



EUROPEAN  
LEADERSHIP  
NETWORK

Bourse  
& Bazaar  
بورس و بازار

# European supply chains are global lifelines:

Why Europe must maintain  
medical exports during the  
COVID-19 pandemic

GLOBAL SECURITY  
POLICY BRIEF

Esfandyar Batmanghelidj

April 2020

**The European Leadership Network (ELN) is an independent, non-partisan, pan-European NGO with a network of nearly 200 past, present and future European leaders working to provide practical real-world solutions to political and security challenges.**

### **About the author**

**Esfandiyar Batmanghelidj** is the founder of Bourse & Bazaar, a think tank focused on Middle Eastern and Central Asian economies, and particularly that of Iran. His scholarship has been published in the Encyclopedia Iranica and the journal Iranian Studies. Esfandiyar holds a B.A. in Political Science and Middle Eastern Studies from Columbia University.

Published by the European Leadership Network, April, 2020

European Leadership Network (ELN)  
100 Black Prince Road  
London, UK, SE1 7SJ

@theELN

[europeanleadershipnetwork.org](http://europeanleadershipnetwork.org)

Published under the Creative Commons Attribution-ShareAlike 4.0  
International License OR © The ELN 2019

The opinions articulated in this report represent the views of the author, and do not necessarily reflect the position of the European Leadership Network or any of its members. The ELN's aim is to encourage debates that will help develop Europe's capacity to address pressing foreign, defence, and security challenges.

# Executive Summary

European leaders have long equivocated on the question of what European power ought to look like. Given a reluctance to project power either militarily or financially, appeals are made to Europe's role in shaping a rules-based order, a kind of values-driven leadership that feels lacking during moments of global crisis. But as countries around the world look to Europe to maintain their supplies of lifesaving equipment during the COVID-19 pandemic, a possible new articulation of European power becomes clear—Europe as a healthcare superpower. The European Union is the world's largest exporter of medical supplies, and low and middle-income countries are highly dependent on European supply chains. Despite this global dependence on Europe, fearful about the impact of COVID-19 in their own borders, EU governments have taken measures to limit the exports of critical equipment, calling for a “war economy” to boost production of ventilators and personal protective equipment, yet embracing a kind of reverse protectionism in doing so. To lead during this global crisis, Europe must boost production of medical supplies not just to meet demand at home, but also to ensure a large enough surplus to sustain commercial exports, ensuring that the developing world is not solely dependent on aid for the duration of the pandemic. For low and middle-income countries, the stakes could not be higher.

## The author recommends:

- **First**, Europe—like Trump's America—must boost production of ventilators, personal protective equipment, and other medical supplies not just to meet demand at home, but explicitly also to ensure a large enough surplus to sustain commercial exports, ensuring that the developing world is not solely dependent on aid for the duration of the pandemic.
- **Second**, given Europe's clear desire to maintain imports, European governments must safeguard the free flow of trade, by ensuring export controls do not stifle global access to medical supplies and by reducing trade barriers such as duties and tariffs.
- **Third**, Europe must push back on the harmful humanitarian impact of sanctions on several countries in the developing world, including Iran, Venezuela, and Cuba. Given the nature of supply chains and the interdependencies they represent, sanctions should be understood to be inhibiting not merely the ability of these countries to respond effectively to COVID-19, but also Europe's ability to support that response as a matter of policy.

## Introduction

According to official statistics, nearly 60,000 Iranians have been afflicted with COVID-19, the disease spread by the novel coronavirus that has triggered a global pandemic. The Iranian healthcare sector is facing an unprecedented challenge as doctors and nurses work to exhaustion to treat the ill. After China, Iran is, so far, the developing country worst hit by the pandemic. It presents both a limiting case and a test for Europe's international response to the crisis.

To date, over 3,600 Iranians have died. Iran was one of the first countries affected as the virus spread from China and the country's outbreak has proven especially severe given early failures to contain infections. Today, every Iranian province is confronting COVID-19 and the extent of the outbreak is testing the ability of the government and other state actors to marshal an adequate response to the parallel public health and economic crises. In this regard, Iran is, regrettably, foreshadowing how many developing countries will fare.

European governments have sought to support Iran during this crisis, but these efforts have largely been limited to the provision of aid. The European Union has earmarked around EUR 20 million in funding to support the activities of trusted NGOs operating on the ground in Iran. This is in addition to funding provided to the World Health Organization to

support the WHO's response in Iran as well as in other countries. European aid to Iran also includes donations of medical equipment from France, Germany, and the United Kingdom. Aid has also been provided to Iran by Japan, China, Russia, Qatar, Kuwait, and the UAE. These shipments have played an important role in shoring up Iran's public health response in the early days of the crisis. But no single country could survive on this limited assistance, still less the whole of the developing world.

