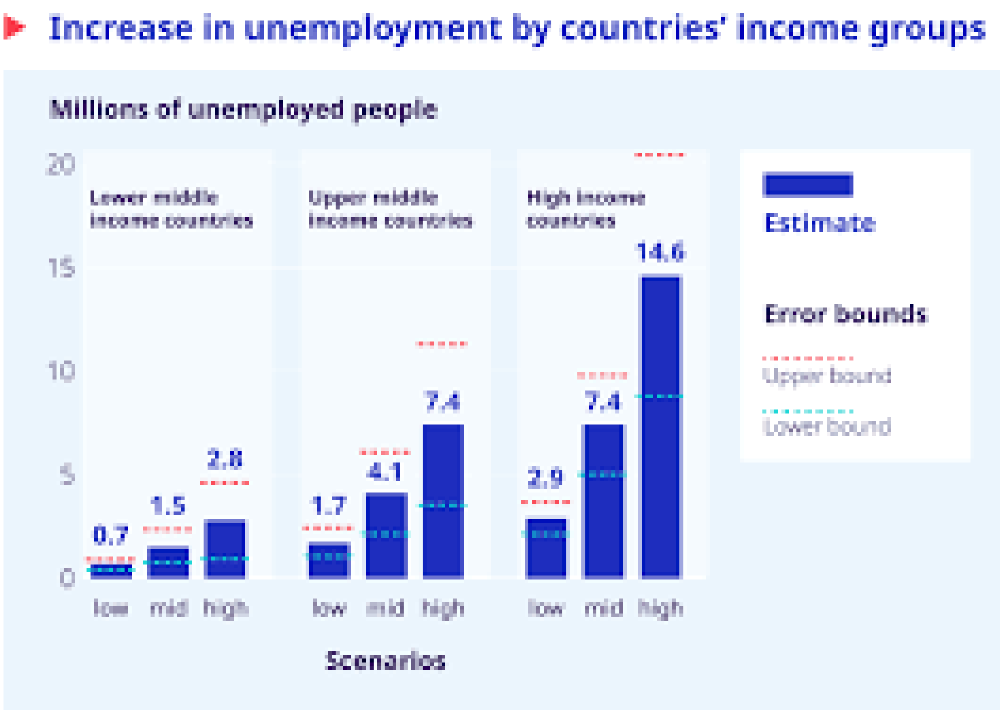
March 2020, **downward average earnings revision stood at -11%.**

(1.4) 24.7 million people could loose their job

The International Labour Organization (ILO) estimates indicate a **rise in global unemployment of between 5.3 million ('low' scenario) and 24.7 million ('high' scenario)** from a base level of 188 million in 2019. The Organization's 'mid' scenario suggests an increase of 13 million in unemployment (including 7.4 million in high-income countries).

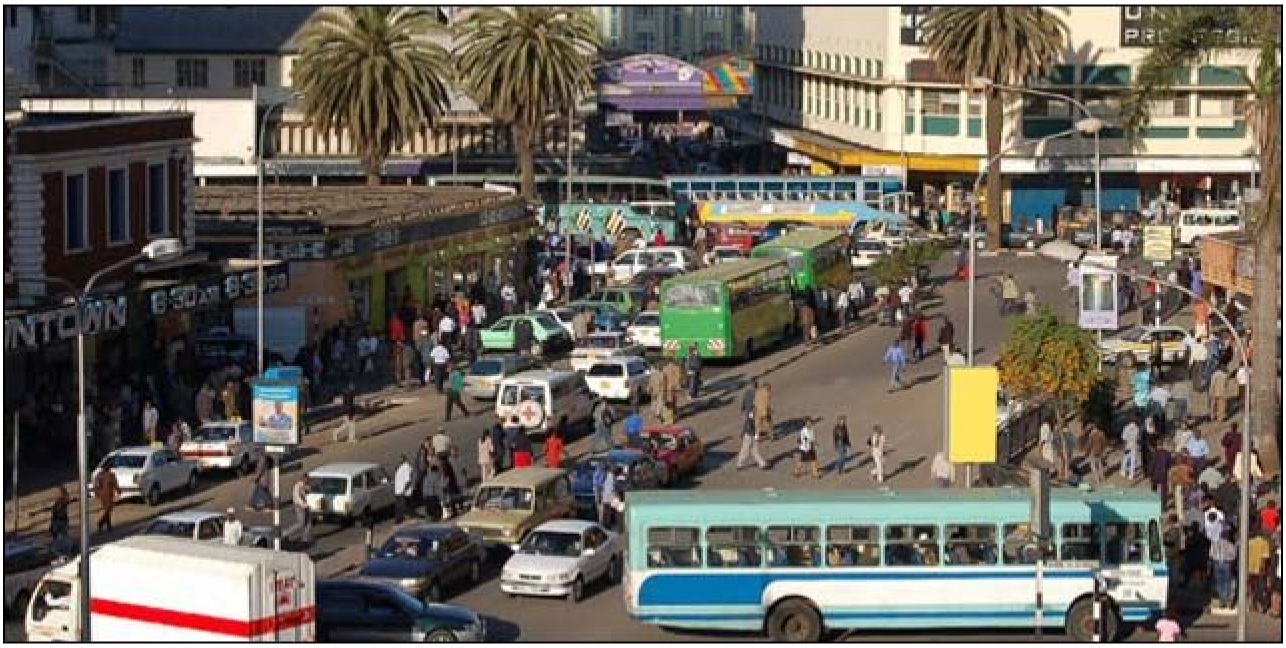
Overall losses in labour income are expected in the range of 860 - 3,440 billion USD.

