



THE IMF'S APPROACH TO INTERNATIONAL TRADE POLICY ISSUES

**ISSUES PAPER FOR AN EVALUATION BY THE
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I. INTRODUCTION

1. **The IMF’s involvement in trade policy issues for well over 25 years has been a source of controversy.** It is widely accepted that Article I(ii) of the IMF’s Articles of Agreement, imbuing the IMF with the responsibility “to facilitate the expansion and balanced growth of international trade,” provides the mandate for its involvement in issues affecting international trade. The mandate is reinforced by references in Article IV to members’ obligations on economic policies in collaborating with the Fund to assure orderly exchange arrangements and in Article V to the IMF’s role in assisting members in solving balance of payments problems. But in contrast to exchange rate arrangements and the system of exchange rates, international trade is not under the regulatory jurisdiction of the IMF. Thus, the mandate is less definitive on the specific nature of the IMF’s involvement in trade issues than on its role in exchange rate policy.

2. **The relatively soft mandate for IMF involvement in trade policy issues leaves substantial scope for disagreement on whether the IMF has overstepped its proper role on trade policy or not done enough.** Moreover, reflecting a fundamental orientation toward furthering free trade, the IMF’s involvement in trade policy issues has at times stoked the debate on whether steps toward freer trade are always beneficial for the country concerned or if developmental objectives (particularly in low-income countries) would be better served by programs more tailored to country-specific circumstances. Alongside this debate are charges that IMF advice is not even-handed and pushes harder on developing countries (typically the borrowers from the IMF) than on advanced countries to reduce protectionism. In recent years, with the increasing complexity of trade policy issues, questions about whether IMF staff have the capacity to address trade policies sufficiently systematically have also arisen.

3. **This evaluation will focus on the following questions: “Is the IMF’s role in trade policy clear? How well has the IMF addressed trade policy issues? How well does the IMF’s cooperate with other international organizations in its work on trade policy? And has its trade policy advice been effective?”**¹ Trade policy is defined here as measures that directly and primarily aim to influence the quantity and/or value of a country’s imports and exports of goods and services. It encompasses traditional trade instruments—tariffs, quotas, and export and import subsidies—as well as customs administration and other domestic (“behind-the-border”) policies that distort trade. This delineation is not watertight as other policies can also have a significant effect on trade. Exchange rate policy, including exchange controls and multiple exchange rates, is perhaps the most noteworthy of these but

¹ An alternative set of questions could revolve around the broad heading of how successful the IMF has been in contributing to an increase in world trade. But many areas of IMF work affect trade, either directly or indirectly. Addressing this question would entail examining the role of all the different policies that could affect trade (negatively or positively) and isolating the effect on trade of the IMF’s involvement in these policies.

is nevertheless outside the scope of this evaluation.² (Box 1.) The focal period for the evaluation is 1996–2007, the years since the establishment of the World Trade Organization (WTO). Box 2 provides a brief historical review of the IMF’s involvement in trade policy prior to that time. While the evaluation is by definition backward-looking, it will help inform decisions about how involved in trade policy the IMF should be in the future.

Box 1. Distinctions between Exchange Rate and Trade Policies from the IMF’s Perspective

One of the main purposes of the IMF, expressed in Article I(iii) of the Articles of Agreement, is “to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.” This responsibility implicitly reflects the view that exchange rate policy has profound implications for the expansion and balanced growth of international trade. In economic terms, therefore, exchange rate policy may share objectives and attributes of more narrowly defined trade policy. In two dimensions this similarity can be particularly obvious. First, competitive depreciation can be considered a beggar-thy-neighbor trade policy similar to an across-the-board export subsidy plus import tariff. Second, substantial exchange rate volatility can have an adverse effect on trade volumes.

Nevertheless, there are good reasons, in the context of the IMF’s mandate, to consider the IMF’s role in trade policy separately from (though in tandem with) that in exchange rate policy. This is because of the fundamental distinction between exchange rate and more narrowly-defined trade policy in the Articles of Agreement. Specifically, with respect to exchange rates, members undertake an obligation “to collaborate with the Fund and other members ... to promote a stable system of exchange rates” and to “avoid manipulating exchange rates...to prevent effective balance of payments adjustment or to gain an unfair competitive advantage over other members” (Article IV Section 1). In turn, the Fund has the explicit responsibility “to exercise firm surveillance over the exchange rate policies of members” as it oversees “the compliance of each member with its obligations (Article IV, Section 3).” These provisions unambiguously place exchange rate policy and its implications for trade at the center of the Fund’s mandate. In contrast, the mandate for the Fund’s involvement in more narrowly-defined trade policy is based on “soft” obligations (for example that each member shall “endeavor to direct its economic and financial policies toward the objective of fostering orderly economic growth...”) (Article IV, Section 1, i, Gold, 1986). Thus, especially in view of the fact that the IEO recently completed an evaluation of the IMF’s advice on exchange rate policy and to help focus this evaluation on the Fund’s role in the context of this softer mandate, this evaluation, focuses on the IMF’s role in providing advice on trade policy narrowly defined.