As outbreaks intensify and donors such as the European Union confront their own public health crises, it has become politically difficult to sustain aid shipments to developing countries. The political channels through which medical aid is arranged and provided are in any case no substitute for vastly larger and more flexible commercial supply chains.

**The political channels through which medical aid is arranged and provided are in any case no substitute for vastly larger and more flexible commercial supply chains.**

But across Europe, fearful politicians are shutting down medical exports and suggesting that the European Union must prioritise self-sufficiency in this time of crisis. This is despite the fact that the European Union is—by far—the world’s most important producer and exporter of medical supplies. It is a healthcare superpower.

**The European Union is—by far—the world’s most important producer and exporter of medical supplies. It is a healthcare superpower.**

For its own security and prosperity, to say nothing of its humanitarian responsibilities, Europe will need countries across Africa, Asia and Latin America to suffer as little as possible and to recover as fast as possible from the pandemic. But the prospects for optimal recovery depend on the continuity of European exports.

President of the European Commission Ursula von der Leyen has called for the European Union to be “a Union that strives for more”. If this Union wants to demonstrate global leadership during this pandemic, it will need both to exploit and to nurture its healthcare superpower status. The crisis gives it a chance to do so even on the most

difficult case of Iran. In short, Europe needs to take fuller account of its unique responsibilities to protect global healthcare supply chains.

## European Healthcare Supply Chains

Europe is home to many of the world’s leading pharmaceutical companies, such as Sanofi and Novo Nordisk, and medical device makers such as Siemens and Philips. Over the last few decades, these companies have dramatically expanded their global sales, thereby “facilitating a system in which these countries have come to rely on EU suppliers for their essential medical equipment.” Trade economist Chad Bown shows this dependency by detailing the EU’s share of global exports of face shields to key countries: 78 percent of exports to Morocco, 70 percent of exports to Ukraine, 54 percent of exports to Russia, and 50 percent of exports to Turkey.<sup>1</sup>

With outbreaks of COVID-19 accelerating among EU member states, on March 15 the European Commission introduced new regulations that place export controls on the personal protective equipment (PPE) used by doctors and nurses to

---

<sup>1</sup> Bown, Chad. “EU Limits on Medical Gear Exports Put Poor Countries and Europeans at Risk.” Peterson Institute for International Economics, March 19, 2020. <https://www.piie.com/blogs/trade-and-investment-policy-watch/eu-limits-medical-gear-exports-put-poor-countries-and>

limit their exposure to the virus when treating patients.<sup>2</sup> The regulations will prevent the export of face masks, face shields, surgical gowns, gloves, and other equipment to non-EU countries, while promoting the trade of these goods among EU member states in order to minimise shortages within the bloc.

The motivations behind the new regulation are understandable – “EU First”. But the policy stands in stark contrast with the vision set out by von der Leyen. That vision included a call to “strengthen Europe’s role as a global leader and standard setter through a strong, open and fair trade agenda.”<sup>3</sup>

The redirection of European supply chains away from global markets is likely to compromise the global public health response to COVID-19 and may have significant geopolitical consequences. As Henry Farrell and Abraham Newman write, such a move by European exporters may mean we are “facing the dangerous prospect of ‘reverse protectionism,’ in which states restrict exports rather than imports, and fight with each other to win control of scarce resources needed to protect

---

2 “Commission Publishes Guidance on Export Requirements for Personal Protective Equipment.” European Commission, March 20, 2020. <https://trade.ec.europa.eu/doclib/press/index.cfm?id=2123>.

3 Leyen, Ursula von der. “A Union That Strives for More: My Agenda for Europe,” October 9, 2019. <https://www.europarl.europa.eu/resources/library/media/20190716RES57231/20190716RES57231.pdf>.

their citizens.”<sup>4</sup>

Bown has likewise argued that the new regulations could prove “self-defeating,” both because they will “disrupt supply chains” at a cost to European manufacturers and also because the new policy could “block EU exports of vital equipment to the world’s poorest victims of the pandemic.”<sup>5</sup> He highlights that the healthcare systems of poor and developing countries around the world depend on medical supplies from the European Union.

## The healthcare systems of poor and developing countries around the world depend on medical supplies from the European Union.

A report from Global Trade Alert calling for a “cooperative trade policy” in the face of the COVID-19 crisis provides further evidence for the world’s dependency on European medical exports. Analysing trade data

---

4 Farrell, Henry, and Abraham L. Newman. “Will Governments Restrict Foreign Access to Pandemic Supplies?” *Harvard Business Review*, March 23, 2020. <https://hbr.org/2020/03/will-governments-restrict-foreign-access-to-pandemic-supplies>.