Table below shows the different unemployment scenarios worked out by the ILO.



(1.5) Covid-19: Developing countries face distinct constraints

The outbreak of the coronavirus has left businesses around the world counting costs and the world facing massive disruptions which will undeniably spread over several months after the pandemic. The adverse effects will impact on financial markets, consumption, investment confidence, international trade and commodity prices. Developing countries face distinct pressures and constraints which make it significantly harder for them to enact effective stimulus without facing binding foreign exchange constraints.



It is significantly harder for developing countries to enact effective stimulus without facing binding foreign exchange constraints.

It is a fact that developing countries can only obtain international reserve currencies through exports. However, for these net importing developing countries, exports themselves require significant imports of raw materials equipment, intermediate goods, know-how and financial business services.

More onerous imports

Moreover, the financial turmoil from this crisis has already triggered sharp currency devaluations in certain developing countries, which makes servicing their debts and paying for necessary imports for their industrial activity far more onerous. There are clear indications that things will get much worse for developing economies before they get better. For example:

1. Health crisis: The full effects of the health crisis have yet to hit many developing countries, notwithstanding the fact that advanced countries have yet to start recovering from the economic crisis. Even if the massive stimulus packages now being implemented in many developing countries may prevent a long period of depression, they will most probably not avert a recession in the global economy this year.

2. Difficult rebound: China’s massive stimulus in 2009 and rapid return to double digit growth had strong positive effects on demand for the exports of developing countries. At that time, investors had an appetite for risky assets, producing a rapid rebound in capital inflows in emerging and other developing countries. However, these conditions are unlikely to be repeated this time around.

In light of the financial crisis in 2009, China's massive stimulus package had strong positive effects on demand for the exports of developing countries. These conditions are unlikely to be repeated in 2020.

3. Impact on global supply chains: Even if the damage to global supply chains is not irreparable, as lead firms recover from the crisis they will likely have to **rethink their business model**, by reducing their involvement in value chains to be more engaged in those that are closer to them. Moreover, China has steadily diminished its dependence on external suppliers in its value chains through an increase in domestically produced intermediate products.

4. Lack of economic diversification: There has been too little diversification of economic activity in many developing countries over the past decade, leaving them more exposed than ever to new shocks and disturbances.

5. New vulnerabilities: New vulnerabilities have emerged that are likely to hold back growth. Emerging economies, in particular, have seen a rapid build-up of private debt in reserve currencies and increased penetration of their markets by non-resident investors, foreign banks, and other financial institutions, as well as allowing their own residents to invest more freely abroad.

There has also been a strong shift in the ownership of central government debt, including public external debt, from official to private creditors and shadow-banking actors.

These trends heighten developing countries' external vulnerabilities and entail large transfers of resources to advanced economies through various financial channels. The resulting wave of **debt accumulation** was looking more and more fragile even before the coronavirus crisis hit.

The greater presence of foreigners in bond and equity markets has, moreover, increased the potential instability of exchange rates and further exposed domestic financial markets to the vagaries of global risk appetite and liquidity conditions.

The wave of debt accumulation was looking more and more fragile even before the coronavirus crisis hit.

6. Developing countries do not have the capacity to build up sufficient international reserves that would serve as buffer against macroeconomic shocks.

(1.6) WTO DDG Wolff outlines measures in response to Covid-19

In a virtual address to the Washington International Trade Association, Deputy Director-General (DDG) Alan Wolff highlighted the range of trade-related measures and policy responses governments have adopted worldwide in response to the COVID-19 pandemic as well as ideas for future trade policy responses.

