

IMPACTS OF COVID-19 PANDEMIC ON MULTILATERAL TRADING SYSTEM FROM THE PERSPECTIVE OF VIETNAM – A DEVELOPING COUNTRY*

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Abstract: After more than 25 years of establishment and development, the World Trade Organization (WTO) has been confronted with many challenges. Such obstacles have become more aggravated since the beginning of the COVID-19 pandemic. While pre-existing issues of the WTO have not been addressed, the multilateral trading system has faced new challenges under the unprecedented influence of the COVID-19 pandemic. There is no question that the WTO as a multilateral trade organization plays a pivotal role in maintaining economic globalization, mitigating damages, and revitalizing international trade. This paper analyzes the role of the multilateral trading system in monitoring and supporting countries to overcome the severe impacts of the crisis. In addition, the article also analyzes and evaluates the trade policies in response to the pandemic from a perspective of a developing country – Vietnam – thereby proposing several recommendations for Vietnam.

Introduction

After more than 25 years of establishment and development, the World Trade Organization (WTO) has been confronted with many challenges. Such obstacles have become more aggravated since the beginning of the COVID-19 pandemic. While pre-existing issues of the WTO have not been addressed, the multilateral trading system has faced new challenges under the unprecedented influence of the COVID-19 pandemic. There is no question that the WTO as a multilateral trade organization plays a pivotal role in maintaining economic globalization, mitigating damages, and revitalizing international trade. This paper analyzes the role of the multilateral trading system in monitoring and supporting countries to overcome the severe impacts of the crisis. In addition, the article also analyzes and evaluates the trade policies in response to the pandemic from a perspective of a developing country – Vietnam – thereby proposing several recommendations for Vietnam.

1. Existing issues of the WTO and the multilateral trading system

The World Trade Organization (WTO) is an almost all-encompassing organization² that seeks to regulate all important aspects of multilateral trade (Mossner 2014). One of its primary purposes is to liberalize international trade and to serve as a multilateral institution providing the global framework for peace and stability (Chowdhury et al. 2021). To date, after more than 25 years of development and establishment, the WTO

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² As of January 1 2022, the WTO has 164 members, accounting for 98% of world trade.

has made great contributions to global trade liberalization. In previous years, the multilateral trading system as represented by the WTO has made important contributions to economic development (WTO 2020c). The achievements of WTO range from law³ to economy, culture, and society⁴. Therefore, it is undeniable that the WTO is an important organization that maintains international trade order, represents the multilateral trading system, and stabilizes world economic development (Guohua 2021, 21). The multilateral trading system consists of the WTO, its 164 Members, and its trade rules (Guohua 2021, 7). However, this multilateral trading system has been confronted with various challenges:

1.1. Firstly, deep internal divisions within member states

There are many disagreements among WTO member countries in their approach to globalization and international integration. Developed countries tend to be reluctant to continue to give developing countries more preferential treatment under the WTO framework, although Special and Differential Treatment (SDT) under existing WTO rules can be interpreted as a mechanism that enables a large developed country to help a small developing country to overcome domestic commitment problems in trade liberalization (Conconi & Perroni 2015). However, the WTO currently does not have specific criteria or definitions of developing countries which instead is set out by the self-announcement mechanism⁵. As a matter of fact, approximately two-thirds of the WTO's 164 members are developing countries (World Trade Organization 2022c) including high GDP countries such as China, India, Russia, Brazil, etc. This led former President Donald Trump to allege unfair treatment by the WTO and warn the organization that the US will withdraw from the WTO if it continues to be treated unfairly. In 2017, since President Donald Trump began his administration, feeling as though it has been treated unfairly by the Appellate Body, the United States has exercised its veto consistently (Swanson 2019). Despite the WTO's success, the United States is attempting to cripple the organization by targeting its dispute resolution system (Seals 2019).

On the other hand, for developing country Members, multilateral trade rules contain a number of provisions granting SDT which can help developing countries to liberalize and improve their trading prospects (Conconi & Perroni 2015). For instance, the Agreement on Agriculture permits developing country Members to undertake reform commitments on schedules different from (and more favorable than) those required of

³ The WTO has established the global system of trade rules and reducing barriers to international trade; developed a system of rules for international trade dispute settlement; and contributed to the reform and modernization of the legal systems of member states.

⁴ The WTO has helped poor countries achieve more equality in international trade relations; helped countries increase domestic governance capacity; promoted economic growth, the creation of job opportunities and cutting costs for businesses; enhanced the lives of people in member states; constituted improvements of the environment and public health and contributed to global peace and stability.c

⁵ There are no WTO definitions of “developed” and “developing” countries. Members announce for themselves whether they are “developed” or “developing” countries. However, other members can challenge the decision of a member to make use of provisions available to developing countries.

developed countries (UNCTAD 2003) such as waived tariffs;⁶ lower reduction obligations;⁷ domestic support commitments;⁸ export subsidies,⁹ and longer implementation periods.¹⁰ Nevertheless, these global free-trade rules can also undermine domestic production in developing countries (Tran 2020, 20). The more members an organization has, the more difficult it will be to reconcile their interests due to the different development level and conditions of each country. With the diversity of national interests of WTO members, balancing and maximizing these interests is a dilemma for the WTO.

