

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

GRAY/23/4262

March 22, 2023

**Statement by Mr. Jennings and Mr. Villeneuve 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 helpful papers. Trade is a core element of international economic cooperation, a key factor for global economic growth and stability, and central to the Fund's mandate. However, the attention and approach to trade at the Fund has been uneven, and activity has clearly ebbed in recent decades. At the same time, the pandemic brought about new urgency to these issues, and the recent years have given rise to very regrettable export restrictions on vaccines and food – not only reducing global access to these critical goods, but also contributing to the supply chain issues and inflation that continue to weigh on the global economy.

We welcome the work done to assess how the Fund can rejuvenate and make more effective its efforts on trade issues. We broadly agree with the diagnostic on the global trade landscape and the proposed approach for an invigorated trade strategy, and appreciate that it will be done within the existing administrative budget.

We offer the following specific comments:

- **We agree that key factors and challenges for the coming years will include climate change and technology, using trade to accomplish non-trade objectives, and the intensification of geopolitical tensions.** On climate, trade policy will be a critical component of delivering on global carbon reduction commitments, including possibly through border carbon adjustments. However, it is important to not lose focus on the use of subsidies and other long-standing – and still very relevant – issues in the trade space. In addition, it will be important to have a nuanced view on fragmentation, given the benefits to supply chain resilience of expanding trade with like-minded and reliable trade partners.
- **We support the main elements of the proposed reinvigorated trade agenda.** In particular, we welcome the plans to increase the Fund's participation at – and collaboration with – the WTO, and to deepen and make more evenhanded its bilateral surveillance. We underline the importance of

continuing to focus on macroeconomic perspectives, and presenting analysis that is as relevant as possible for policymakers and citizens – including on both the aggregate macroeconomic costs of trade barriers, as well as the distributional impacts.