² The IMF identifies an exchange restriction by a technical criterion—“whether it involves a direct governmental limitation on the availability or use of exchange as such” (Decision No. 1034-(60/27))—rather than by the purposes or economic effect of the restriction. Thus, a restriction on payments for particular imports is considered an exchange restriction, but an outright ban on the imports is considered a trade restriction, even though both may be used to achieve the same purpose and have the same economic effect. (Siegel, 2002.)

Box 2. Historical Context

The Bretton Woods conference of 1944 envisaged the creation of three international institutions that would reshape the international trade and financial system and forestall the recurrence of widespread beggar-thy-neighbor policies that characterized the 1930s. The IMF would be responsible for monetary and financial cooperation, the World Bank for post-war reconstruction and development financing, and the International Trade Organization (ITO) for the trade side of international economic cooperation. The ITO was never ratified, but a provisional treaty containing reciprocal obligations to lower tariffs—the General Agreement on Tariffs and Trade (GATT)—was signed in 1947 by 23 countries.

The IMF paid relatively little attention to trade policy in its first two decades. During that time, industrial countries undertook multilateral trade liberalization under the GATT while most developing countries adopted the import substitution (IS) doctrine and remained highly protectionist. But the IMF became quite active in trade policy during the 1970s and 80s when balance of payments crises revealed the flaws of IS development strategies. Returning the balance of payments to a sustainable position required that trade policy play a prominent role in conditionality and surveillance.

Between 1947 and 1994, GATT membership increased over fivefold, and industrial countries' tariffs on manufactured goods were lowered from an average of 40 percent to 3.5 percent. As trade barriers came down, world trade grew exponentially. In the past decade, trade policy has become less prominent in IMF surveillance and conditionality. At the same time, the scope of trade policy issues has expanded beyond the reduction of tariffs and nontariff barriers emphasized by the GATT. This can be linked to the broadening of the range of trade policies receiving international attention with the establishment of the World Trade Organization (WTO) in 1995.

4. The rest of this paper explains the motivations and plans for the evaluation.

Section II sets out the various channels through which the IMF is involved in trade policy. Section III discusses the main criticisms and past reviews of the IMF's work on trade. Section IV outlines the approach to the evaluation. It presents a conceptual framework, specifies the issues for which evidence is to be collected, and outlines the evaluation methodology.

II. HOW DO TRADE POLICY ISSUES ENTER THE WORK OF THE IMF?

5. Underlying the IMF's work on trade is the mandate "to facilitate the expansion and balanced growth of international trade," in Article I(ii) of its Articles of Agreement.

Within this broad mandate, outlets for trade-related activities of the IMF are specified in: Article IV, which lays out surveillance responsibilities; Article V, which requires IMF financial support and technical assistance to be consistent with its purposes; and Article X, which calls for cooperation with other international organizations. On trade matters, the IMF's most immediate interactions are with the World Bank and the WTO. Box 3 sets out the respective roles of the three institutions in the area of trade policy.

Box 3. The roles of the IMF, World Bank, and World Trade Organization (WTO) in trade policy

The IMF, World Bank, and WTO share the common goal of facilitating/promoting the balanced expansion of trade in goods and services. Responsibilities for trade issues are divided among the three institutions—roughly speaking, the IMF focuses on the overall macroeconomic policy framework and balance of payments disequilibria, the World Bank on long-term development and sectoral trade issues, and the WTO on rules for multilateral trade liberalization and transparency. Each of the three institutions has a mandate for cooperation. Nevertheless, there are areas of overlap (and, potentially, gaps).