1.2. Secondly, national protectionism is on the rise

Protectionism refers to government policies that restrict international trade to help domestic industries (Investopedia 2020). Trade protectionism is defined as a nation, or sometimes a group of nations working in conjunction as a trade bloc, creating trade barriers with the specific goal of protecting its economy from the possible perils of international trading (Abboushi 2010). In other words, protectionism is the sum of government trade policies intended to assist domestic producers against foreign producers in a particular industry, by means of raising the price of foreign products, lowering the cost for domestic producers, and limiting foreign producers' access to the domestic market (Abboushi 2010). The multilateral trading system has been affected recently since in 2018 there was a return of protectionism on behalf of the United States after decades of supporting free trade and leading efforts to lower international trade barriers (Fajgelbaum et al. 2020). Although the US is a free-market economy and a world advocate of international trade free of restrictions, it is a typical example of a trigger for protectionism. In particular, Donald Trump's "America First" foreign policy together with the consequences of the US-China trade war presented a withdrawal from the Trans-Pacific Partnership (TPP), a pledge to renegotiate the NAFTA, an FTA negotiation stop with the EU, etc. In response to the US move, China and the EU also increased their respective protectionist measures (Tran 2020, 21). With the moves of such big countries, the process of trade globalization is likely to be seriously threatened.

1.3. Thirdly, WTO rules are gradually becoming outdated

In recent years, the system of international trade rules of the WTO has not been sufficiently updated to address new issues. As such, the WTO and other trade agreements say nothing about areas such as the internet or censorship (Burri 2022). Due to the prevalence of the internet, many major issues related to the internet, for example,

⁶ See Article 15.2, 9.2b(iv) WTO Agreement on Agriculture.

⁷ Special and Differential Treatment measures in the Agreement on Agriculture took the form of lower reduction rates to be applied to fixed base period values of trade-distorting domestic supports, tariffs and export subsidies – which, for the developing countries, was two-thirds of the levels required of the developed countries in each of these three areas. No reductions were required for least-developed countries.

⁸ See Article 6.2 WTO Agreement on Agriculture 2012.

⁹ See Article 9.4 WTO Agreement on Agriculture 2012.

¹⁰ See Article 9.2 and 15.2 WTO Agreement on Agriculture 2012.

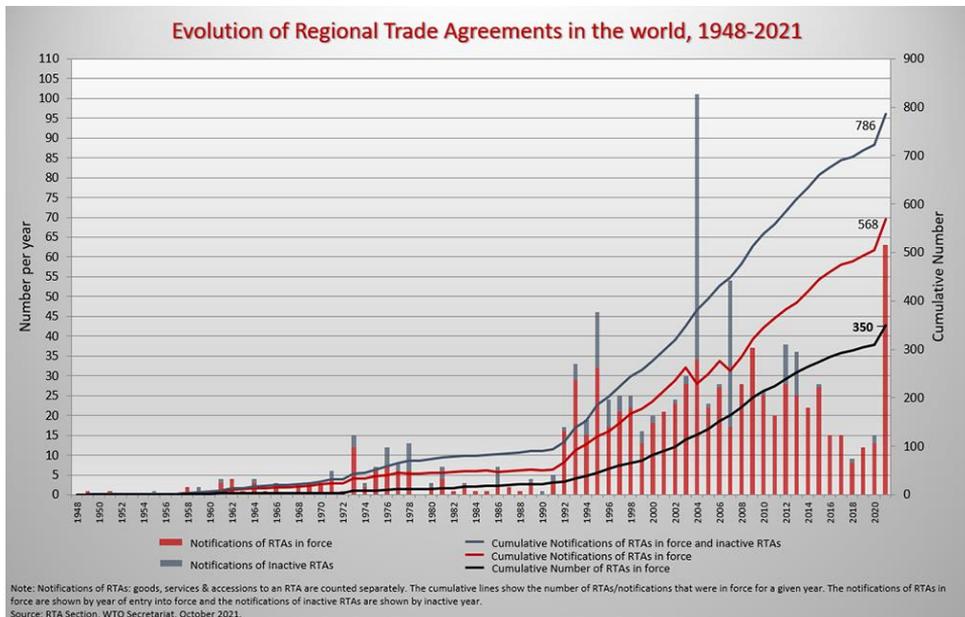
electronic commerce, remain open to the WTO. The lack of relevant WTO rules in this field allows authoritarian countries to exercise control over internet access, create cyberspace trade barriers, and abuse locally collected data (Chu & Lee 2019). Another issue that has rendered existing WTO rules outdated is the emergence of large previously communist economies. The prevalence of state-owned industries shakes the WTO’s free-market foundations (Burri 2022, 27). Current WTO transparency rules cannot reveal the true extent of government intervention or guarantee fair competition (Burri 2022, 27). Along with that, the WTO Dispute Settlement Understanding (DSU) also reveals a variety of shortcomings, the largest of which involves its ineffective dispute resolution mechanism (Joseph 2013). To overcome these shortcomings, the WTO is required to take a completely new approach in reforming itself.