5 Bown, “EU Limits on Medical Gear Exports Put Poor Countries and Europeans at Risk.”

from 2018, the report notes that “no nation in Africa, the CIS region, the Middle East, and South Asia exported medical ventilators.” While this does not mean that “there are no domestic producers in these regions”, the data suggests that the “likelihood that any domestic producer can deliver cutting-edge medical ventilators is slim.” The European Union accounts for half of global ventilator exports. Given that the “export authorisation-cum-ban is now in effect” these producers are “already beyond reach of buyers in emerging markets.”<sup>6</sup>

Iran is one of these emerging markets, a country where European supply chains act as lifelines. The maintenance of these supply chains has a direct bearing on the ability of Iranian medical professionals to treat patients effectively. In 2018, the European Union exported \$870 million worth of pharmaceutical products to Iran—equivalent to 70 percent of global sales to the Islamic Republic and compared with just \$53 million in exports from China, Iran’s largest overall trading partner. Similar figures can be seen in the share of EU exports of medical devices to Iran. EU exports of CT scanners, x-ray machines, and related technologies were valued at \$87 million in 2018, sixteen times higher than the Chinese total in the same year and accounting for 68 percent of global exports to Iran in

---

6 Evenett, Simon. “Tackling COVID-19 Together.” Global Trade Alert, March 23, 2020. <https://www.globaltradealert.org/reports/51>.

that category. The same dependency on European Union exports can be observed in nearly all developing countries, and especially those in Europe’s immediate “neighborhood.”

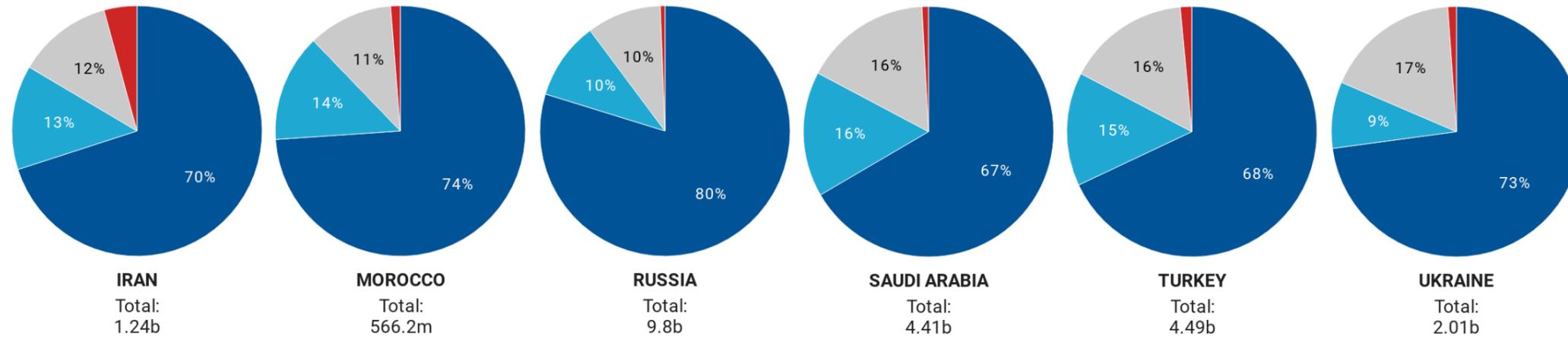
**European supply chains act as lifelines. The maintenance of these supply chains has a direct bearing on the ability of medical professionals to treat patients effectively. Dependency on European Union exports can be observed in nearly all developing countries, and especially those in Europe’s immediate “neighborhood.”**

The following figures tell an important story—the European Union is the trade partner most capable of supporting the development of modern healthcare infrastructure, not just for Iran, but for all countries worldwide. This gives European exports of medicine and medical equipment a unique geopolitical dimension as the world faces a global pandemic.