The World Bank provides trade support through its lending operations, analytical work (research as well as economic and sector work (ESW) carried out in its operational regions), advocacy, and capacity building activities. There is, in practice, no clear dividing line between the work of the IMF and the World Bank with regard to trade policy. Thus, coverage of specific trade policy issues may appear in the analytical work of both institutions (surveillance in the IMF, ESW in the World Bank) and may be the subject of conditionality for lending programs in either institution. According to a recent evaluation of the World Bank's support for trade reform (IEG, 2006), trade conditionality and trade lending have fallen over the last three decades; trade facilitation, largely customs, is currently the main area of trade lending support. By contrast, non-lending support, notably trade ESW, is on the rise, and it increasingly focuses on institutional issues and welfare outcomes.

The WTO promotes trade by serving as a forum for its member countries to negotiate trade agreements—which form the legal ground-rules for international trade—and providing a mechanism for dispute settlement to enforce these rules. The distinction between the roles of the IMF and the WTO is clearer than the IMF-World Bank division, though it is by no means perfect. Legally, the WTO has jurisdiction over trade restrictions whilst the IMF has jurisdiction over exchange measures. WTO commitments and rules are limitations on the maximum amount of trade protection and the use of other protective policies. The WTO periodically reviews its members' trade policies. The IMF can cover trade policies in its surveillance and conditionality, although, unlike WTO commitments, IMF trade policy advice is not legally binding. Moreover, IMF policy advice and program design are guided by economic considerations. This may result in the IMF pressing for trade and trade-related reforms to proceed faster and deeper than WTO commitments.

6. Interpretation of the mandate for work on trade policy is set by the Executive Board and Management, with input by the Policy Development and Review (PDR) and the Legal Departments. General guidance has come mainly through: biennial surveillance reviews and associated Board summings up and surveillance guidance notes for staff (addressing the coverage of trade policy issues); conditionality reviews and associated Board summings up and conditionality guidance notes for staff (addressing trade policy conditionality); periodic reviews of the IMF's work on trade and associated Board summings up; trade-specific guidance notes for staff issued by PDR;³ and joint IMF-World Bank policy

³ These comprise guidelines relating to the WTO Committee on Balance of Payments Restrictions; import surcharges; designing and implementing trade policy reforms; implications of developments in world textiles markets for IMF surveillance; and IMF support for trade-related balance of payments adjustments.

papers and associated Board summings up. Also, within this broad guidance, views on specific trade policy issues are established in Executive Board meetings on bilateral and multilateral surveillance and the use of IMF resources.

7. **The IMF faces a constantly changing environment for most of its activities, but nowhere is this truer than in trade.** In 1995, the WTO replaced the GATT and was established as an international organization. Whereas the GATT had mainly dealt with trade in goods, the WTO was given a broader mandate, covering services and intellectual property agreements, as well as health and environmental regulations that can be construed as barriers to international trade. At the same time, the world has witnessed a swing from multilateral to bilateral/regional trade liberalization. Preferential trade agreements (PTAs) are a major feature of today's trading system—according to the WTO, over 200 are currently in force and the number is expected to double by 2010. Many PTAs go well beyond merchandise trade liberalization to areas such as trade in financial and other services, investment flows, and other disciplines. The economics of PTAs is complex. While PTAs can be trade liberalizing, they are discriminatory and some observers therefore fear that their proliferation could lead to trade diversion and jeopardize progress toward global free trade. Moreover, though the WTO has formal jurisdiction over them, PTAs are typically negotiated and implemented outside the active involvement of any of the major international organizations.⁴

8. **The many channels for the IMF's work on trade policy permit a broad involvement across issues and the membership.** Trade policy advice is incorporated in surveillance at the bilateral, regional and multilateral levels; it enters structural conditionality in stand-by and Poverty Reduction and Growth Facility (PRGF) arrangements; it is the subject of technical assistance (TA), especially on customs administration and fiscal revenue effects of trade liberalization; the IMF carries out research on trade policy issues; and in outreach activities, the IMF advocates for global trade liberalization initiatives. Separately from these channels, the IMF cooperates with the WTO, the World Bank, and other United Nations-related organizations. It participates in the Integrated Framework and carries out complementary functions where the division of responsibilities gives the IMF a distinct role (such as providing specific determinations to the WTO's Balance of Payments Committee).

