



Trade: A Way out of Poverty

If structured more justly than it is at present, international trade could offer a dignified livelihood and an exit route from poverty for millions of people. Already, developing countries as a group earn much more from trade than they receive in aid.

However, the 50 Least Developed Countries comprise just 0.6% of world exports. Africa's share of total world trade has progressively decreased from 7% in 1948 to a mere 1% in 2005. Sub-Saharan Africa, in particular, is increasingly marginalised from world trade.

The two main impediments facing developing countries are unjust trade rules and poorer countries' limited capacity to trade.

The process of decision-making on global trade rules is shamefully biased in favour of the more powerful groups of states. The international trade regime facilitates those products in which the rich are most competitive (manufactured goods and services) and obstructs the products at which the poor are more competitive (agriculture and textiles).



Trade could play a significant role in reducing poverty, but not while international trade rules are so biased against the poor.

To benefit from the opportunities presented by trade, developing countries need significant improvements in their capacity to trade. Labour skills, infrastructure, business capacity, communications systems and regulatory bodies all need to be built up. Trade benefits women and men differently: women's marginalisation may be exacerbated unless trade rules and systems take specific account of their rights and needs.

What are Irish NGOs doing about it?

Irish NGOs help local producers improve their livelihoods, help fairtrade producers retain a greater share of the value of their goods and simultaneously address the structural issues of trade injustice.

NGOs are involved in trade related activities in **three key areas**:

- ★ Supporting income generation, livelihood programmes and micro-credit schemes in developing countries;
- ★ Promoting fairtrade products;
- ★ Raising awareness and lobbying for change to unjust rules of trade.

NGOs are concerned that the use of aid to impose trade policy conditions on poor countries is inappropriate behaviour by donor governments and undermines fair and sustainable human development.

Irish NGOs call on governments at national, EU and global levels to address the following as key priorities:

- ★ **Stop the subsidised dumping of rich country surpluses**, which undermine the demand for locally-produced food in developing countries;
- ★ **Allow developing countries to protect their markets** against subsidised imports - rich countries already enjoy this right;
- ★ **Source food aid within local and regional markets** so as not to displace local production;
- ★ End the '**escalating tariffs**' that penalise developing countries if they add value to their exports;
- ★ Revise **patent rules** so they do not prevent access to essential medicines (e.g. for HIV and AIDS) and so that poor farmers are not obstructed from saving seeds or from receiving royalties for their traditional knowledge;
- ★ **Reform the red tape**, such as 'rules of origin', which render the preferences offered to developing countries ineffective;
- ★ **Respect that trade policy** is part of a country's development policy; and
- ★ **Do not pressure developing countries** into widening the agenda of trade talks into broader economic policy issues.

By working closely with farming communities and producers, NGOs can build the skills and knowledge required to add value to local produce. NGOs are able to assist communities to bring their products to market and to access information about prices and market conditions.