## Global Exports of Pharmaceutical Products

2018 USD total exports by HS (2012) division 30

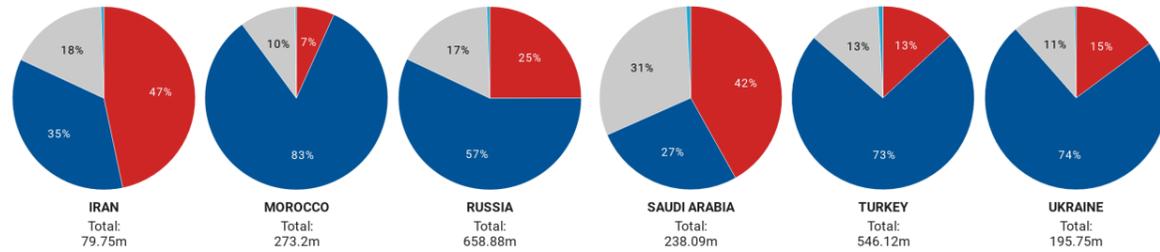
■ EU ■ Switzerland ■ ROW ■ China



## Global Exports of Face Shields

2018 USD total exports by HS (2012) division 392690

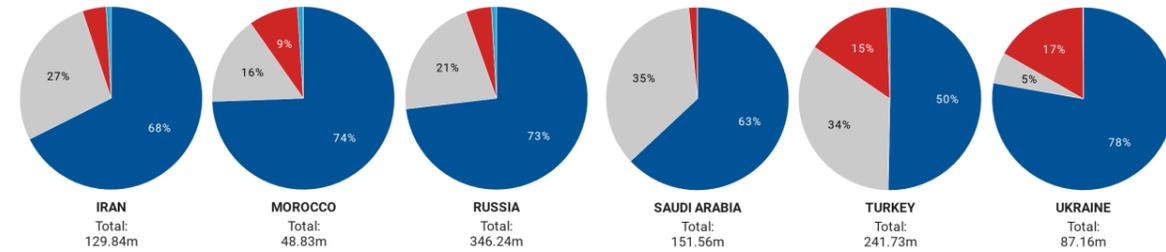
■ China ■ EU ■ ROW ■ Switzerland



## Global Exports of Medical Imaging Equipment

2018 USD total exports by HS (2012) division 9022

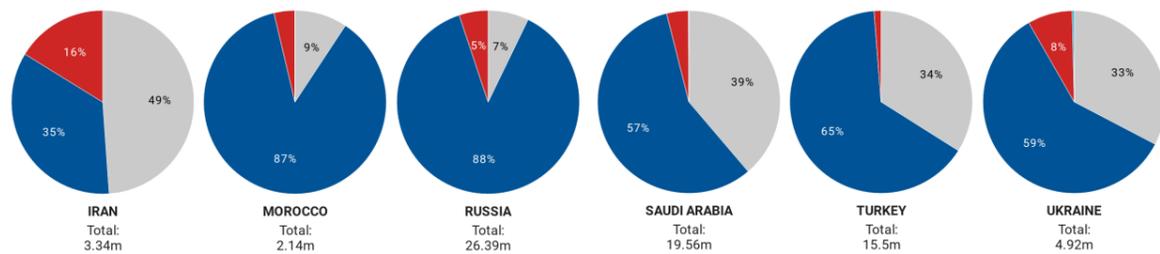
■ EU ■ ROW ■ China ■ Switzerland



## Global Exports of Breathing Apparatuses

2018 USD total exports by HS (2012) division 9020

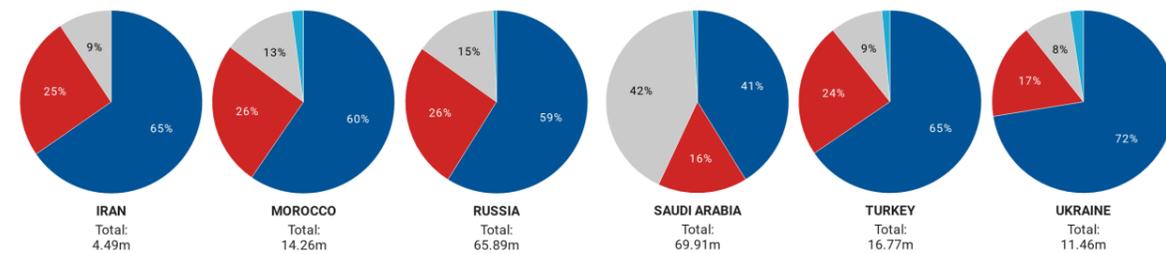
■ ROW ■ EU ■ China ■ Switzerland



## Global Exports of Medical Furniture

2018 USD total exports by HS (2012) division 9042

■ EU ■ China ■ ROW ■ Switzerland



**The previous figures tell an important story—the European Union is the trade partner most capable of supporting the development of modern healthcare infrastructure, not just for Iran, but for all countries worldwide. This gives European exports of medicine and medical equipment a unique geopolitical dimension as the world faces a global pandemic.**

## Leadership Beyond Europe

Europe has responded to COVID-19 by invoking the idea of the “war economy,” mobilising state resources to boost production of medical equipment, such as ventilators, as shortages grip the continent. German Chancellor Angela Merkel has called the COVID-19 pandemic the greatest challenge Germany has faced since the Second World War. French President Emmanuel Macron has declared “war” against the virus. Domenico Arcuri, the commissioner leading Italy’s coronavirus response, has called for the country to “equip itself with a war economy.”<sup>7</sup> Army technicians have been deployed to support production of ventilators at production facilities across Northern Italy.<sup>8</sup>

As reflected in the new regulation from the European Commission, political leaders will invoke the war economy

---

7 “Il Commissario Arcuri: ‘Attrezzarci per Economia Di Guerra’. Mattarella: ‘Clima Di Difficoltà, Cittadini Siano Uniti Intorno a Valori Costituzionali.’” *Il Fatto Quotidiano*, March 17, 2020. <https://www.ilfattoquotidiano.it/2020/03/17/coronavirus-la-diretta-i-contagi-sono-31-506-le-vittime-2-503-il-commissario-arcuri-attrezzarci-per-economia-di-guerra-mattarella-clima-di-difficolta-cittadini-siano-uniti-intorn/5739109/>.

