



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

**Fortieth Meeting
October 18–19, 2019**

**IMFC Statement by Roberto Azevêdo
Director General
WTO**

IMF COMMITTEE OF GOVERNORS, October 2019
Roberto Azevêdo, Director-General of the WTO

Trade tensions, combined with a wider slowdown in aggregate demand in leading economies, have taken a toll on global trade growth. After registering 3% growth in 2018, year-on-year growth in merchandise trade, by volume, has fallen close to zero in the first half of 2019 (+0.6%). The WTO trade growth forecast for 2019 has been revised sharply downward, to +1.2%.

Policy uncertainty about market access conditions is making entrepreneurs hesitant to invest and consumers reluctant to buy. This uncertainty filters through the supply chain, with lower demand for intermediate goods, consumer products and primary commodities supplied by developing economies. This is how the effects of lower external demand are transmitted through countries across the world.

Easing the current tensions is thus a top priority. The WTO provides one venue to resolve such conflicts. Members can bring their disputes, disagreements and concerns to the WTO.

While domestic policies play a major role in shaping the distributional effects of trade and the modern economy, there is much that can be done within the trading system to improve inclusiveness. Ongoing debates on WTO reform are an opportunity to make trade and trade rules more responsive to the demands of today's economy in a socially inclusive way.

WTO members are discussing precisely this through a number of initiatives. This includes ongoing talks in sectors that ensure the livelihood of millions of vulnerable citizens around the world, such as agriculture and fisheries. In addition, some are exploring more flexible approaches to issues that could potentially yield disproportionate rewards for the smaller businesses that play a critical role in job creation. At our Ministerial Conference in 2017, groups of like-minded WTO members announced 'joint initiatives' to pursue discussions in areas of emerging economic importance, including: electronic commerce, small and medium-sized enterprises, investment facilitation, and the economic empowerment of women. These initiatives are open to anyone who wants to join.

This work builds on some important achievement in the last years. After a long period without progress in negotiations, from 2013 onwards members delivered a series of major agreements including the Trade Facilitation Agreement, the expanded Information Technology Agreement, and the elimination of agricultural export subsidies.

With trade tensions running high and dampening growth prospects, the debate on strengthening the trading system is important. If we want trade to continue to play its full role in driving growth, development, and productivity, we must acknowledge the essential role that the trading system plays and commit to renewing it for the future.