



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

**Forty-First Meeting
April 16, 2020**

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

IMF - INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE
Statement from World Trade Organization Director-General Roberto Azevêdo

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The Covid-19 pandemic is the worst public health crisis in a century. It is also an economic and social crisis. To curb the spread of the virus, large sections of the world economy have been shut down. Millions of people have lost their jobs.

Global trade has been severely affected by supply and demand shocks. Complex supply chains have been disrupted by emergency factory and border closures. Social distancing measures have sharply reduced demand, as people stay home and cancel spending, while nonessential businesses close their doors. Travel and tourism have ground nearly to a halt. Remittances from overseas workers are set to decline.

The WTO recently published its forecasts for trade in 2020 and 2021. Our economists project that trade will fall steeply in every region of the world and across all sectors of the economy. Even in an optimistic scenario, we see world trade tumbling by 13% in 2020 – more than at the most acute phase of the 2008-09 crisis. If the pandemic is not brought under control, and governments fail to coordinate their economic policy responses, the decline could be 32% - or even more.

One positive message in the forecast is that a vigorous rebound is possible. The effectiveness of our response depends on two things – the speed and effectiveness with which the pandemic is brought under control, and the policy prescriptions of governments both now and in the near future.

The pandemic has cut the fuel line to the global economy. The engine has stalled. However, if the fuel line is reconnected properly, the global economy can recover rapidly. Coordination at the international level is essential for this to happen. Governments have already introduced dozens of measures related to the pandemic. The recession-fighting power of these measures will improve dramatically if coordinated properly.

Some of the trade-related measures governments have introduced since the start of the pandemic lower tariffs and facilitate trade, mostly in medical supplies. But some others limit trade, particularly exports of medical equipment and food. These risk complicating efforts to ramp up the production of much-needed medical supplies, and to ensure that equipment and food get to where they are needed. The G20 has taken positive steps. Trade ministers have committed to ensuring the continued flow of vital supplies, and to ensure that Covid-19 measures do not create unnecessary barriers to trade or to global supply chains. They have also promised to notify any trade measures to the WTO for transparency purposes.

In the longer term, as the medical emergency recedes, maintaining open and predictable flows of international trade and investment will help pave the way for economic recovery. It would allow countries to tap into each other's growth. It would also encourage businesses and households to invest and consume – instead of saving whatever they can.

Trade is no silver bullet. But it would be a valuable complement to the fiscal and monetary measures governments have already introduced to fight this recession. This is why our ongoing cooperation with the International Monetary Fund and the World Bank is more important than ever. Working together, we can support an effective pandemic response and a strong and inclusive global recovery.