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

IMF COMMITTEE OF GOVERNORS, 21 April 2018
Roberto Azevêdo, Director-General of the WTO

Global merchandise trade grew at a rate of 4.7% in 2017, which marks a substantial improvement from the modest increase recorded in 2016. With economic cycles between China, the United States and the European Union re-synchronizing in a way that we have not seen for a decade, we expect this growth to continue. We estimate that world merchandise trade volumes will grow 4.4% in 2018, and around 4.0% in 2019.

The WTO does not foresee a return to the trends of the 2000s, when real trade growth outpaced real GDP growth by a factor of two. Changing economic models, notably in Asia, from very trade-intensive (investment and exports) to more consumption-based (private consumption and government expenditure), are leading the ratio to return to historical levels of around 1.3 to 1.4.

The improved outlook for trade is welcome news, but there are a number of downside risks threatening the world economy and the recovery of world trade. Economic factors include the expected tightening of monetary policy in developing nations and the reining in of credit and fiscal expansion in large emerging market economies. However, the larger threat is posed by increasing trade tensions and the possibility that we enter a sequence of unilateral, tit-for-tat measures, all of which generate uncertainties for global trade and GDP growth.

It is not possible to accurately map out the effects of a major escalation, but clearly they could be serious. A breakdown in trade relations among major players could derail the recovery that we have seen in recent years, threatening the ongoing economic expansion and putting many jobs at risk. In an interconnected economy, the effects would likely be globalised, reaching far beyond those countries who are directly involved. In this scenario poor countries would stand to lose the most.

Global cooperation will be essential in easing these tensions and safeguarding the strong growth that we are seeing today. The WTO, which was created as a forum for members to hold each other to account, will play its proper role in this process. Indeed, it can be argued that without the WTO, a wave of protectionist measures would have been stirred up by the 2008 crisis, significantly worsening the economic effects of that downturn.

A strong, rules-based multilateral trading system – as embodied in the WTO – provides the necessary stability and predictability for global commerce to function smoothly and play its full role in supporting economic growth and development. But the system can be continually strengthened and improved. Since 2013, WTO members have delivered a number of important reforms. Breakthroughs include the Trade Facilitation Agreement, the agreement to eliminate agricultural export subsidies, and a series of steps to support our least-developed members. In addition, a group of members struck a deal to expand the Information Technology Agreement, which eliminates tariffs on a wide-range of information technology products.

At the 11th WTO Ministerial Conference, held in Buenos Aires in December 2017, members committed to secure a deal on fisheries subsidies which delivers on Sustainable Development Goal 14.6 by the end of 2019. They also committed to improve the reporting of existing fisheries subsidy programmes. In addition, members took a number of other ministerial decisions, including extending the practice of not imposing customs duties on electronic transmissions for another two years, and they committed to continue negotiations in all areas. Also in Buenos Aires groups of members, encompassing participants from developed, developing and least-developed countries, announced new initiatives to explore talks at the WTO on the issues of electronic commerce, investment facilitation, micro, small and medium size enterprises and women's economic empowerment. This work now continues in Geneva.

I urge ministers to continue strengthening cooperation on global trade issues through the WTO. This will be essential to prevent current tensions from escalating, and to support growth, development and job creation around the world.