Statement by

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World Trade Organization
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The strong recovery of global trade in 2017 has given way to slightly more moderate expansion in 2018, as rising trade tensions and a flurry of tariff measures have stoked economic uncertainty. Growth in the volume of world trade slowed in the first half of this year, with stronger deceleration in developing economies than in developed ones. As a result, the WTO recently reduced its forecast for world merchandise trade volume growth in 2018 to 3.9% from 4.4% previously. Trade growth in 2019 is expected to slow further to 3.7% while remaining above the post-financial crisis average.

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 lower prices. The increased openness of developing economies in recent decades has dramatically raised their rates of economic growth and contributed to the early achievement of the Millennium Development Goal on poverty reduction before the 2015 target date. Trade remains a central element of the Sustainable Development Goals, which aim to achieve additional poverty and sustainability objectives by 2030.

The effectiveness of trade as a poverty reduction strategy is another reason to be concerned about the rising level of trade tensions in recent months. If trade openness can stimulate growth and raise living standards in developing countries then higher barriers could conceivably reverse some of these gains.

The multilateral system embodied by the WTO contributes to long-run growth in developing countries in a number of ways. By establishing a transparent and predictable trading environment governed by the rule of law, the WTO reduces economic uncertainty and creates a conducive environment for investment. The existence of the WTO's dispute settlement system, which treats all countries equally, is important in enhancing inclusiveness. Access to larger markets creates opportunities for small and medium-sized enterprises and helps developing countries diversify their exports to new products and trading partners. In addition, by reducing trade costs WTO membership 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 Trade Facilitation Agreement (TFA), which entered into force in February 2017. The TFA contains innovative special and differential treatment provisions that have allowed developing and least developed 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.

In order to safeguard the gains from their participation in international commerce, it is important that developing countries continue to make trade a central part of their development strategies. In particular, we urge ministers to prioritize engagement with the multilateral trading system, the existence of which benefits all countries by containing protectionism and keeping global trade flows open. We will continue to work in partnership with the World Bank and other agencies to secure a brighter future for the world’s poor.