1.4. Fourthly, regional and free trade agreements with progressive and comprehensive trade rules are becoming more prevalent

The development of free trade agreements (FTAs) is partly based on the WTO rule system because WTO rules contain an exception that allows nations to discriminate in favor of countries within a free trade area (Meyer 2020). This is provided in Article XXIV GATT (1947) which creates a legal framework that aims to privilege regional trade agreements (RTAs) that increase global trade and prohibit those which merely divert it (Mossner 2014). As a result, the degree of the expansion of Article XXIV is demonstrated by the fact that there are now 319 agreements (excluding accessions) notified to the GATT/WTO (WTO 2022e)(See Figure 1).

Figure 1

RTAs currently in force (by year of entry into force), 1948 – 2021



Source: WTO 2022e

Free trade agreements are supposed to facilitate countries to develop new and more progressive trade rules based on existing WTO rules. FTAs have evolved and gone beyond eliminating restrictions on trade at the border into provisions for institutional harmonization (Athukorala 2020)¹¹ between the member countries, which are popularly known as “modern FTAs” (Athukorala 2020) or “new-generation FTAs”. Thanks to these FTAs, it is easier for developed countries to impose standards associated with trade on developing and less developed countries: for example, standards on labor, environment, human rights commitments.¹²

However, it cannot be denied that the WTO trade system plays a pivotal role in the development of FTAs because the WTO established a multilateral rules-based system founded on non-discrimination. This is important for smaller, usually developing countries that would otherwise be subject to the protectionist whims of larger, more powerful trade partners (Elliott 2018). Although there is no black-and-white answer to the question whether FTAs are considered as the building blocks of global trade or stumbling blocks likely to obstruct multilateral trade liberalization (Kono 2020), the number of FTAs is on the rise with more comprehensive commitments than those of the previous WTO rule system. As a result, this could fragment the multilateral trading system.

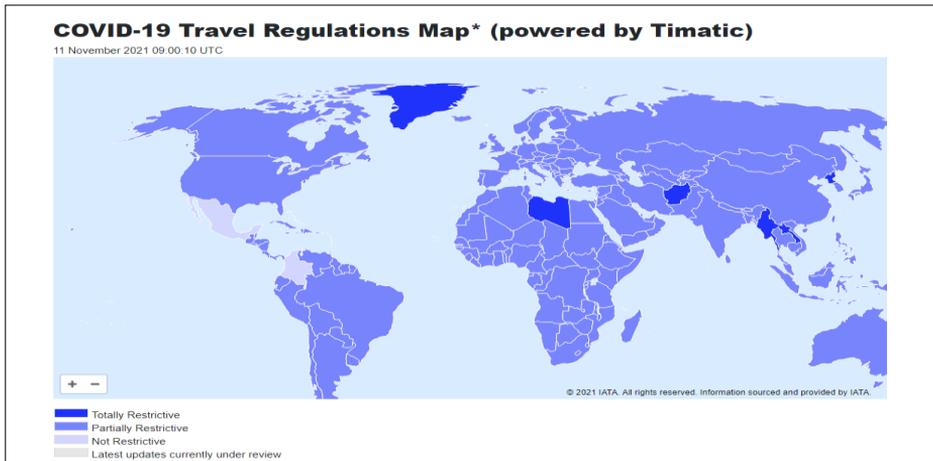
2. Impacts of COVID-19 on the WTO and multilateral trading system

COVID-19 is the global pandemic with the greatest impact that has confronted mankind in the past century (Rongjiu 2020). As of 7 February 2021, there have been 386,548,962 confirmed cases of COVID-19, including 5,705,754 deaths (WHO 2022). As a global pandemic, the COVID-19 pandemic can spread across borders, therefore, countries almost everywhere in the world adopted restrictive measures to cope with the pandemic such as mobility restrictions, temporary border closures, export and import restrictions, subsidies and domestic support carried out in face with the pandemic (See Figure 2). Consequently, world trade and output grew faster than expected in the first half of 2021, after falling sharply in the second half of 2020 during the first wave of the pandemic (WHO 2022).

¹¹ These provisions are related to digital trade, intellectual property, health and safety issues, labour standards, labour migration, investment proportion and protection, banking and finance. This could lead to scepticism on how much deeper FTAs can go beyond the possibilities offered by the WTO process or unilateral reforms.

¹² See Chapter 13 “Sustainable development” of the European Union – Vietnam Free Trade Agreement.

