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United Nations**

**United Nations Statement to the International Monetary and Financial Committee
(IMFC) of the Board of Governors, April 2025**

“Nobody wins in a trade war, everybody tends to lose”

UN Secretary General Antonio Guterres, April 9, 2025

Global Uncertainty and Shrinking Development Space

This is a period of profound global uncertainty and shrinking development space. In January 2025, the IMF’s World Economic Outlook projected that global growth would remain stable, albeit divergent and uncertain. It was anticipated to be lackluster, with the potential impact of heightened trade policy considered temporary at the time.

The landscape of global growth has shifted dramatically since then. The world is now confronted with shrinking development space due to tariffs that appear to be persistent, alongside reductions in foreign aid and continued debt and financial tightening. These evolving circumstances threaten to have devastating consequences for millions of vulnerable people across the globe.

The United Nations has consistently emphasized that trade wars are harmful to developing economies. Tariffs, coupled with heightened uncertainty, are poised to increase costs and potentially disrupt supply chains. This disruption contributes to a decline in global demand at a time when global growth is already low, sparking fears of both a U.S. and global recession.

The increasing risk of a recession and its consequences, especially for the poorest, are deeply concerning. A global recession, accompanied by a reduction in exports, has significant implications for debt. Debt vulnerability is at its highest level in decades in many developing economies, coinciding with a period when donors are making substantial cuts to aid flows.

It is imperative that member states work together to find solutions to mitigate the impact of these policy choices on the most vulnerable populations. We should commit to addressing these pressing issues with urgency and resolve, for the sake of our shared future and the well-being of all people around the world.

Avoiding Downside Risks

As the global economy slows, downside risks threaten to unravel a multi-speed economy. The WTO slashed its global trade forecast from 3.0 per cent growth to a 0.2 per cent contraction this year – the first decline since the pandemic shattered supply chains in 2020. This presents both challenges and opportunities that demand our collective attention and action.

A universal 10% increase in import tariffs, with reciprocal tariffs in place, is a response to perceived inequities in global trade; the policy aims to rebalance trade deficits and slow a decline in manufacturing jobs within the United States. However, the broader implications of such policies are not contained to the two main trading blocks.

For developing economies, especially those reliant on exports to the United States, tariff increases pose a serious threat. Higher costs, disrupted supply chains, and dampened global demand can exacerbate already low growth rates, leading to trade diversion and relocation. Countries with significant trade surpluses with the United States, such as China, are now engaged in tariff responses, further complicating the global trade landscape.

Developing nations, particularly those that have benefited from tariff exemptions under initiatives like the African Growth and Opportunity Act (AGOA), find themselves at risk. A minimum 10% tariff could lower their export earnings and hinder their ability to diversify economically. Nations such as Lesotho and Vietnam may see their export potential significantly diminished, highlighting the uncertainty these changes introduce into the global trading environment.

The Way Forward: Keeping Development Commitments

Trade wars, debt crises, painful repayment schedules and soaring capital costs are enormous obstacles to investing in people.

Despite the current uncertainty, countries are taking critical steps forward to implement the Pact for the Future and recommit to multilateral action in Seville during the FFD conference and in Brazil at COP30.

The Pact represents a collective vision, a shared promise to address the urgent challenges that confront our world. It is a testament to our resolve to eradicate poverty and hunger, close the financing gaps for the Sustainable Development Goals, and ensure that our multilateral trading system is fair and a catalyst for sustainable development.

This Pact calls for collective action and governance reforms, reinforcing the need for strategic international cooperation. Countries must work together, across borders and beyond differences, to address the multifaceted crises that threaten our future. It is our

duty to prioritize both current and future generations, ensuring that policies and actions reflect the values of solidarity and shared responsibility.

The United Nations system is committed to fostering an equitable multilateral financing and trading system. We can create a more just and effective international architecture. And we can make sure resources match our resolve for sustainable development.