8 Miller, John, and Elvira Pollina. “Army Joins the Production Line as Ventilator Makers Scramble to Meet Demand.” *Reuters*, March 21, 2020. <https://www.reuters.com/article/us-health-coronavirus-ventilators-insigh/army-joins-the-production-line-as-ventilator-makers-scramble-to-meet-demand-idUSKBN2180JU>.

as part of calls for self-sufficiency and addressing shortages at home. Since the beginning of the year, fifty-four governments worldwide have imposed export controls on medical supplies.<sup>9</sup> But the drive for self-sufficiency is misguided, as history attests. Economic historian Nicholas Mulder observes, “Most war economies in the 20th century were deeply international in their supply lines. The medical mobilization against COVID-19 will have to be similarly global.”<sup>10</sup> This is especially true when considering how advanced medical equipment, such as ventilators, is produced, using parts and components sourced from suppliers around the world.

Economists at the International Monetary Fund have likewise embraced the notion of “wartime policy measures,” but are careful to explain that such measures must include “maintaining international trade and cooperation, which are essential to defeating the pandemic and maximizing the chances of a quick recovery.” The IMF has made available \$50 billion in emergency financing to low-income and developing countries, but these funds are only useful if they can be readily spent on life-saving equipment. To this end, the Fund’s economists argue that “countries must resist the instinct of shutting down

---

9 Evenett, “Tackling COVID-19 Together.”

10 Mulder, Nicholas. “The Coronavirus War Economy Will Change the World.” *Foreign Policy*, March 26, 2020. <https://foreignpolicy.com/2020/03/26/the-coronavirus-war-economy-will-change-the-world/>.

trade, especially for health-care items and the free exchange of scientific information.”<sup>11</sup>

The fundamental challenge facing European policymakers is to narrow the gap between supply and demand for medical supplies, not only in their own countries but at a global scale. This will require global solutions. In this regard, US President Trump has expressed the correct instinct, promising to send excess ventilators to Europe as U.S. companies such as Ford and GE Healthcare retool assembly lines to produce the needed equipment. “As we outpace what we need, we’re going to be sending them to Italy, we’re going to be sending them to France, we’re going to be sending them to Spain, where they have tremendous problems, and other countries as we can,” the president told reporters.<sup>12</sup> At the same time, the United States Federal Government has begun procurement of medical supplies from China, a country which has increased both commercial exports and aid shipments of supplies as part of an effort to show global leadership during the COVID-19

---

11 Dell’Aricca, Giovanni, Paolo Mauro, Antonio Spilimbergo, and Jeromin Zettelmeyer. “Economic Policies for the COVID-19 War.” International Monetary Fund, April 1, 2020AD. <https://blogs.imf.org/2020/04/01/economic-policies-for-the-covid-19-war/>.

12 Woodall, Hunter. “Trump Vows to Send Ventilators to Europe as U.S. Governors Plead for Supplies.” Daily Beast, March 30, 2020. <https://www.thedailybeast.com/trump-vows-to-send-ventilators-to-europe-as-us-governors-plead-for-supplies>.

crisis.<sup>13</sup> This, of course, has not in the short term prevented the Trump administration, as it “scrambles” to procure medical supplies, doing so at the expense of allies including Canada and European states. Andreas Geisel, Berlin’s interior minister accused the United States of an “act of modern piracy” after a shipment of 200,000 protective masks ordered from a German dealer was allegedly confiscated in Bangkok while en route to Germany and sent to the United States.<sup>14</sup> After the United States blocked a large shipment of N95 masks to Canada, Canadian Prime Minister Justin Trudeau reminded President Trump that “it would be a mistake to create blockages or reduce the amount of back-and-forth trade of essential goods and services, including medical goods, across our border.”<sup>15</sup>

These events, and the prospect of deterioration across the global trade regime, make Europe’s failure to think beyond its borders all the

---

13 Swan, Jonathan, and Joann Muller. “Inside the Start of the Great Virus Airlift.” Axios, March 29, 2020. <https://www.axios.com/coronavirus-airlift-masks-medical-supplies-1d1913bf-744e-41cf-895c-d8934afa2c36.html>.

14 Chazan, Guy. “Germany Accuses US of Face Mask Piracy.” Financial Times, April 4, 2020. <https://www.ft.com/content/bb52e108-a345-4278-8e72-f1c20e010cda>.