Figure 2

COVID-19 induced travel regulations

Source: IATA 2022

These measures are necessary to be implemented as attempts to curb the spread of COVID-19. As a matter of fact international trade has always relied on the cross-border mobility of individuals (World Trade Organization 2022). Accordingly, these restrictive measures cause severe impacts on international trade systems. Therefore, international trade is considered as one of the potential victims of the current pandemic (Gruszczynski 2020). The WTO, which had already experienced problems with handling pre-existing issues, has found it even more difficult to make a difference under the influence of the COVID-19 pandemic (Rongjiu 2020).

2.1. Firstly, the interruption of global supply chains with numerous trade restrictions

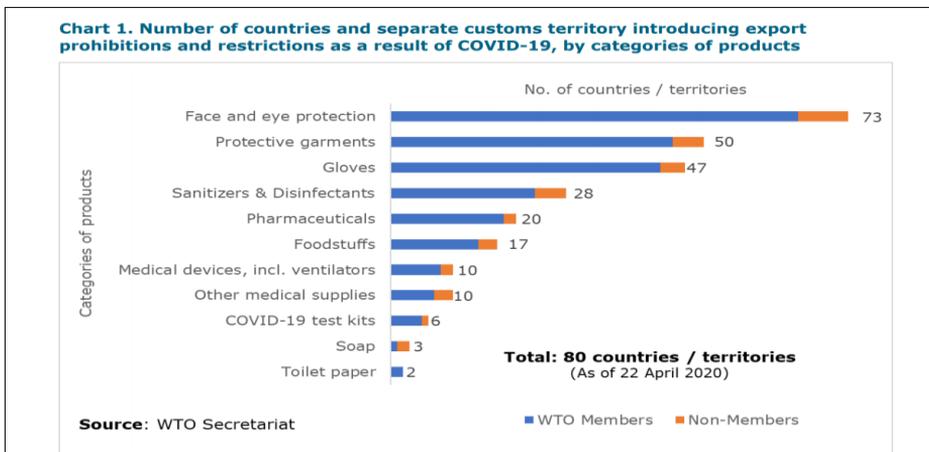
Various restrictive measures are implemented by countries in the fight against the spread of the COVID pandemic. According to a WTO report, 144 COVID-19 trade and trade-related measures on goods have been implemented by G20 economies. Of these, 105 (73%) were of a trade-facilitating nature and 39 (27%) could be considered trade restrictive. Export restrictions accounted for 95% of all restrictive measures recorded, and of these, 54% had been phased out by mid-October 2021. A total of 18 trade restrictions remained in place, of which 17 are export restrictions (WTO 2021b). Measures to curb the spread of the disease have shut down large swathes of the world economy, leading to dramatic downward supply and demand shocks (WTO 2020b) because supply-chain losses that are related to initial COVID-19 lockdowns are largely dependent on the number of countries imposing restrictions (Guan et al. 2020). This situation blocks the movement of trade in goods and services including medicine, medical supplies, medical equipment, and personal protective products. Whereas the concentration of some critical supply chains concentrated in China and elsewhere in a

few countries has left dependent countries vulnerable to supply shocks during times of crisis (Curran & Eckhardt 2021). Consequently, 80 countries and separate customs territories have introduced export prohibitions or restrictions as a result of the COVID-19 pandemic (World Trade Organization Secretariat 2022). (See figure 3). It is deemed that had China, highly developed western countries in Europe and the United States been affected, the global supply-chain effects would have been 12.6% of global GDP (Guan et al. 2020). When the countries are large exporters of goods on which the export prohibition or restriction is enacted, importers will suffer, and in particular poor countries with limited production capacity (World Trade Organization Secretariat 2022). Intervention in the world's supply chains made by countries can have a severe impact on pandemic prevention and control on a global scale.

When it comes to reducing supply chain interruption, countries are supposed to flout WTO rules rather than FTA regulations. To illustrate, FTAs do little to encourage the diversification of supply chains and in some cases actually exacerbate supply chain risks, especially through loose rules of origin (Meyer 2020). On the other hand, WTO rules constrain aggressive regulation of supply chain risks designed to prevent a crisis while providing exceptions for aggressive action only in the face of a crisis (Meyer 2020). As such, WTO rules, particularly Article XI¹³ and Article XX¹⁴ GATT (1947), provide a carveout and a number of exceptions and flexibility in response to a supply chain crisis during the pandemic. However, as mentioned in section 1, the establishment of FTAs shows an upward trend which makes the multilateral trading system more fragmented. As a result, this presents difficulties to the resilience of the multilateral trading system when supply chain risks can be exacerbated.

Figure 3

Number of countries and separate customs territory introducing export prohibitions and restrictions as a result of COVID-19, by categories of products



¹³ Article XI GATT 1947 prohibits export restrictions.

¹⁴ Article XX GATT 1947 introduces export restrictions in case of critical shortage and for human health reasons.