9. **The treatment of trade policy issues in IMF surveillance has changed over time.** Trade policies were covered in most bilateral surveillance reports until 200[2], when the Board called for greater selectivity. Current surveillance guidelines suggest a level of coverage ranging “from substantial to none, depending on the staff's judgment on the

⁴ WTO members are required to notify the WTO when entering into a PTA (such as a customs union or free trade area). The WTO's Committee on Regional Trade Agreements (CRTA) is responsible for examining individual agreements. However, the committee's work has been hampered by a lack of agreement among WTO members on how to interpret the criteria for assessing the consistency of such agreements with WTO rules. (WTO, 2006) As a result, only a handful of agreements have been considered by the CRTA to date.

relevance of trade developments for macroeconomic prospects.” (IMF, 2005)⁵ Trade policy issues covered in surveillance vary across country groups. A recent internal review (IMF, 2005a) found that the emphasis in high-income countries has been on promoting market access for developing country exports and addressing trade-distorting practices with systemic impacts. In low-income countries, the emphasis has been on liberalizing the merchandise trade regime and improving the institutional infrastructure for trade. Despite this diversity, the review found some issues (such as trade in services) hardly discussed at all, and no systematic approach to the surveillance of trade policy issues at the regional level. Following the 2007 Bilateral Surveillance Decision, views on trade policy will need to be informed by assessments of external stability

10. **Trade conditionality in lending arrangements has also changed over time, in both frequency and nature.** The incidence of trade-related structural conditionality in IMF arrangements increased during the 1990s but dropped in 2001–04. The nature of trade-related measures also shifted. According to a recent internal review (IMF, 2005b), conditions on non-tariff barriers (NTBs) have virtually disappeared, conditions on tariffs have declined, and conditions on customs administration reform have increased. Explanations that have been put forward for these changes include: a more liberal trade policy environment in most countries, with lower tariffs and fewer NTBs shifting the focus to behind-the-border issues or second-generation reforms; the streamlining of structural conditionality introduced in 2000 (and refined in 2002); and the initiation of the Doha Round in 2001, which may have made governments more reluctant to agree to unilateral trade reforms for strategic reasons.⁶

III. PERSPECTIVES OF THE IMF’S WORK ON TRADE

11. **The IMF’s mandate in trade policy issues has been much-debated.** The IMF’s regulatory jurisdiction under Article VIII is limited to exchange restrictions affecting the payments and transfers for current transactions; it does not extend to the underlying transactions themselves. In other words, IMF members are not obliged to avoid trade restrictions as they are obliged to avoid exchange restrictions. But IMF conditionality may extend to trade liberalization measures, consistent with the IMF’s purposes under Article I of the Articles of Agreement. Also, trade restrictions (or trade subsidies) may justify surveillance if they are driven by or support inappropriate exchange rate policies, cause fiscal imbalances, or in general, lead to resource allocation incompatible with a sustainable balance of payments position. (Siegel, 2002 and IMF, 2005a.) However, some commentators read the

⁵ “Coverage is expected in: (i) countries where serious trade distortions hamper macroeconomic prospects, (ii) countries where balance of payments or fiscal accounts are vulnerable to trade developments, or (iii) in large industrial and developing countries whose trade policies have global or regional implications.” (IMF, 2005)

⁶ The recent IEO evaluation of structural conditionality (IEO, 2008) corroborates the finding that trade-related structural conditionality dropped off after 2000, but concludes that the decline in the incidence of trade-related conditions was driven by the streamlining of conditionality and not by lower initial trade restrictiveness.

Articles of Agreement in narrower terms and argue that the IMF oversteps its mandate when it engages in trade policy issues during surveillance or imposes trade (or other structural) conditionality in its lending arrangements.(Saner and Guilherme, 2007 and Akyüz, 2005)

12. **The substance of the IMF's trade policy advice has also been controversial.** Some critics contend that the IMF is too doctrinaire, pushing for trade liberalization and imposing trade conditionality no matter the circumstances. By doing so, it is claimed, the IMF constricts developing countries' policy space and their ability to create their own development paths. (Chang, 2003, Gallagher, 2005, Hamwey, 2005, and Rodrik, 2007) Even in cases where trade liberalization may be desirable in the medium to long term, there is dissatisfaction with how the IMF designs its trade reform strategies. The IMF is accused of pushing for too-rapid liberalization, with insufficient analysis of market imperfections in domestic and world markets and inadequate attention to the fiscal consequences and social costs, and with an absence of needed safety nets for vulnerable segments of the population.(Watkins and Fowler, 2002 and Kovach and Lansman, 2006)

13. **The IMF has also been criticized for not being even-handed in its approach to trade policy issues.** Specifically, critics claim that the IMF is driven by industrial countries' agendas and uses trade conditionality to force developing countries to open their markets while allowing rich countries to keep the doors to their own markets closed. And even observers who see the IMF's advice to industrial and developing countries as even-handed point out that non-borrowing countries are free to ignore the advice, but borrowing countries are not. (Feldstein, 1998, Stiglitz, 2002, and Bello, 2000) These critics charge that by compelling countries to liberalize their imports, the IMF effectively weakens the negotiating leverage of developing countries vis-à-vis industrial countries at the WTO and in various bilateral and regional trade talks; the policies promoted by the IMF are then locked in under the binding rules of the WTO. (Raworth and Green, 2005, and Calieri, 2003)