15 Whalen, Jeanne, Loveday Morris, Tom Hamburger, and Terrence McCoy. “White House Scrambles to Scoop Up Medical Supplies Worldwide, Angering Canada, Germany.” Washington Post, April 4, 2020. <https://www.washingtonpost.com/business/2020/04/03/white-house-scrambles-scoop-up-medical-supplies-angering-canada-germany/>.

more remarkable. Refusing to safeguard global healthcare supply chains threatens the credibility of European leadership on matters of free trade and multilateralism. EU High Representative Josep Borrell clearly understands the extent to which Europe's initial response to the pandemic is threatening his mandate to create a "geopolitical Europe." In a recent editorial, Borrell echoes the idea of the "war economy," writing, "The coronavirus should be seen as the world's common enemy. Though this is not a war, we nevertheless need a 'war-like' mobilization of resources." However he warns against the "instinct... to turn inward, to fend for ourselves." He concludes, "This reaction, though understandable, is self-defeating. Going it alone all but guarantees that the fight will last longer, and that the human and economic costs will be far higher. Although the enemy has triggered nationalist reflexes, we can defeat it only with cross-border coordination – in Europe and beyond."<sup>16</sup>

Perhaps wanting to avoid direct contradiction of the Commission's imposition of export controls, Borrell focuses on the European provision of financial support to the developing world, rather than on trade. But whereas Europe, the United States

and China can share the burden of providing global financial relief, it is Europe that wears a unique mantle of leadership in this crisis as the world's leading exporter of medical supplies.

## **Refusing to safeguard global healthcare supply chains threatens the credibility of European leadership on matters of free trade and multilateralism.**

Nowhere will this leadership be tested more directly than in the developing world. Not only will developing countries suffer the world's most acute COVID-19 crises—many faced with the dangerous combination of being both densely populated and poor—but the developing world is also highly dependent on European exports of medical supplies. Moreover, however difficult and confrontational the relationship, bilateral relations with many countries dependent on European medical exports—such as Russia, Turkey, and Iran—are crucially important for European security. This reality is now heightened by the fact that the failure to suppress COVID-19 in these countries will keep the virus on Europe's doorstep even if Europe succeeds in its own suppression efforts.

---

16 Borrell, Josep. "Four Priorities for a Global Pandemic Strategy." Project Syndicate, March 30, 2020. [https://www.project-syndicate.org/commentary/global-priorities-covid19-response-by-josep-borrell-2020-03?](https://www.project-syndicate.org/commentary/global-priorities-covid19-response-by-josep-borrell-2020-03?barrier=access_payer)

Several of these countries, such as Russia and Iran, are under EU and US sanctions. This makes more fraught both the domestic politics and the international diplomacy of reversing the European Commission's pandemic-related export ban. And at least in the case of Iran, access to medical supplies is impacted by the threat of US secondary sanctions on European suppliers.

But in terms of humanitarian supplies to Iran, it is really now or never for the EU. Even the US Administration claims that COVID-19 medical exports to Iran are possible despite the US policy of "maximum pressure." European countries have just seen the first transaction with Iran under their INSTEX mechanism – the sale of EUR 500,000 of blood treatment medication – which offers a way for Europeans exporting to Iran to avoid the shadow of US sanctions and the complexities of US bureaucracy that make humanitarian trade with Iran more expensive and less reliable. The win-win foreign policy towards Iran that the EU has long pursued in the nuclear domain has been thwarted by Washington's threat of secondary sanctions. The pandemic gives Europe an opportunity to act in a less controversial area. If the EU cannot exert its healthcare superpower status to prise open humanitarian exports to Iran in circumstances where, rhetorically, Washington says such exports are permitted, the Union will have no basis for hoping to speak

"the language of power."<sup>17</sup> Exerting its medical weight on the grounds both of its own security and of humanitarian concern would give the EU a small but important foreign policy victory on which to build. .

## What can Europe do?

First, Europe—like Trump's America—must boost production of ventilators, personal protective equipment, and other medical supplies not just to meet demand at home, but explicitly also to ensure a large enough surplus to sustain commercial exports, ensuring that the developing world is not solely dependent on aid for the duration of the pandemic.

German ventilator maker Drägerwerk plans to quadruple production and CEO Stefan Dräger has rejected the idea that the company will fulfill orders in accordance with "Germany First."<sup>18</sup> European medical device makers not only have a clear commercial incentive to continue to supply markets outside of Europe, but also are dependent on manufacturing supply chains that cross multiple borders. For these

---

17 Borrell, Josep. "Embracing Europe's Power." Project Syndicate, February 8, 2020. <https://www.project-syndicate.org/commentary/embracing-europe-s-power-by-josep-borrell-2020-02>.

18 Eberle, Lukas, and Martin Muller. "Absolutely Mission Impossible." Spiegel, March 27, 2020. <https://www.spiegel.de/international/germany/german-ventilator-manufacturer-absolutely-mission-impossible-a-549d1e18-8c21-45f1-846f-cf5ca254b008>.

manufacturers to expand production, well-functioning supply chains will be key, and this means taking a cooperative approach with developing countries in order to narrow the gap between supply and demand.

