

By AFP

### **Global trade to shrink 18.5% in Q2: WTO**

GENEVA: Global trade is expected to drop around 18.5% year-on-year in the second quarter of this year in a huge coronavirus-driven plunge, which nonetheless could have been much worse, the World Trade Organisation (WTO) said on Tuesday.

The WTO said that in the first quarter, the volume of merchandise trade shrank by 3% compared to the same three months in 2019.

"Initial estimates for the second quarter, when the virus and associated lockdown measures affected a large share of the global population, indicate a year-on-year drop of around 18.5%," the global trade body said in a statement.

However, it said the expected plunge was better than the WTO's worst-case scenario for the Covid-19 pandemic's impact on global trade – and that the world economy may have bottomed out in the second quarter of the year.

"The fall in trade we are now seeing is historically large – in fact, it would be the steepest on record. But there is an important silver lining here: it could have been much worse," said outgoing WTO Director-General Roberto Azevedo. "This is genuinely positive news but we cannot afford to be complacent." In its annual trade forecast issued in April, the WTO forecast that volumes would contract by between 13% at best and 32% at worst in 2020.

"As things currently stand, trade would only need to grow by 2.5% per quarter for the remainder of the year to meet the optimistic projection," it said.

"However, looking ahead to 2021, adverse developments, including a second wave of Covid-19 outbreak, weaker-than-expected economic growth, or widespread recourse to trade restrictions, could see trade expansion fall short of earlier projections."

The WTO said the outlook for the global economy over the next two years remained "highly uncertain". Azevedo said policy decisions had softened the ongoing blow and would help determine the pace of economic recovery from the crisis.

"For output and trade to rebound strongly in 2021, fiscal, monetary and trade policies will all need to keep pulling in the same direction," said the Brazilian career diplomat, who is leaving his post a year early at the end of August.