Sources: WTO 2020b

2.2. Secondly, facilitation of nationalism

Imposing export restrictions also trigger a domino effect that pushes other exporters to introduce similar restrictions. For example, Vietnam is the second-largest rice exporter (Statista 2022). Because rice is an essential food source, at the start of the COVID-19 pandemic, the Ministry of Industry and Trade of Vietnam proposed to suspend rice export from February to May of 2020 (Ministry of Industry and Trade of Vietnam 2022). More importantly, prohibitive and restrictive measures adopted in one country may lead other exporting countries to feel compelled to adopt similar measures. As a result, there would be a series of tariff barriers erected by countries to protect domestic goods which global trade is trying to limit. Due to the turbulence in global supply chains, the international trade system finds it hard to ensure the predictability of essential good supplies. It is understandable that this creates doubts about international trade or in other words, trust in the global value chain can be eroded. As such, there will be a trend of self-supply of domestic production instead of imports. This is referred to as a kind of "nationalism" in international trade.

To combat the COVID-19 pandemic, vaccines are an effective and preventative solution in the fight against the pandemic while vaccine manufacturing is an expensive, complex process, in which even subtle changes may alter the purity, safety, or efficacy of the final product (Hassoun 2021). High-income countries have scrambled to buy up more vaccines than they need, while low- and middle-income countries are left to rely on their limited resources or donations and charity (Hassoun 2021). This means poor countries may lack access to a vaccine for years (Bollyky & Bown 2020). COVID-19 vaccines are likely to be scarce for years to come. Many countries, from India to the U.K., have demonstrated vaccine nationalism (Emanuel et al. 2021), whereas coping with the global pandemic requires the synergy of the whole system. Therefore, maintaining and strengthening existing vaccine supply chains, by keeping open trade in vaccines and their intermediate goods, is essential (Emanuel et al. 2021). This questions the role of international institutions – for example, the WTO – in eradicating “vaccine nationalism”¹⁵ (Oxfam 2022) and coordinating global vaccine supply toward global COVID-19 vaccine equity.

To sum up, according to the WTO, given the present uncertainty about the pandemic’s likely trajectory, it is difficult to predict its ultimate impact on the global economy and trade (OECD 2022). In terms of international trade, the COVID-19 pandemic represents an unprecedented disruption to the global economy and world trade, as production and consumption are scaled back across the globe (World Trade Organization 2022). The COVID-19 crisis has underlined the relevance of rules-based free trade, as open markets and uninterrupted global supply chains are fundamental for access to medicines and other essential products (World Trade Organization 2022). Disruptions caused by trade-restrictive policies can severely delay the development,

¹⁵ “Vaccine nationalism” is where countries prioritise their own citizens and insist on priority access to vaccines through bilateral deals.

production, and distribution of treatments and vaccines (Bhatia 2020) while so far, effective prevention measures have not been found and the pandemic has recurred in some countries (Rongjiu 2020). Accordingly, international cooperation and global endeavors are needed to jointly combat the pandemic.

3. The roles of the multilateral trading system in mitigating COVID-19 effects

‘Global challenges require global solutions’ has been a common refrain over the past year (Marceau & Parwani 2021). Looking back to the history of previous pandemics, global disease outbreaks such as influenza H1N1 in 2009, MERS-CoV in 2012, Ebola from 2013 to 2016, and Zika from 2013 to 2016 require a level of international cooperation in response to those pandemics (Coronado Martínez 2020). It is impossible for one country to counter against a global pandemic on its own: this also holds true with regards to the ongoing complications of the COVID-19 pandemic. However, the conceptual approach to COVID-19 response is still unsystematic, and it can be assumed that cooperation will be the best choice (Evdokimov & Guliyev 2020). The cooperation varies between different levels. In particular, at the global level, preparing an appropriate response in the face of the COVID-19 pandemic will be very difficult without the interactions of international institutions and countries. A collaborative response requires the global trading system to ensure seamless trade in pandemic-related products, services, and technologies (Bhatia 2020). As such, the question posed is how the WTO and the multilateral trading system mitigate COVID-19 effects.

3.1. Firstly, monitoring trade policy to ensure the smooth flow of essential goods and services through promoting global supply chains

As mentioned above, restrictive and prohibitive measures – especially import restrictions implemented by countries – can delay the production and distribution of medical supplies and vaccines to an extreme degree. Although the WTO rules allow countries to impose these measures in response to the pandemic, this requires the WTO to ensure that its rules regarding export prohibitions and restrictions are respected by WTO members and are consistent with WTO rules. More importantly, the main purpose of the WTO’s supervision is to guarantee that these policies refrain from damaging global supply chains as much as possible. The G20 Ministerial Statement of 30 March 2020 stressed that “emergency measures designed to tackle COVID-19, if deemed necessary must be targeted, proportionate, transparent, and temporary, and that they do not create unnecessary barriers to trade or disruption to global supply chains, and are consistent with WTO rules”. This means that WTO members are allowed to impose restrictive policies but with certain limitations. In this situation, the G20 and WTO play a key role in supporting this trust as a chamber for countries to discuss trade policy (Bacchetta et al. 2021) to promote resilience of global supply chains. Additionally, the WTO performs its monitoring functions to keep the use of counterproductive export restrictions to a minimum, as they tend to provoke trade-restrictive responses of trading partners, stifle incentives to produce, and make production more complicated in international value chains (Bacchetta et al. 2021).