In this way, European efforts to meet global demand for advanced medical equipment, such as ventilators, will not be purely altruistic. The European Union should explore whether production of basic medical equipment, such as surgical masks, could be ramped-up in developing countries to help meet demand in Europe, allowing European manufacturers to focus on production of more advanced items, such as face shields and ventilators.

**The European Union should explore whether production of basic medical equipment could be ramped-up in developing countries to help meet demand in Europe, allowing European manufacturers to focus on production of more advanced items, such as ventilators.**

“Concerns about dependence on a very small number of foreign exporters applies to, at most, three types of protective garment,” meaning that many countries are able to ramp-up production of basic types of protective garments.<sup>19</sup>

Second, given Europe’s clear desire to maintain imports, European governments must safeguard the free flow of trade, by ensuring export controls do not stifle global access to medical supplies and by reducing trade barriers such as duties and tariffs. The Commission has already suspended import duties and VAT on a wide range of medical supplies, indicating that there will be an ongoing need to procure supplies from abroad, despite the “war economy” rhetoric.<sup>20</sup> But these measures will do little to ease trade if Europe’s trade partners raise their own export controls in response to the Commission’s new policy. Turkish authorities recently blocked the export of 116 respirators destined for Spain. By way of explanation, Spanish Foreign Minister Arancha González Laya told reporters that “Turkey has imposed restrictions on the export of medical devices, motivated by the need for medical supplies.”<sup>21</sup> Despite this being

---

19 Evenett, “Tackling COVID-19 Together.”

20 Stearns, Jonathan. “Europe Suspends Import Duties on Medical Gear to Fight Pandemic.” Bloomberg Law, April 3, 2020. <https://news.bloomberglaw.com/pharma-and-life-sciences/europe-suspends-import-duties-on-medical-gear-to-fight-pandemic>.

21 Abellan, Lucia, and Elena Sevillano. “Turquía Retiene Un Cargamento de Respiradores

a measure Spain, as a member of the EU, had itself taken, Turkey's move caused a furor among the Spanish public. González later warned that "such statements used by the press, political parties and the public are harming our bilateral relations," making clear the political stakes of the new protectionist turn.<sup>22</sup> The Turkish government eventually authorised

Para España." El Pais, April 3, 2020. <https://elpais.com/sociedad/2020-04-03/turquia-re-tiene-un-cargamento-de-respiradores-para-espana.html>.

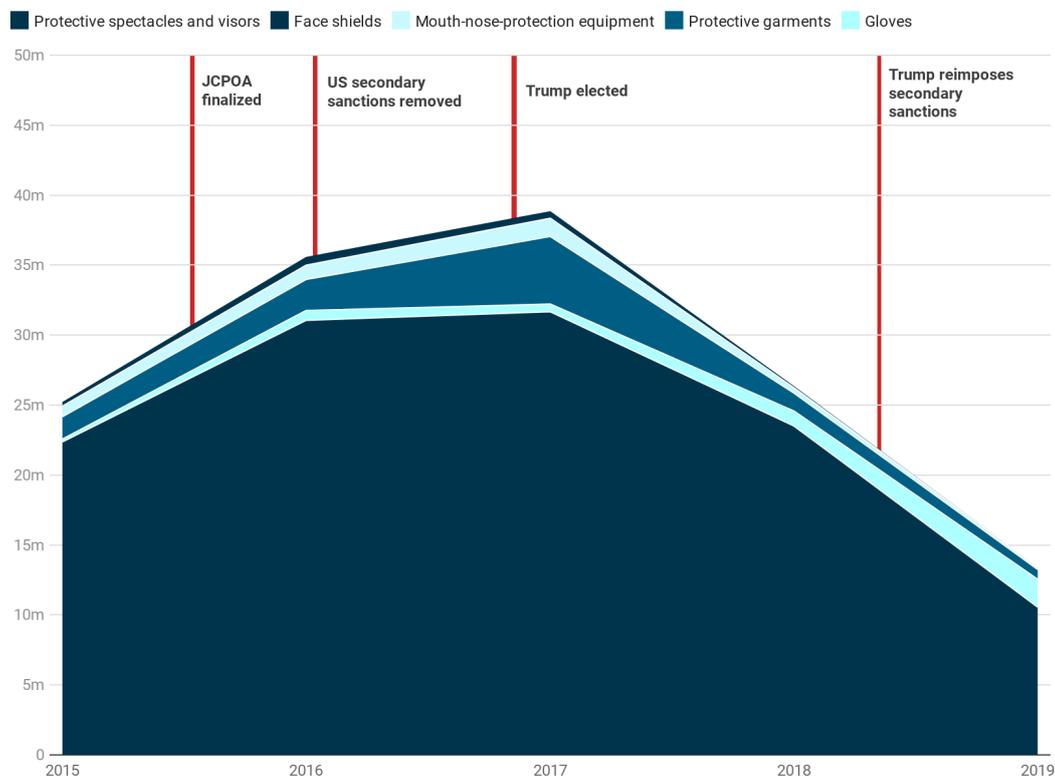
22 Dönmez, Beyza Binnur. "Spain Thanks Turkey for Authorizing Ventilators." Anadolu Agency, April 4, 2020. <https://www.aa.com.tr/en/europe/spain-thanks-turkey-for-authorizing-ventilators/1792615>.

the export of the ventilators, but the episode points to the ability of other countries to retaliate in the face of European protectionism.

