



International Monetary and Financial Committee

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World Trade Organization

On behalf of World Trade Organization

IMFC

"Trade as a Central Growth Pillar"

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Pascal Lamy

Director-General

Mr. Chairman,

The world is indeed on a more stable axis than when we met this time last year and when we met at the Fall meetings in Tokyo. I would not contend that we are fully out of the crisis period but rather I would be cautiously optimistic that we are at its tail end. This necessitates that we focus on three areas, two of which have been identified for discussion at today's session:

- One, supporting recovery by identifying and implementing the policies to anchor stability and growth;
- Two, concretising resilience by focusing on financial sector reform, job creation and inclusive growth; and
- Three, reaffirming the role of multilateralism as we take stock of the lessons of the crisis period.

The recently released WTO figures for trade in 2012 and forecasts for trade in 2013 are sobering. The preliminary estimate of 2.0% growth for world trade in 2012 is 0.5 points below our most recent forecast of 2.5% from September 2012. The abrupt deceleration of trade in 2012 was attributed to slow growth in developed economies and recurring bouts of uncertainty over the future of the euro while narrowing output and high unemployment in developed countries reduced imports leading to the lower pace of export growth in both developed and developing economies.

In 2012 the volume of world merchandise trade grew by a comparatively low 2.0%, down from 5.2% in 2011. Developed economies

recorded only a 1% increase in their exports while shipments from developing economies grew just 3.3%. We expect that for 2013, trade will also remain subdued with the volume of world merchandise trade growing by 3.3% , which remains well below the 20 year average. In terms of the dollar value of world merchandise exports, 2012 saw a slight increase of two tenths of one per cent (i.e. 0.2%) to US\$18.3 trillion. This slower growth in the dollar value of world trade compared to trade in volume terms is explained by falling prices for traded goods, especially commodities. The value of world commercial services exports rose 2% in 2012 to \$4.3 trillion, with strong differences in growth rates across countries and regions.

The importance of trade as a driver of macroeconomic cycles cannot be more emphasized in the current period. In 2012, intra-EU trade has depressed total EU trade, which, itself accounting for one-third of global trade, and it has offset the expansion of trade in all other regions in the world. Accordingly, global trade growth fell behind global GDP growth. In 2013, the scenario is one in which EU trade stops exercising a recessionary impact on global trade and in which import demand from developing and emerging economies pulls exports from the rest of the world. As a result, global trade will grow somewhat faster than global GDP in 2013. That said, the patterns of growth which we experienced since 2008 will likely continue for the next five to ten years along three speeds: stable but flat growth in developed countries; increasing but not overtly impressive growth of emerging economies; and continued high growth in some developing countries especially on the African continent.

These trade trends also reflect the tectonic changes in the global economy: south-south trade continues to be the fastest growing segment of world trade; China's exports to the US are expected in 2013 to outpace for the first time China's exports to the EU; intra-ASEAN trade now reaches 2/3 of total ASEAN trade against 1/3 during the Asian financial crisis 15 years ago - reflecting that the ASEAN supply chain now work primarily for ASEAN consumers, not European or US's.

All of this points to a clear conclusion that the structural flaws in economies revealed by the economic crisis have not been fully addressed and repairing these fissures needs to be the priority for 2013.

As long as global economic weakness persists there is the fear of protectionist pressure. The WTO will continue to monitor these trends for its Members and for the G-20 but if we are to avert a move to more inward postures all of our policy decisions must be attuned to restoring sustainable growth and the international community must recommit to multilateralism as the route to ensuring future stability.

This is especially true of the multilateral trading system. As WTO Members prepare for the 9th Ministerial Conference in Bali in December 2013, the focus should be on a package that can delivery growth to countries at all levels. A possible multilateral Agreement on Trade Facilitation is at the heart of a possible deliverable at Bali and the evidence confirms that this can be an

important injection of growth, cost efficiency and transparency into the international system of trade rules and regulations.

Before I close, I would like to express thanks to the Managing Director of the IMF and the staff of the organization for the continued collaboration with the WTO on areas ranging from exchange rate policies and trade finance to Aid for Trade. As this is my last Spring meeting as WTO Director-General I would also thank all of the Ministers and senior officials from countries represented here, as well as the Heads and staff of the Multilateral Development Banks for their collaboration and co-operation during my tenure as Director-General. I hope that this relationship will continue under the leadership of my successor.