WTO DDG Alan Wolf pointed to countries which committed to keep supply chains open and remove trade restrictive measures on essential goods, especially medical supplies, in the face of the COVID-19 crisis.

Drawing a contrast with the 2008/2009 financial crisis, WTO DDG explained that this time, the challenge is much greater. While it includes not taking measures that may cause harm to one's own population as well as to peoples living outside a country's borders, it goes beyond that, to consider what might be done as components of a sensible positive response.

As an example of coordinated policy responses, the DDG pointed to Canada, Australia, Chile, Brunei and Myanmar who had joined forces with New Zealand and Singapore by committing to keep supply chains open and remove any existing trade restrictive measures on essential goods, especially medical supplies, in the face of the COVID-19 crisis.

Wide array of health-related proposals

WTO DDG also identified a number of positive measures both coordinated and unilateral that countries could take.

Removing all duties on health-related goods is one of the measures identified by WTO DDG Wolf, that countries could take.

Below is a list of the salient measures identified:

(i) An autonomous coordinated tariff reduction (ACTR). It would be reciprocal to the extent that other WTO members voluntarily join in the action;

(ii) Removing all duties on health-related goods;

(iii) Goods that were listed in the suspended Environmental Goods and Services Agreement (EGA) could be cut to zero;

(iv) Keep trade flowing to restore growth and safeguard jobs;

(v) Ease the delivery of medical supplies and soap for at least 6 months;

(vi) Refrain from imposing export bans on medical supplies;

(vii) Green-light subsidies for production of medicines and medical supplies;

(viii) Speed up the visa and entry requirements to permit medical personnel to travel where needed; and

(ix) Agree to compulsory licensing of intellectual property rights on needed pharmaceuticals and medical devices.

(1.7) Mauritius temporary ban on imports of live animals

Following the outbreak of the Covid- 19, the Government of Mauritius has imposed a ban on the importation of live animals including fish from China, Italy, Iran, South Korea, Switzerland, Reunion Island and all other European countries. The aim of the measure is to protect animal health and is effective as from 16 March 2020.

Mauritius imposed a temporary ban on the importation of live animals including fish from China, Italy, Iran, South Korea, Switzerland, Reunion Island and all other European countries.

As part of its obligations as World Trade Organisation's Member, Mauritius notified its trading partners of the temporary restrictions imposed.

However, the European Delegation has, through a Note Verbale dated 26 March 2020, requested Mauritius to review the measure taken by Mauritius, indicating that it is not based on scientific evidence.

They further indicated that **the World Health Organisation (WHO) and the World Animal Health Organisation (OIE) advised against the application of any trade restrictions based on current information available.**

In contrast to the temporary ban imposed by Mauritius, Indonesia has, since 20 March 2020, imposed a measure whereby any importation and/or movement of mammals and pets from Hong Kong, China must be accompanied with Laboratory test result for Covid-19.

Emergency measures have also been imposed by Russia, restricting import of exotic and decorative animals, and insects from China.

Indonesia imposed a measure whereby any importation and/or movement of mammals and pets from Hong Kong, China must be accompanied with Laboratory test result for Covid-19.

(1.8) Trade in Medical Products: New opportunities

The WTO released a special report on Trade in Medical Products. The document traces trade flows for products such as personal protective products; hospital and laboratory supplies; medicines and medical technology while providing information on their respective tariffs.

WTO highlights that the following goods are **currently in severe shortage**: computer tomography apparatus; disinfectants/sterilization products; face masks; gloves; hand soap and sanitizer; patient monitors and pulse oximeters; protective spectacles and visors; sterilizers; syringes; thermometers; ultrasonic scanning apparatus; ventilators; oxygen masks; and X-ray equipment.

New industry/export possibilities for Mauritius

The above list of products is to be considered by Mauritius in view of identifying new industry/export opportunities for us.

It is to be noted that in 2016 – 2018, Mauritius was among the Top 10 African exporters of medicinal and pharmaceutical products. We ranked 6th in Africa and exported a total value of US$ 34 million of medicinal and pharmaceutical products in 2016 – 2018. (*Source: ECA based on UNCTAD statistics*)

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(1.9) Impact of Covid-19 on our trade relations with the US

Demand for apparel in the US expected to drop

With demand for apparel in the US expected to drop, <u>each 1% decline in the US GDP in 2020 (EIU's forecast: -2.8%) could lead to at least a 2-3% drop in the value of the US apparel imports</u>.

