

**STATEMENT BY THE MANAGING DIRECTOR ON
THE INDEPENDENT EVALUATION OFFICE EVALUATION OF
IMF INVOLVEMENT IN INTERNATIONAL TRADE POLICY ISSUES**

**Executive Board Meeting
June 8, 2009**

1. The Independent Evaluation Office (IEO) is to be congratulated for a thorough and insightful report into the IMF's involvement in international trade policy issues. I consider that the report provides a balanced assessment of the strengths and weaknesses of the Fund's involvement and I welcome the IEO's constructive recommendations.

2. I am encouraged by the IEO's generally positive assessment of the Fund's work in this area. In particular, I welcome the IEO's positive findings on: the appropriateness of conditionality on trade liberalization; the effectiveness of institutional cooperation; and that on some important trade issues, bilateral surveillance has provided excellent analysis and a strong voice for changing policies that harmed global stability. I am also pleased that the IEO's efforts to assess the IMF's overall effectiveness in this area has put the IMF in a fairly favorable light. This can be seen both through the IEO's detailed survey results, as well as their supporting analytical work.

3. As the report rightly emphasizes, the IMF's involvement in trade policy has evolved since 1997. Certainly the success in opening trade regimes globally has made some reduction in staff resources for trade both possible and desirable, but this report provides an excellent opportunity to discuss future priorities, and the role the IMF should play in trade policy issues going forward. Given the demands on the Fund we must seek to prioritize trade work while remaining broadly within the existing resource envelope for trade. In light of this, I agree in particular with the IEO's focus on financial services and preferential trade agreements, and the need to ensure due attention to farm and other systemically-important trade policies in major countries.

4. The accompanying staff statement provides a detailed response to the report's findings and recommendations. I look forward to the Board's reflections on the report, which will provide the opportunity to draw out further the implications for the Fund's policies and procedures.