3.2. Secondly, an international channel where country members join together to combat the COVID-19 pandemic

One of the great challenges of the multilateral trading system is the lack of transparency and cooperation among country members when it comes to imposing restrictions and prohibitions. According to WTO rules, WTO members are required to promptly notify and publish information about trade measures to the WTO and other WTO members¹⁶. A large part of measures notified to the WTO COVID-19 transparency scheme facilitates international trade (Marceau & Parwani 2021). However, until April of 2020, only 39 members have notified the WTO about the introduction of new measures under the decision on quantitative restrictions and only three have notified about export restrictions on foodstuffs pursuant to Article 12 of the Agreement on Agriculture (World Trade Organization Secretariat 2021). As a result, it will be difficult for countries around the world to know which measures have been enacted by whom and when. Insufficient information makes it difficult for country members to make decisions about importing goods and finding new suppliers in order to respond flexibly under the influence of the COVID-19 pandemic.

Moreover, as an international organization with the regulatory function of global trade, the WTO monitors and reviews transparency of trade policy and measures conducted by WTO members through the Trade Policy Review mechanism to produce certainty and predictability of trade policy. Transparency is a fundamental feature of the multilateral trading system (Marceau & Parwani 2021) which promotes trade to flow smoothly and efficiently. In respond to this, the WTO, as a platform for transparency, plays a central role in figuring out the information about COVID-related trade measures and ensuring that supply chains are kept open and restrictive trade policies are avoided (World Trade Organization Secretariat 2022). However, it should be taken into account that this leading role would not be fulfilled without the active cooperation by country members.

3.3. Thirdly, promote COVID-19 vaccine access and distribution

Without the capacity to produce their own vaccine against the COVID-19 virus, countries – especially developing countries – depend on COVID-19 vaccine production from other developed countries. When it comes to vaccine access in developing countries, intellectual property rights (IPR) are considered to pose a barrier to the sufficient manufacturing of vaccines, even though having licensed vaccines is not enough to achieve global control of COVID-19 (Wouters et al. 2021). This is because IP rights, for example, patents and the protection of undisclosed information – which includes clinical trial data – can have an important impact on the creation and manufacturing of medicines and vaccines to fight the COVID-19 pandemic (Marceau & Parwani 2021). The tension between IPRs and public health has become more contentious when, in October 2020, some countries like India and South Africa asked

¹⁶ See Article 10.1 GATT 1947 and Article 5 Agreement on Trade Facilitation, and Decision on Notification Procedures for Quantitative Restrictions 2012.

WTO members to waive IP rights¹⁷ under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) in relation to the „prevention, containment or treatment of COVID-19 in a certain period.” However, it is believed that the proposals to waive IP rights for COVID-19 vaccines are unnecessary (Baachus 2020) and they can set a negative precedent as a bad policy (Mercurio 2021). While the TRIPS Council has continued to take into consideration the waiver request (TRIPS Council 2021), developing countries may be more vulnerable to the trade impacts of the pandemic than developed countries (World Bank US 2022) including vaccine access.

An action taken to ensure that international trade allows for equitable and affordable global access to medical supplies and equipment is completely necessary. To deliver on this challenge, a collaboration between international institutions could prove helpful. As such, several calls for a new commitment for vaccine access and defeating the pandemic have been made by the IMF, the World Bank, the World Health Organization (WHO), and the WTO. In particular, the WTO emphasized the importance of refraining from supply chain disruptions during the pandemic so that sufficient supply of COVID-19 vaccines may be reached. The WTO can facilitate the smoothness of international transport and travel to make the logistics sector more resilient to shocks, thus reducing the impacts of the crisis on supply chains and stabilizing trade costs.

In conclusion, on the positive side, this crisis is an ample opportunity for the WTO to consolidate and strengthen mutual trust in the multilateral trading system in order to address pre-existing issues of the global trading system and toward global effective solutions to mitigate the impacts of the unprecedented global pandemic. The global pandemic pushes the revitalization of multilateralism at the WTO. Regardless of what the WTO can do, when faced with global disasters like the COVID-19 pandemic, the optimal solution for countries is to pursue and defend multilateralism rather than national protectionism.