Suppliers of apparel could have to deal with higher raw material prices, sudden labour shortages and a reduced production capacity.

According to latest update provided by the Mauritius Mission in Washington, China could be hit the hardest by a decline in the US apparel imports in 2020, particularly since China has been fulfilling large-volume sourcing orders, its exports to the US cover almost all major categories of apparel, and the US-China trade war already gave an impetus to the **<u>shifting of sourcing orders from China to other Asian countries such as Bangladesh and Vietnam</u>**.

It is reported that Vietnam could gain further momentum in the current turbulent time. Bangladesh could also see its apparel sector taking the hit from the Covid-19 situation, given that around 60% of its apparel goes to the EU, as a beneficiary of the EU Everything But Arms duty-free trade program.

Higher raw material prices

In the event the US economy bounces back to its normal level in 2021, the analysis indicates that importers just as well as suppliers of apparel could have to deal with higher raw material prices, sudden labour shortages and a reduced production capacity.

OTHER INTERNATIONAL TRADE NEWS ITEMS

(i) Implementation of the main recommendations of the National Intellectual Property Development Plan (IPDP)

Long term project: Delay due to Covid-19

The project kicked off in February 2020 and the experts had proposed to come to Mauritius for a second field trip in April 2020. However, the Ministry of Foreign Affairs, Regional Integration and International Trade has been informed by the consultancy firm, Sweco, that the Covid-19 pandemic worldwide could lead to disruption of the project.

Given the current situation worldwide, the visit to Mauritius of experts scheduled for May 2020 has been postponed. Sweco will monitor the situation and propose alternative solutions for the continuation of the planned activities in due course.

It is very likely that the work program will need to be reviewed in the light of developments in the coming weeks.

(ii) Indian Ocean Rim Association (IORA) – Trade & Investement

Mauritius to lead multiple actions including a Scoping Paper proposing the coverage and scope of an IORA Framework Agreement

At the IORA Experts Meeting to enhance Trade and Investment hosted by Mauritius on 30-31 January 2020, Mauritius volunteered to take the lead on several activities listed in the IORA Working Group on Trade and Investment (WGTI) Work Plan.

The IORA WGTI Work Plan contains 15 objectives that will have to be implemented with a view to enhance Trade and Investment in the region. Some of the objectives include the following:

(a) Identification of and reduction of Non-Tariff Barriers (NTBs);

(b) Facilitation of the movement of business people in the region;

(c) Promotion of Small and Medium Enterprises (SMEs);

(d) Support regional value chains that boost trade and investment;

(e) Identification and implementation of ways to boost maritime trade in the region; and

(f) Greater public-private trade and investment policy dialogue.

Mauritius' responsibilities

The IORA Experts Meeting to enhance Trade and Investment hosted by Mauritius was held on 30-31 January 2020.

At the January meeting, responsibilities were assigned to various Members to lead on different activities/measures. For example, Mauritius will take the lead on the following issues:

(a) Support Member State implementation of the WTO Trade Facilitation Agreement;

(b) Sharing lessons on improving the business environment;

(c) Assist in promoting investment flows in the region; and

(d) Strengthen dispute resolution mechanisms in the Indian Ocean.

Mauritius had also volunteered to prepare a **Scoping Paper in view of**

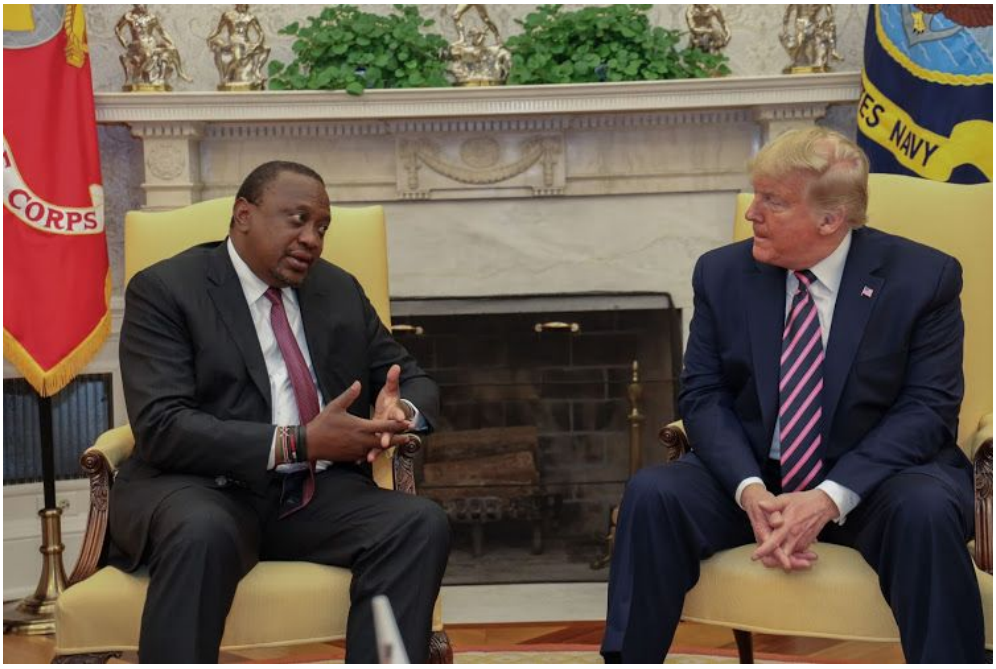
proposing the coverage and scope of a framework Agreement for the IORA region. Once the paper is finalized at the national level, it will be submitted to the IORA Secretariat for circulation to all IORA Members for their comments and proposals.