Third, Europe must push back on the harmful humanitarian impact of sanctions on several countries in the developing world, including Iran, Venezuela, and Cuba. Given the nature of supply chains and the interdependencies they represent, sanctions should be understood to be inhibiting not merely the ability of these countries to respond effectively to COVID-19, but also Europe's ability to support that response as a matter of policy.

## EU Exports of PPE to Iran

EU total exports for the EU28



## Europe must push back on the harmful humanitarian impact of sanctions on several countries in the developing world, including Iran, Venezuela, and Cuba.

To take Iran as the limiting case, not only does the severity of the country's COVID-19 outbreak demand a response, but the vulnerability of that response to the coercive measures of the United States also poses a challenge. Over the last two decades, the role of European economic operators in Iran's economy has been circumscribed by multilateral and, lately, unilateral sanctions campaigns. U.S. President Donald Trump's decision to withdraw from the Joint Comprehensive Plan of Action—or Iran nuclear agreement—and reimpose secondary sanctions on Iran marked a sharp divergence between U.S. and European policy towards Iran, a divergence that has since widened as the United States has sought directly to inhibit European trade and investment in the Islamic Republic. The impact of Washington's sanctions policy is clear to see in data for the exports of PPE equipment to Iran. Exports peaked in the brief period from 2016-2017 during which the United States had lifted secondary sanctions on Iran as part

of its commitments under the JCPOA. Following the election of Donald Trump and growing uncertainty about the future of the nuclear deal and its related sanctions relief, trade began to slow, before cratering following the full reimposition of secondary sanctions in November 2018.

Accordingly, Europe should continue to push the Trump administration to reduce impediments to humanitarian trade by clarifying that medical supplies necessary to combat COVID-19 fall squarely under sanctions exemptions, by providing letters of comfort to European banks to enable them to more freely provide commercial banking services to companies that wish to export medical supplies to Iran, and by easing Iran's access to its foreign exchange reserves to enable Iranian importers to more readily and speedily pay for these critical supplies. At the same time, Europe should continue to develop mechanisms that enable it to operate its healthcare supply chains freely, despite U.S. sanctions pressure. In this regard, the recently announced first transaction completed by INSTEX, a trade intermediary backed by nine European states, is a positive step to ensure that Europe can exercise its economic sovereignty while conducting commercial trade in medical supplies.

## Conclusion

European leaders have long equivocated on the question of what European power ought to look like. There is a reluctance to project power either militarily or financially. Instead, appeals are made to Europe's role in shaping a rules-based order, a kind of values-driven leadership that feels lacking during moments of global crisis. But as countries around the world look to Europe to maintain their supplies of lifesaving equipment, a possible new articulation of European power becomes clear—Europe as a healthcare superpower.

What is unique about this power is its humanitarian dimension. For developing countries, European medical supplies are essential to the operation of hospitals and clinics and have a direct bearing on the health and wellbeing of ordinary people. In this way, support for global trade in medical supplies is a key domain for European leadership in the COVID-19 crises. As Nicu Popescu smartly observes, the dual public health and economic crises now facing Europe do not override, but rather underscore, the geopolitical moment. "The world will certainly change, but geopolitics isn't likely to fall victim to a virus. So, for all the urgency of rebuilding a 'healthcare Europe' and an 'economic Europe', there is still a need for a more geopolitical Europe," Popescu writes.<sup>23</sup>

---

<sup>23</sup> Popescu, Nicu. "How the Coronavirus Threatens a Geopolitical Europe." European

European leaders ought to recognise that healthcare power is both economic and geopolitical in nature and that supply chains are channels through which to exercise that power to advance both humanitarian and security goals. For the developing world, the stakes could not be higher.

---

Council on Foreign Relations, March 30, 2020. [https://www.ecfr.eu/article/commentary\\_how\\_the\\_coronavirus\\_threatens\\_a\\_geopolitical\\_europe](https://www.ecfr.eu/article/commentary_how_the_coronavirus_threatens_a_geopolitical_europe).



**EUROPEAN  
LEADERSHIP  
NETWORK**

European Leadership Network  
100 Black Prince Road  
London, UK, SE1 7SJ

[secretariat@europeanleadershipnetwork.org](mailto:secretariat@europeanleadershipnetwork.org)  
+44 (0)203 176 2555  
[@theELN](https://www.theELN.org)  
[europeanleadershipnetwork.org](http://europeanleadershipnetwork.org)