



# **International Monetary and Financial Committee**

Thirtieth Meeting  
October 11, 2014

**Statement by Mr. Roberto Azevêdo  
Director-General, World Trade Organization**

On behalf of the World Trade Organization

## **IMF COMMITTEE OF GOVERNORS – 11 OCTOBER**

During most of the 1990s and early 2000s, trade outpaced real GDP growth by a factor of two. But in recent years that ratio has shrunk, and global trade growth has been disappointing.

For the third year in a row, trade growth is likely to outpace GDP growth by a relatively small margin. Of course trade is still making a positive contribution to global GDP growth. But we have concerns about the weakening of this relationship.

The slower expansion of trade can be explained by factors such as:

- the greater cyclicality of trade,
- the expansion of non-tradable services in emerging economies, and
- the subdued growth of trade-intensive investment

But there is an area where policy-makers can act to change this story – and that is the area of trade liberalization and rule-making.

We have been living too much off past trade liberalization. And the productivity gains from these old reforms may be gradually disappearing.

We can't afford to become complacent. The World Economic Outlook warns that economic growth may never return to pre-crisis levels.

New trade liberalization is one way that we can respond.

Of course, a lot of effort is going into bilateral and regional negotiations.

This is welcome, but the big market access gains will come not through negotiating FTAs with countries that already have low tariffs. Rather they will come through negotiating with those that still have big cuts to make.

These FTAs are not opening up new markets. Negotiating new rules multilaterally is the optimal way to expand global trade.

An open, non-discriminatory, multilateral trading system creates an enabling environment for all. And it helps to counter a proliferation of different regulatory systems.

Currently nearly 60% of global merchandise trade is composed of non-fuel intermediate goods flowing across global supply chains.

A global system of rules is the best way to support these global production networks. And a global system can help to lower the barriers that often prevent poorer countries from participating in them.

This is why I have been working to revitalise negotiations at the multilateral level.

WTO members delivered meaningful results at the ministerial conference in Bali last year – on a range of issues, from agriculture, to public stockholding, to the Trade Facilitation Agreement which would cut the cost of trading significantly.

Now we are at an impasse as we try to deliver what was agreed.

We are working to find a way to implement the Bali decisions – and that therefore we will be able to resume our broader negotiating work.

But if no solution is found then members must ask themselves some tough questions – about how members see the future of the Bali package and the post-Bali agenda. And what this means for the WTO's negotiating function.

The support of finance ministers for a breakthrough here, and for an ambitious forward trade agenda, would be very welcome.

Trade liberalization today would help build productivity improvements and real GDP growth tomorrow.

Thank you for your attention.