The International Trade Division has already initiated action with relevant local stakeholders with regard to the implementation of those activities that will be led by Mauritius. Moreover, the Ministry of Foreign Affairs, Regional Integration and International Trade is working with the IORA Secretariat to ensure implementation of the Work Plan at the regional level with other IORA Members.

(iii) US-Kenya Trade Agreement: Public Hearing

Mauritius to submit its comments to the USTR

On 17th March, 2020, the US Trade Representative (USTR) notified Congress of the US Administration's intent to enter into negotiations with the Republic of Kenya for a US–Kenya trade agreement. The USTR has also invited the public to comment on the proposed trade agreement in order to identify the negotiating position of the US. Additionally, a public hearing will be held on 28 April 2020 in Washington DC whereby interested persons would be allowed to make an oral statement.



President Uhuru Kenyatta and President Donald Trump met in February 2020.

As previously stated by the USTR, Robert Lighthizer, the US Administration favours the negotiation of bilateral trade agreements with African countries when AGOA expires.

According to USTR Robert Lighthizer, the US Administration favours the negotiation of bilateral trade agreements with African countries when AGOA expires.

At present, Mauritius, as a beneficiary of the AGOA, is able to largely trade with the US duty free. Indeed, AGOA preferences have led to the US becoming one of the top trading partners of Mauritius. **It is therefore of utmost importance for Mauritius to secure a permanent trade agreement with the US to ensure that there is no disruption to trade between Mauritius and the US.**

Mauritius aims at ensuring that issues of interest to us would be covered in the US–Kenya Trade Agreement

Since the US–Kenya trade agreement, when completed, would serve as a model agreement for future trade agreements between the US and other African countries, Mauritius will be submitting its comments to the USTR. The submission of Mauritius aims at ensuring that issues of interest to Mauritius would be covered in the US–Kenya trade agreement including asymmetry, level of ambition, promotion of intra-African trade, **rules of origin**, **cumulation with African countries** and **sourcing of materials from 3rd countries**. Such an approach would provide a sound basis on which to engage with the US for an eventual US–Mauritius trade agreement.