4. Responding to the COVID-19 pandemic from the perspective of Vietnam – a developing country – for the sake of the multilateral trading system

According to the WTO Information Note on the COVID-19 Pandemic and Trade-Related Developments in the Least Developed Countries (LDCs), COVID-19 poses the most daunting challenges to the trade of LDCs (Jusoh & Ramli 2021). In the early stage of the COVID-19 pandemic, Vietnam was globally recognized as one of the world’s most successful countries in response to the COVID-19 pandemic (The United Nations News 2022). However, according to the World Bank, developing countries, especially in East Asia, where trade and tourism make up the bulk of the economy, have been severely damaged. Therefore, from the perspective of developing countries, Vietnam is still at risk of the return of COVID-19 waves due to the fragility of the health system, limited vaccine resources and rollout, and a high population density, all of which can put Vietnam in danger of the COVID-19 pandemic at any time. As a result, Vietnam has recorded 2.380.095 confirmed cases as of February 8, 2022 (Jusoh & Ramli 2021). Therefore, from above analysis, the author would suggest recommendations to be made

¹⁷ Related to vaccines patents, copyrights, industrial designs, and undisclosed information (trade secrets).

for Vietnam, from the perspective of developing countries, to combat the pandemic in the current context:

4.1. Firstly, promote the multilateral trading system against the COVID pandemic

Given the current pandemic situation, a common request is being made for governments to take a common approach to international trade to avoid widespread economic collapse and the disruption of global supply chains on the road towards recovery and building a strong resilience. As mentioned above, international cooperation is an optimal solution in response to the crisis whereas protectionism can exacerbate the global health crisis and delay post-pandemic economic recovery. It is demonstrated that global cooperation in times of crises is preferred over national policies such as domestic production and export restrictions (Bacchetta 2021). Vietnam's recent emerging economy has gained achievements in the last two decades. A recent positive result is Vietnam's economic resilience to the impact of COVID-19 pandemic, as exemplified by the 2.9% GDP growth in 2020. Thanks to the economic integration policy, Vietnam recently moved to the group of 20 largest traders among WTO Members (World Trade Organization 2022). As such, Vietnam is willing to join hands with the international community and support multilateralism to make contributions to the multilateral trading system.

Consider minimizing the adoption of measures to limit international trade: As indicated above, restrictive and prohibitive measures for the sake of pandemic response are implemented, while failing to consider their long-term economic and trade consequences. To demonstrate, as the world's second-largest rice exporter, the Ministry of Industry and Trade of Vietnam suspended rice export in the early stage of the pandemic to secure domestic rice production: in contrast, this measure can not only impact global food security, but, in the long run, it may lead to the loss of export opportunities with good prices for one of the main rice exporting countries in the world. If it proves necessary to enact trade-restrictive measures, Vietnam should strictly comply with the WTO's recommendation on notification obligations and transparency. Vietnam should notify, as promptly as possible, all new restrictive measures on export, according to the WTO's rules – for example, the Decision on Notification Procedures for Quantitative Restrictions, the Agreement on Agriculture (Article XII), transparency rules of The WTO Trade Facilitation Agreement (Article I) – and also endeavor to provide additional information for other countries, whenever required.

4.2. Secondly, adopt some measures to minimize disruptions to the global supply chain

Ensure uninterrupted maritime transportation: The main mode of transport for global trade is ocean shipping because more than 80 percent of global merchandise trade by volume is carried out by sea (UNCTAD 2020) including goods, food, energy, raw materials, and manufactured components. Under the turbulence of the COVID-19 pandemic, Vietnam needs to be pursuant to recommendations of UNCTAD (especially in the context of air traffic delays) to maintain operations of carriers, especially those of critical medical supplies.

Provide adequate information to stakeholders: The government of Vietnam must clearly communicate and guarantee the accuracy of information about the pandemic as well as policies that affect trade to stakeholders. The Government's portal needs to provide transparent and complete information on all processes and procedures for domestic and foreign business. Governments should also support industry associations throughout their networks.

Promote the efficiency of digital customs: During the epidemic, minimizing physical contact in performing procedures is necessary. Alternatives to traditional trading methods such as commercial bills of lading should also be encouraged. Allowing traders to apply for and receive permits and documents online is an effective way to eliminate physical interaction and reduce the sources of viral infection.

