

The contents of this document are preliminary and subject to change.

GRAY/23/4264

March 22, 2023

**Statement by Mr. Buissé, Mr. Roman, and Mr. Grossmann-Wirth on Review of the Role of Trade in the Work of the Fund  
(Preliminary)  
Executive Board Meeting  
March 27, 2023**

*We thank staff for the report and fully share the objective of enhancing and adapting the work of the Fund on trade to recent developments in the world economy. We agree that the Fund has an important role to play in providing trade policy advice through multilateral, regional and bilateral surveillance, in close collaboration with other international organizations, such as the WTO. We agree with the three key trade-related challenges identified by staff that will shape the global landscape and policy challenges. We also concur with the main elements of the proposed “reinvigorated trade strategy” and offer the following specific comments.*

**We agree with the identified three key factors that will shape the landscape for trade, and we support enhancing their analysis in Fund’s work.** Trade is and will indeed be deeply influenced by (i) the direct effect of structural forces such as climate change and technological progress, (ii) the integration of non-trade objectives (which may include responses to those structural forces), and (iii) geopolitical tensions including the rise of protectionist measures. The rise in protectionism is of particular concern. It will be important for the IMF to document distorting impacts and continue advocating for a rule-based multilateral trading framework. Policymakers would certainly benefit from tailored and specific advice on the design of public policy measures (subsidies, trade policies) to avoid their negative externalities on third countries. At the same time, the non-trade objectives mentioned in (ii), including climate policies, inequality and inclusion, food security, public health as well as national security issues, are legitimate policymakers’ concerns. We share in this regard the view that cooperation between governments will be key to take these non-trade objectives into account while keeping trade policies open, stable and transparent. Interlinkages between international trade and climate change deserve a

specific attention, as GHG emissions from production and transport need to be drastically reduced.

**We support the use of this “reinvigorated trade strategy” analysis in multilateral surveillance, bilateral surveillance, capacity building, and the use of fund resources.** This will help the membership to have a better view of the trade landscape and policies in the context of new challenges such as digitalization of trade, the growth of trade in services or the integration of climate-related issues. This is all the more relevant in the case of some EMDE countries that are less integrated into global value chains.

**We also encourage the willingness of the Fund to be more involved in the analysis of trade issues, in close collaboration with other international organizations, while recognizing the limited resources and the need for selectivity.** Collaborative work with the WTO and the OECD in particular can help drawing on each institution respective expertise. Regarding the IMF, this will help analyze the role of trade in global and regional imbalances and highlight the benefits of a plurilateral or multilateral approach.

**More specifically, the IMF should also contribute to the effort by international organizations to strengthen “high frequency” monitoring of international trade.** The production of real-time data and analysis at a detailed level, with sectoral and geographic disaggregation has become essential in a context of growing trade tensions and frequent economic/financial crises. Monitoring of international trade has intensified, particularly since the health crisis, but there is still room for improvement regarding cross-country/product data (the current UN Comtrade database rest on national customs data, with significant time lags). *Could staff elaborate on initiatives currently ongoing with international organizations, and whether a collaboration on high frequency monitoring of international trade is envisaged?*

**IMF staff should also contribute to the efforts of international organizations to produce the data needed to analyze global value chains.** There is a growing interest in monitoring possible reconfigurations/relocations of global value chains, as well as sound policy advice on GVC diversification. The analysis of country participation in GVCs is mainly based on International Input/Output Tables data. Three different databases coexist: OECD's TiVA, the European Commission's WIOD, and UNCTAD's EORA. The three databases are updated with a minimum of 4-year lag and with a low level of sectoral disaggregation. Their update depends in part on the availability of national Input/Output tables, which are updated infrequently, but there is room for improvement in reducing the time lag between the publication of national Input/Output tables data and the update of the International Input/Output Tables data. Moreover, as the latter are mainly adapted to structural analyses of global value chains, other indicators could be developed that would allow for more

cyclical monitoring. *Could staff indicate whether they consider contributing to these efforts on GVC data production and/or analysis?*