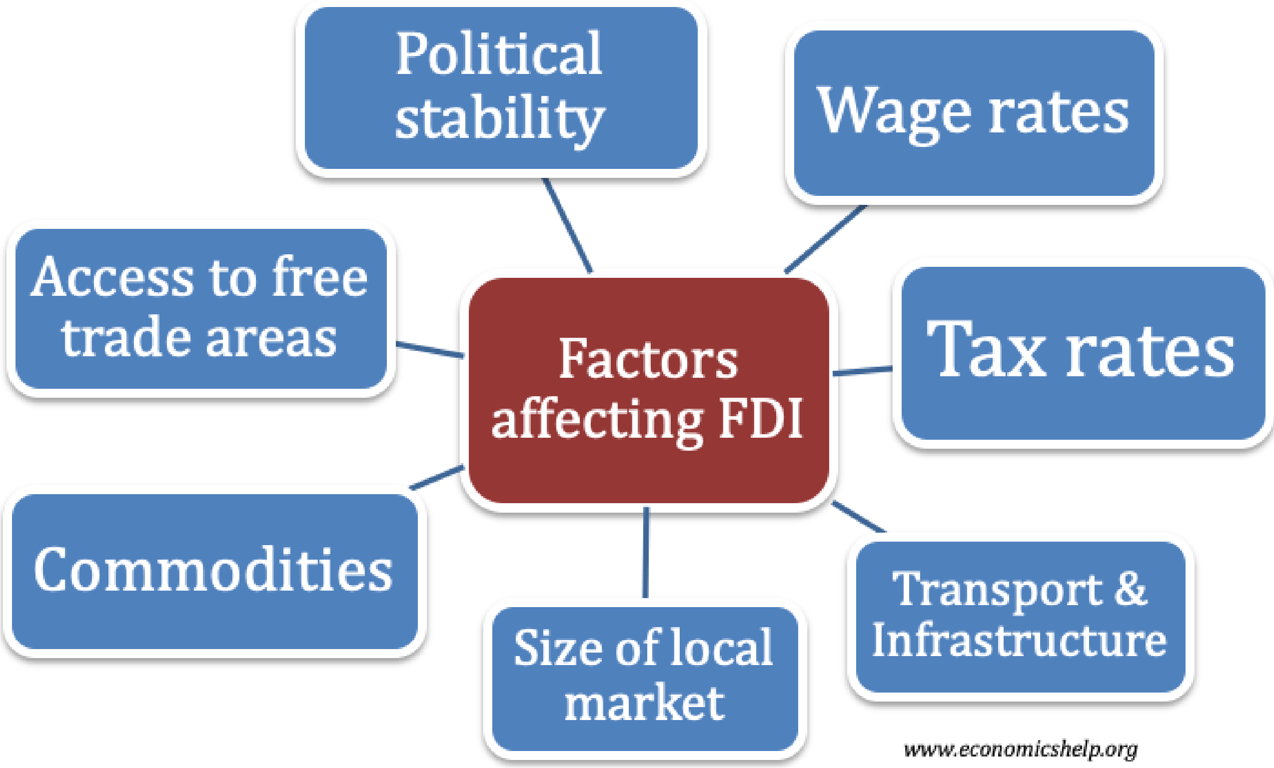
(iv) WTO: Mauritius to join the Group on Investment Facilitation

In March 2020, Government agreed for Mauritius to adhere to the Joint Ministerial Statement on Investment Facilitation which aims to reaffirm the need to intensify work among WTO Member States with a view to developing a WTO Framework on Investment Facilitation by the next WTO Ministerial Conference.

New opportunities for Mauritian service suppliers and investors

This move will encourage new investments and reinvestments by providing foreign investors with a transparent, predictable and efficient regulatory framework for investment in Mauritius while ensuring the benefits of investment are maximised. At the same time, Mauritian service suppliers and investors will be able to expand their businesses through outward FDI in many markets.

Investment, especially foreign investment, has been recognised as an important driver of growth and development. According to the World Investment Report 2018 by UNCTAD, global FDI fell by 23% to US$1.43tn in 2017 from US$1.87tn in 2016, which signals a **cause of concern for global flows of FDI**. **These declining trends become more worrisome as developing countries and least developed countries (LDCs) require a massive investment (approximately US$2.5tn per year) to achieve sustainable development goals**.



Several developed and developing WTO members recognised the dynamic link between investment, trade, and development and sought to develop and adopt an Investment Facilitation Agreement at the multilateral level. The Joint Statement on Investment Facilitation for Development issued by a group of 70 countries during the 11th Ministerial Conference of the WTO, held at Buenos Aires in December 2017, paved the way for **Structured Discussions on Investment Facilitation for Development at the WTO**.

Since then, there has been some progress of these discussions through proposals on possible elements of the proposed framework and the development of a reference paper on Investment Facilitation. **Mauritius has been participating in those discussions since November 2018.**

Elements of the Reference Paper on Investment Facilitation

The main elements of the Reference Paper focus on improving regulatory transparency and predictability, streamlining and speeding up administrative procedures, enhancing international cooperation and addressing the needs of developing members, processing of applications, appeals and review, prior commitment, publication, corporate social responsibility and the WTO Committee on investment facilitation.

It is important to note that the reference paper excludes sensitive issues such as investor protection and investor-state dispute settlement.

Corporate Social Responsibility is one of the main elements of the Reference Paper on Investment Facilitation.

(v) Postponement of the 12th WTO Ministerial Conference (MC)

3 options envisaged

After consulting with the Government of Kazakhstan, WTO Director-General Roberto Azevêdo and General Council Chair David Walker have advised WTO Members 'that holding MC12 as previously agreed from 8-11 June in Kazakhstan will not be feasible.'

The Ministry of Foreign Affairs, Regional Integration and International Trade was informed that the Ambassador of Botswana to the WTO, in her capacity as Coordinator of the African Group, Dr Athaliah Molokomme, held a telephone consultation with the WTO General Council Chair and the Director General of the WTO regarding possible dates and venue for MC12.

