DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

NINETY-NINTH MEETING
WASHINGTON, D.C. – APRIL 13, 2019

DC/S/2019-0012
April 13, 2019

Statement by
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Global trade expanded by only 3% in 2018 in real terms, against a backdrop of trade tensions and economic uncertainty. Trade growth weakened markedly in the fourth quarter, with a stronger deceleration in developing countries than in developed ones. The WTO has now reduced its forecast for world merchandise trade volume growth in 2019 to 2.6%.

Historically, trade has been a powerful engine of development, raising incomes and reducing poverty in developing countries by expanding access to foreign markets, directing resources to their most efficient uses, and allowing consumers to purchase a wider variety of goods at a lower price. The increased openness of developing countries in recent decades has dramatically increased their rates of economic growth and contributed to the early achievement of the Millennium Development Goal on poverty reduction before the 2015 date.

Trade is now a central element of the Sustainable Development Goals, which aim to achieve further poverty reduction by 2030. However, the rising levels of trade tensions could negatively affect trade as a poverty reduction strategy. If trade openness can stimulate growth and raise living standards in developing countries, then higher barriers could also reverse some of these gains.

The multilateral trading system, embodied in the WTO, contributes to long-term economic growth in developing countries in many ways. By establishing a more transparent and predictable trading environment governed by the rule of law, the WTO reduces economic uncertainty and creates a conducive environment for investment. Access to larger markets creates opportunities for small and medium-sized enterprises and helps developing countries diversify their exports to new products and partners. In the past decade, the share of exports of developing countries to other developing countries has risen from a quarter to a third of total exports. In addition, by reducing trade costs the WTO allows developing countries to participate more fully in global value chains.

The WTO remains committed to enhancing the participation of developing countries in international trade. One example of this commitment is the WTO's Trade Facilitation Agreement (TFA) which entered into force in 2017. The TFA contains innovative flexibilities that have allowed least-developed and developing countries to implement the agreement at a pace appropriate to their development needs and priorities. The WTO has also worked closely with the World Bank and other partners to ensure access to trade finance for developing and least developed countries.

WTO members are currently exploring ways to strengthen and improve the organization. Maximising the role of trade in poverty reduction should be a priority in these discussions.