14. **Internal reviews by PDR have identified areas for improvement in the IMF's work on trade.** A 2005 review (IMF, 2005a) focused on three themes: the trade-related challenges facing IMF members and associated IMF messages; how the IMF carries out its work on trade and whether there is room for improvement; and the IMF's collaboration on trade issues with other agencies and whether the division of labor is appropriate. It found room for greater selectivity in discussions of trade policies in bilateral surveillance, increased efforts to integrate trade policies into Poverty Reduction Strategy Papers (PRSPs), and further consideration of the appropriate scope of structural conditionality. It highlighted two areas—PTAs and trade in services—as warranting greater attention by the IMF in surveillance and inter-agency cooperation (especially with the WTO).

15. **Previous reports by the IEO and others that have touched (though not focused) on trade policy have also pressed for more selectivity in the coverage of trade policy.** Such IEO evaluations are: the evaluation of structural conditionality (IEO, 2008); the evaluation of the IMF and recent capital account crises (IEO, 2003); the evaluation of PRSPs

and the PRGF (IEO, 2004 and 2004a); and the evaluation of technical assistance (IEO, 2005). In general, these called on the IMF to avoid trade policy where it is not critical (for example, in program conditionality where trade liberalization is not crucial to resolving the problem at hand, even if it may have beneficial effects in the long term) and to intensify its involvement where trade policy is critical (for example, through more and better trade policy analysis—particularly the impact of industrial country trade policies on individual low-income countries—in PRSPs, and stronger links between PRSPs and TA priorities).

IV. EVALUATION QUESTIONS AND METHODOLOGY

16. **Building on all of these reviews and assessments, the evaluation will focus on the clarity and conduct of the IMF’s role in trade policy advice and advocacy.** It will aim to move beyond the question of whether the IMF’s role should be more focused and address questions of whether interpretation of the mandate for involvement in trade policy is well-based and clear; whether critics of IMF positions have a solid basis and where the IMF’s comparative advantage in trade policy issues lies; how well the IMF has adapted to the establishment of the WTO; and whether the IMF’s trade policy advice is effective. In its conclusions, the evaluation will consider possible improvements in how the IMF defines its role and executes trade policy advice.

17. **The evaluation will assess the IMF’s work on trade within the standard results-chain framework of inputs, outputs, and outcomes.** Inputs consist of IMF internal processes such as the guidance provided for trade work by the Board and Management, and research and analysis—from inside and outside the IMF—that focus and challenge the IMF’s advice on trade policy. Outputs are defined as assessments, analyses, and communication, in surveillance reports, program documents, TA reports, policy dialogues, communiqués, speeches, and statements, among others. Both inputs and outputs are, to a large extent, within the control of the IMF; thus, IMF accountability for their quality is high. Moving along the results chain, the degree of IMF accountability for results becomes increasingly affected by other factors. Outcomes are defined as country authorities’ reception of IMF trade policy advice and changes in trade policies and the trade environment in general.

18. **The evaluation will be approached holistically.** The IMF’s work on trade spans several activities that are different in nature and governed by different internal practices. Rather than assessing each trade policy-related activity and its effectiveness in achieving its own goals—as noted earlier, many of these activities have already been separately evaluated by the IEO—this evaluation will center on four broad themes.

19. ***Is the IMF’s role in trade policy clear?*** The mandate in the Article of Agreement is general and its reflection in actual trade policy advice has evolved; guidelines and precedents have helped drive this evolution. The evaluation will address the following questions.

- Are the guidelines and precedents consistent with the mandate in the Articles?

- Are the guidelines and precedents clear, comprehensive, well-focused, and timely? Do they provide a clear and effective delineation of the role of the IMF vis-à-vis the WTO and the World Bank? Do they provide clear direction and purpose for staff?
- Within the general mandate, what is the process that drives the selection of trade policy issues to cover and specific positions taken on them (e.g., desirability of PTAs, agricultural subsidies, and other Doha Round issues)?⁷ How are different views, if any, reconciled? Are such views and their evolution sufficiently documented?