Postponement options being considered are as follows:

(a) Holding MC at the end of 2020;

(b) Holding MC12 in mid-2021; or

(c) Holding MC12 at the end of 2021.

Dr Athaliah Molokomme, Ambassador of Botswana to the WTO and Coordinator of the African Group.

In light of the current Covid-19 situation and following African, Caribbean and Pacific Group of States (ACP) consultations, the options of June 2021 or December 2021 are being envisaged.

The General Council Chair and Director-General also indicated that not holding a Ministerial Conference during 2020 does not rule out the continuation of negotiations and adoption of decisions where consensus is reached, including negotiations on fisheries subsidies. A Special General

Council could be held for that purpose.

(vi) WTO Negotiations on Fisheries Subsidies

Towards a first single basic consolidated text

Even during these difficult times, the Negotiating Group on Rules (NGR) for Fisheries Subsidies at the level of the WTO considers that it remains important to maintain the momentum. This is mainly because the work on fisheries subsidies is driven by the deadline of the 12th WTO Ministerial Conference (MC 12), the Ministerial Decision from the MC 11, the Sustainable Development Goal (SDG) target 14.6 as well as the state of global fish stocks.

The Negotiating Group on Rules for Fisheries Subsidies has the intention to prepare and distribute, as soon as feasible, a first single basic consolidated text.

At MC 11, Ministers decided on a work programme to conclude the negotiations by aiming to adopt, at MC 12, an agreement on fisheries subsidies which delivers on SDG target 14.6, by 2020.

Sustainable Development Goal target 14.6

As per SDG target 14.6, by 2020, certain forms of fisheries subsidies which contribute to overcapacity and overfishing should be prohibited; subsidies that contribute to illegal, unreported and unregulated fishing should be eliminated and countries should refrain from introducing new such subsidies.

It is further recognized that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of WTO fisheries subsidies negotiation.

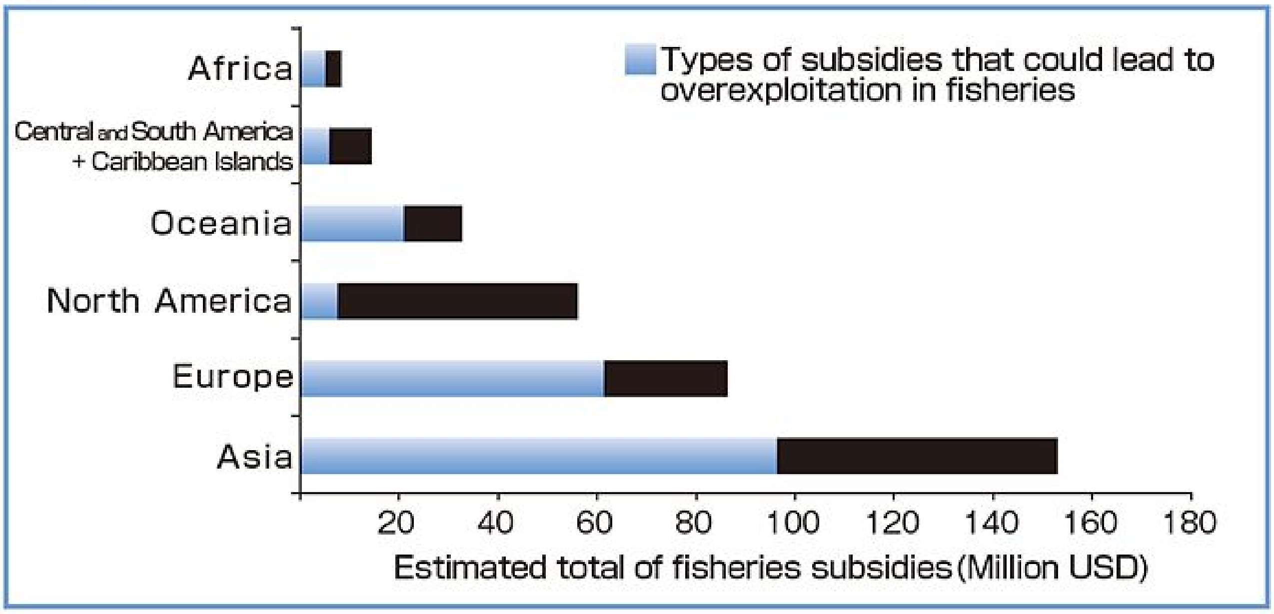
In this regard, the NGR for Fisheries Subsidies has the intention to prepare and distribute, as soon as feasible, a first single basic consolidated text containing provisions on the three main pillars i.e:

(a) Illegal, Unreported and Unregulated fishing;

(b) Overfished stocks and overcapacity; and

(c) Overfishing, including pillar-specific provisions on Special and Differential Treatment.

