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**Statement by Ms. Marcussen and Ms. Allika on Review of the Role of Trade in the Work  
of the Fund  
(Preliminary)  
Executive Board Meeting  
March 27, 2023**

We thank staff for conducting a comprehensive Review of the Role of Trade in the Work of the Fund. The IMF's engagement in promoting international trade is key to preserve the wide-reaching economic gains from the rules-based multilateral system. In a more shock-prone world, we can build resilience by increasing and diversifying international trade, not by building barriers to trade.

**The Fund needs to remain a vocal advocate for open, stable, and transparent trade policies underpinned by a strong multilateral trade system.** Strong trade policies remain key for economic growth and resilience and for addressing key global challenges, as the deteriorating global trade landscape poses risks to prosperity. We are very concerned about the weakening rules-based multilateral trade order. We note the rise of geopolitical tensions as well as the increasing use of trade policies with non-trade and outright protectionist measures. **It is important that the Fund assesses and clearly communicates the spillover effects of countries' trade-restricting measures.**

**We agree with the main challenges identified in the current trade landscape and broadly support the proposed strategy for addressing these in line with the Fund's specific mandate.** Structural changes related to climate change and technological advancement, the use of trade policies for non-trade purposes, and geo-economic fragmentation can pose particularly significant challenges for small and open economies. In particular, climate change requires global solutions, including open trade that enables countries to benefit from related comparative advantages. The Fund should also stay flexible and attuned to developments in the global trade space and continue to advocate for free trade and non-discriminatory trade reforms.

**We welcome efforts to revive the slow-moving multilateral trade agenda, including by stepping up the Fund's work on global trade policy.** We support the pragmatic way forward

proposed by staff. It is crucial to reach multilateral agreements on at least smaller subsets of trade, a good example of which was the 12<sup>th</sup> WTO Ministerial Conference in June 2022. Such initiatives can help counteract trade fragmentation and better adapt the multilateral system to the global macroeconomic shifts.

**We strongly support providing more country-specific bilateral advice on trade policy.** We note that the Fund's core analytical competencies on trade issues have not sufficiently translated into country-specific policy advice and recommendations where applicable. Furthermore, we encourage stronger integration of macro-critical trade-related policy advice in Fund-supported programs and capacity development.

**We share the view that the Fund should identify major trade-related developments and risks and give policy advice tailored to countries' specific needs.** This includes addressing trade opportunities and risks associated with new technology and geo-economic fragmentation. The Fund should step up its policy advice on fair distribution of the net trade gains and increasing workers' mobility, as these policies would ensure that the benefits of free trade are shared more widely, and negative externalities are minimized. This would also contribute to preserving the rules-based multilateral trade order. Moreover, we support staff's proposal to devote more attention to Africa, given its persistent trade-related challenges and potential for growth and reforms.

**The Fund's close collaboration with the WTO and other international organizations is critical** to promote knowledge sharing (for example on subsidies), find synergies, improve data and analytical tools, and to avoid overlaps. We note recent improvements in some joint work with the WTO and urge the Fund to strengthen the cooperation further.

**We agree that the Fund should scale up its trade expertise within the current budget envelope.** It is important to ensure that the Fund has the capacity to cover trade-related issues and trade policy in a timely and high-quality manner. Thus, we welcome the proposed internal reprioritization and the strengthening of support for country teams and the Fund's trade network. Since trade work is decentralized across Fund departments, we emphasize the importance of improving synergies between country teams and functional departments. However, reprioritization must be executed in a way that preserves satisfactory coverage of other macro-critical areas by the Fund.