20. ***Is the IMF's trade policy advice appropriate, that is, does it conform to and carry out well a reasonable interpretation of the IMF's mandate?***

- Is the IMF's trade policy advice appropriate in scope? Key questions will be whether trade issues have been identified and analyzed in sufficient detail when critical to macroeconomic outcomes and vulnerabilities and omitted when not; whether the absence of a discussion of trade policy reflects a genuine absence of issues or less desirable causes, such as insufficient staff expertise, political and/or management pressure to avoid contentious issues, slow recognition of evolving issues or insufficient resources when other issues take primacy; and whether new trade issues, such as PTAs and trade in financial services, receive sufficient attention.
- Are trade policies advocated by the IMF sufficiently well thought out? The evaluation will consider standards of evidence (from academic and policy research) for positions on the main trade policy issues on which the Fund engages and the consistency of the Fund's advice with them. It will also examine whether trade policy advice reflects country-specific analysis (of institutional frameworks, supply capacity, and spillovers within the economy) and whether advice on reforms been embedded in a framework for macroeconomic policy and strategies.
- Does the IMF take into sufficient account trade policy linkages within and/or across regions? As trade policy is increasingly conducted at regional levels, the evaluation will examine how consistently, bilateral and regional surveillance are integrated.
- Is the IMF even-handed and balanced in its trade policy advice? This is a difficult issue because the nature of trade policy issues and therefore advice differ significantly across countries—particularly between developing and advanced countries. Also, the IMF's involvement with countries differs according to whether it is solely through surveillance or also through the use of Fund resources. Nevertheless, indicators, such

⁷ The evaluation will look into IMF research insofar as it contributed to IMF views on trade policy advice, but will not evaluate IMF trade research per se. IMF research (including, but not limited to, trade) has been evaluated by a group of independent experts (IMF, 2000) and will be the subject of an IEO evaluation in 2009.

as the frequency of advice, breadth of advice, and country-specific depth of advice, will be compared to assess evenhandedness.

21. ***How has the IMF's role in trade policy evolved since the establishment of the WTO?*** Particular points of interest concern whether the Fund has adapted its role to the new environment and whether cooperation is working.

- Have cooperation agreements (with both the WTO and World Bank) been effective in ensuring collaboration and coherence in positions on policy issues?
- Has it become more difficult for the IMF to gain traction on its advice since the establishment of the WTO? If so, it will be important to establish how this has changed the way the Fund engages on trade policy issues.
- Is there any unproductive overlap in the roles of the IMF on the one hand and WTO and other international institutions that address trade issues on the other?
- Is there evidence of opportunities for productive cooperation between the WTO and IMF that have been missed?

22. ***Is the IMF's trade policy advice effective?*** This question could be approached from three angles—the degree to which the IMF's advice is heard and spawns debate among the authorities and the public; the degree to which it is reflected in actual changes in trade policy; and the degree to which it results in greater international trade.

- At the first level, the evaluation will examine, from the perspective of country authorities and close observers, whether the IMF has been sufficiently engaged in trade issues where warranted. Where there has been engagement, the evaluation will assess whether views have been clear, persuasive, and apparently consistent with overall macroeconomic advice and the country's other commitments (such as ongoing/future negotiations with the WTO and regional trade agreements). It will also ask whether IMF views have helped spur debate and develop political consensus for change and whether outreach has been seen by press and authorities as effective.
- At the second level, the evaluation will consider the record of countries in following IMF policy advice by determining to what extent changes in a country's trade regime have been consistent with IMF advice.

- At the third level, consideration will be given to trying to identify whether instances of the most concerted IMF trade policy advice have produced more rapid increase in trade than instances where the IMF played a smaller role in advising on trade policy.⁸

23. **The evaluation will cover the period since the establishment of the WTO—1996–2007—but may go back further for some questions and focus on the more recent past for others.** The main instruments of the evaluation will be desk reviews of policy documents and guidelines issued to staff, Article IV and program documents, Executive Board minutes, and advocacy and outreach items. There will also be case studies of the IMF’s involvement with individual countries (or country groupings) and/or trade policy issues that cut across countries (or country groupings). These will be supplemented by surveys and interviews of current and former IMF, WTO, and World Bank staff as well as government and non-government representatives (including the media).

⁸ The goal of IMF involvement in trade policy is the expansion and balanced growth of international trade. However, this goal is affected by many factors other than IMF trade policy advice; hence it may not be possible to identify a specific effect. Wei and Zhang (2005) find some evidence linking trade conditions in arrangements with greater imports, while Rose (2005) finds no evidence linking IMF membership with trade volumes.

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