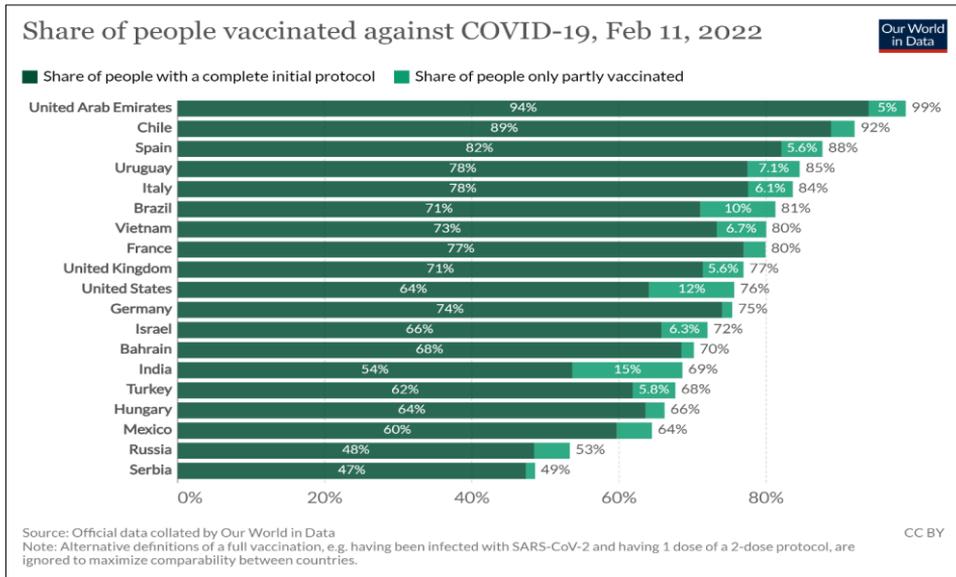
Provide legal support to traders: The impact and consequences of the pandemic on the economy and society are not fully visible yet. There can arise many legal problems from trade and business transactions around the globe (e.g. delay in contract performance, liability for breach of contract, force majeure). More importantly, the impact of the pandemic can cause damage to traders, even bankruptcy which puts stress and overload on the judicial system when disputes arise. Therefore, the government should take appropriate preventive and supportive measures for traders by encouraging alternative dispute resolution methods such as mediation to minimize damage to the parties so that international trade is still on the go.

4.3. Thirdly, take advantage of international cooperation to provide COVID-19 vaccine for citizens

As of February 2022, there are five internationally developed vaccines against COVID-19 that are in research and production in Vietnam and two more are currently being researched and developed by Vietnam (Ministry of Health of Vietnam 2021). This means that Vietnam has not yet produced its own vaccine against the COVID-19 pandemic. However, as a result, Vietnam's vaccination rate of the first dose is 100% and the rate of basic full dose vaccination is 92.6% of the population aged 18 years and older as of 11 January 2022 (Ministry of Health of Vietnam 2021). Thanks to the policies toward multilateralism and international cooperation, Vietnam is the country with the 11th highest rate of vaccination against COVID-19 vaccine in the world although Vietnam's own vaccine production is still in the process of research and development (See Figure 4).

Figure 4

Share of people vaccinated against COVID-19, Feb 11, 2022



Source: Our World in Data (2022)

Conclusion

The global spread of COVID-19 has posed major problems to the multilateral trading system and global supply chain. The answer to these problems does not lie in a single country but must come from consensus and solidarity from all countries in the world. The pandemic has given the world a message that each country cannot exist in isolation to combat the pandemic without cooperation and coordination. Global pandemic requires a global solution. In this scene, international cooperation is required in the fight against the COVID-19 pandemic. Therefore, there can be no substitute for multilateralism and international organizations such as the WHO and the WTO. As an international organization with monitoring function, the WTO has some role in mitigating the spread of pandemic through (1) monitoring trade policy to ensure the smooth flow of essential goods and services through promoting global supply chains; (2) promoting COVID-19 vaccine access and distribution; (3) being an international channel where country members join together to combat the COVID-19 pandemic.

Vietnam is a developing country with a population of almost 100 million people¹⁸ (Worldometer 2022) and limited resources and poor-quality health care system. As of 2022, Vietnam has not produced a vaccine against COVID-19 yet. However, Vietnam is one of the few countries that has successfully slowed the pandemic thanks to the multilateral cooperation policies especially the vaccine diplomacy policy (Tran, Nguyen

¹⁸ The current population of Vietnam is 99,180,084 as of August 11, 2022

& Nguyen 2022). Therefore, the successful story of Vietnam against the COVID-19 pandemic would be beneficial to others, especially countries countering with a growing pandemic (Van Nguyen et al. 2020, 989). Sharing the strategies that Vietnam used to successfully slow the pandemic is beneficial to others, particularly countries dealing with a growing pandemic. However, being threatened by limited health capacity for nearly 100 million, it is necessary for Vietnam to raise the spirit of international cooperation and support the multilateral trading system in combination with adopting measures to limit disruption of the global supply chain. All these actions show cases to the international community that Vietnam is always ready to cooperate and unite with countries around the world to repel the pandemic in the most effective ways. It is also a strong commitment of Vietnam in conformity with multilateral trade institutions - which have been the key to Vietnam's economic development in recent decades. Vietnam has been ranked amongst one of the most successful countries in managing COVID-19 with 2 572 confirmed cases and 35 deaths since the beginning of the outbreak (Ministry of Health Vietnam 2022). The success of vaccination coverage is attributed to multilateral cooperation. Within the WTO framework, Vietnam's viewpoint is to always support a fair, open and rule-based multilateral trading system (World Trade Organization 2022).

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