

WTO trade forecasts press conference

Remarks by DG Azevêdo



① WTO trade forecasts press conference

Good morning everyone — welcome.

You've all seen the press release, so I'll just give you a quick overview and highlight some of the key points as I see them. Let me say at the outset that all of the trade figures I mention will be in volume terms, unless specified.

Let's start by looking at 2016. Last September, we issued an updated forecast, warning that world trade in 2016 would grow at the slowest pace since the financial crisis. This turned out to be accurate.

The final figure for the year was 1.3% — below even our revised estimate of 1.7%, which itself was already below the estimates of other institutions. The poor performance over the year was largely due to the slowdown in emerging markets, where imports stagnated last year, barely growing in volume terms.

More

- ❑ [Director-General](https://www.wto.org/english/thewto_e/dg_e/dg_e.htm)
(https://www.wto.org/english/thewto_e/dg_e/dg_e.htm)
- ❑ [Economic research and analysis](https://www.wto.org/english/res_e/reser_e/reser_e.htm)
(https://www.wto.org/english/res_e/reser_e/reser_e.htm)
- ❑ [International trade statistics](#)

In 2016 the dollar value of world merchandise trade fell for the second year in a row, as exports dropped 3.3% to \$15.46 trillion. The decline was less severe than in 2015, when trade fell 13.5% in value terms. These movements were due to major shifts in commodity prices and exchange rates which came mainly in 2015, but some effects were still evident in 2016.

Now let's turn to the outlook for world trade in 2017 and beyond.

A number of early indicators point to a recovery in trade growth in 2017. For example, container port throughput has climbed to a record high. Figures on global export orders are at their highest level in several years.

These factors, combined with an expected recovery in global GDP, give some cause for cautious optimism.

The WTO therefore expects world trade growth to rebound to 2.4% in 2017. However, because of the high level of economic and policy uncertainty, we are placing this figure within a range from 1.8% to 3.6%.

Hitting the 2.4% forecast assumes that governments pursue an appropriate mix of policies and that GDP forecasts will be accurate. A more pronounced improvement in economic circumstances would be required to push trade growth towards the higher end of the range. On the other hand, unforeseen changes to monetary, fiscal and trade policies could lead to results closer to the low end of the range.

Looking ahead to 2018, we are forecasting trade growth between 2.1% and 4.0%. Again, this is subject to the same uncertainties.

In recent years we have been keeping a close eye on the ratio between trade and GDP growth.

In 2016 the ratio fell to 0.6. This is the first time that the ratio has fallen below 1 to 1 since 2001. It is expected to recover partly in 2017 but our expectation is that it will remain well below the post-war average of around 1.5 to 1.

Overall, I think that while there are some reasons for cautious optimism, trade growth remains fragile and there are considerable risks to the downside. Much of the uncertainty around the outlook is of course political — and not only geopolitical. Part of this is driven by people's concerns about the impact that trade can have.

The fact is that trade plays a very beneficial role in the economy overall. It is net positive. It drives growth, job creation and development.

Nevertheless, people's concerns cannot be ignored. A net gain for the economy as a whole — or for other individuals — means little to someone who has lost their job.

But in finding the right response we have to look at the whole picture.

The fact is that the economy is changing fast — driven by technology and innovation. Eight in ten manufacturing jobs are lost to innovative technologies and higher productivity. It is estimated that 65% of children entering primary school today will end up working in types of jobs that don't yet exist. We have to adapt to this new reality.

That means applying the right mix of policies across a range of areas. At the domestic level, policies are needed to help support the workers of today and train the workers of tomorrow.

Closing the borders to trade would only worsen the situation — it would not bring the jobs back, it would make more jobs disappear.

We need to keep using trade to deliver more benefits to more people. More trade integration can help make the system more inclusive — connecting new industries and smaller players to new markets.

https://www.wto.org/english/res_e/statis_e/statis_e.htm

- ▣ [Trade recovery expected in 2017 and 2018, amid policy uncertainty](https://www.wto.org/english/news_e/pres17_e/pr791_e.htm)
https://www.wto.org/english/news_e/pres17_e/pr791_e.htm

So we need to keep reforming the trading system in this direction — building on the successes of recent years, such as the Trade Facilitation Agreement, the expanded ITA and the elimination of agricultural export subsidies.

Moreover, we need to resist putting up new barriers.

The global trading system was challenged by the financial crisis — and it passed the test. We did not see a significant rise in protectionism, and we certainly did not see a repeat of the 1930s.

The share of world imports covered by import-restrictive measures implemented since October 2008 and still in place is just 5%. Of course it could be even lower — but it shows that the WTO did its job.

Now we need to keep strengthening the system, delivering new reforms and resisting the erection of new barriers to trade. As far as members are concerned, I see a huge level of commitment here in Geneva.

Ultimately these factors will be key in the outlook for both trade and economic growth.

Thank you.

Share

 [RSS news feeds \(https://www.wto.org/english/res_e/webcas_e/rss_e.htm\)](https://www.wto.org/english/res_e/webcas_e/rss_e.htm)