Figure 1



Estimated total of fisheries subsidies. Source: Sumaila et al. (2016) Marine Policy

Nonetheless, the NGR on Fisheries Subsidies highlighted that it remains important to exchange views on new proposals from India and the Least Developed Countries (LDC) Group received at the end of the last cluster of meetings. Given that logistical and technical problems due to the implementation of increasingly strict COVID-related measures are preventing the NGR and members to have a virtual meeting to discuss on the proposals, the Chair of the NGR on Fisheries Subsidies suggested that the exchange of views is conducted in writing.

Any delegation wishing to make comments or ask questions on the proposals was invited to do so via e-mail sent to the Secretariat. The Secretariat would compile all of these inputs into a single document and distribute it to all delegations for consideration. The proponents will then be invited to respond in writing to the comments and questions received, again through the Secretariat.

The Secretariat would thus act as intermediary to assist with the process of finalising proposals. Any follow-up discussions would be held through further written exchange, with exact timing to be determined as needed.

Mauritius has already sent its views/comments on the proposals to our Mission in Geneva.

(vi) UK: Brexit Transition Period

The UK is currently into the Brexit transition period which started on 1 February 2020 and is set to expire at the end of December 2020. The transition period can be extended once for one to two years, but the decision to do so must be taken by the EU-UK Joint Committee before 1 July 2020.

During the transition period, the UK is maintaining all International Conventions/ Agreements / Arrangements to which the EU is a signatory party.

UK & EU to negotiate their future trade relationship

During the transition period, the UK and the EU are also expected to negotiate their future trade relationship. The first round of negotiations between both sides was held from 03 to 05 March 2020. Draft legal texts were exchanged on 18 March, with the UK proposing a free trade agreement and other mini-deals on aviation safety, air transport and civil nuclear industries as its basis for negotiation.

Exploring alternative ways to continue discussions

The second round of negotiations which was scheduled to take place from 18 to 20 March has however been postponed to a later date due to the Covid-19 pandemic. The negotiators are currently exploring alternative ways to continue discussions, including, if possible, through the use of video conferences.

Progress to implement the Withdrawal Agreement

On the other hand, the first EU-UK Joint Committee on the implementation and application of the Withdrawal Agreement was held on 30 March 2020 via teleconference. Both sides updated the Joint Committee on progress to implement the Withdrawal Agreement.

The UK reiterated its commitment to protecting the Belfast/Good Friday Agreement in all respects, and to upholding its obligations under the Northern Ireland Protocol. The UK emphasized its commitment to EU citizens in the UK and ensuring that UK nationals in the EU have their rights protected consistent with the Withdrawal Agreement.

The EU on its side pointed out that there is an urgent need for the UK to present a detailed timetable on how it will prepare for customs formalities for goods moving from Great Britain to Northern Ireland, and ensuring that all necessary sanitary and phytosanitary controls as well as other regulatory checks can be carried out in respect of goods entering Northern Ireland from outside the EU.

6 Specialised Committees

The UK and EU also agreed to start the work of the six Specialised Committees on citizens' rights; other separation provisions; Protocol on Ireland/Northern Ireland; Protocol relating to the Sovereign Base Areas in Cyprus; Protocol on Gibraltar; and financial provisions.

The coronavirus crisis has raised doubts about whether it is still realistic for the two sides to reach agreement before the 31 December 2020 deadline, which was already considered an ambitious goal before the crisis struck. So far, the UK has constantly rejected the option of extending the transition period.

UK Trade Agreements with Third Parties

During the transition period, the UK is allowed to conclude international agreements with third countries and international organisations. As per the UK Department for International Trade, **the priority countries for the UK to negotiate Free Trade Agreements (FTAs) in the aftermath of Brexit are the US, Japan, Australia and New Zealand.**

It is to be underlined that the UK has published its negotiating objectives for a FTA with the US on 02 March 2020. The UK Government is now expected to set out its negotiating objectives for Australia, Japan and New Zealand, with the aim of having 80% of total UK external trade covered by FTAs by 2022. With the Covid-19, there is a high probability that FTA talks with 3rd countries will also be delayed.

Trade Policy Unit

International Trade Division

Ministry of Foreign Affairs, Regional Integration and International Trade

April 2020