



# **International Monetary and Financial Committee**

Thirty-Ninth Meeting  
April 12–13, 2019

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

**IMF COMMITTEE OF GOVERNORS, 13 April 2019**  
**Roberto Azevêdo, Director-General of the WTO**

Trade tensions, combined with factors such as the slowdown in aggregate demand in recent months in China and the European Union, are taking their toll on global trade growth. Global merchandise trade grew by 3% in 2018 in real terms, weakening markedly in the fourth quarter. In the wake of increased policy uncertainty, falling export orders, and a build-up of macroeconomic risks, the WTO trade growth forecast for 2019 has been revised downward, to 2.6%.

Trade cannot play its full role in driving GDP growth when levels of uncertainty are so high. Greater uncertainty means lower investment and consumption – and investment, in particular, has a pronounced impact on trade. In addition, reduced demand in the larger economies may filter throughout the entire supply chain, with lower demand on intermediate goods, consumer products and commodities supplied by developing economies. With lower external demand, the vulnerabilities of weaker domestic economies may be exposed, such as industrial over-capacity, and high private and public debt.

It is therefore important that we work to ease the current tensions. The WTO is playing its role in this effort. Members are bringing their disputes and disagreements to the WTO. We are working intensively, through the system, to help deal with members' concerns and urgently reduce tensions. Some also see reforming the WTO itself as an important step towards resolving some of these issues. The G20 leaders issued a statement on this at their summit in December calling for "necessary reforms" of the WTO, while also recognising the important contribution that the multilateral trading system makes.

Discussions on improving the WTO have so far focused on three areas: i) strengthening the work of the WTO's regular bodies and committees to improve areas such as notifications and transparency; ii) improving the Dispute Settlement System and addressing the impasse in appointments to the Appellate Body; iii) improving WTO negotiations so that we can keep delivering new agreements with real economic impact.

After some years without progress in negotiations, members have more recently delivered a series of major agreements including the Trade Facilitation Agreement, the expanded Information Technology Agreement, and the elimination of agricultural export subsidies. Members are continuing to work on longstanding negotiating issues where progress has proved more difficult, including agriculture, food security, domestic regulation in services, and development. Importantly, members are also negotiating an agreement on fisheries subsidies. In addition, some are exploring more flexible approaches to certain issues. At our Ministerial Conference in 2017, groups of WTO members announced 'joint initiatives' to pursue discussions in a number of areas of emerging economic importance, including: electronic commerce, small and medium-sized enterprises, facilitation of investments, and the economic empowerment of women. Not all WTO members are part of these initiatives, but they are open to anyone who wants to join.

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