



TRADE CAN REDUCE POVERTY

Trade can reduce poverty

The logo for nzaid, featuring a stylized red wave above the word "nzaid" in a bold, dark green font.



Trade can

...but only if poor countries have:

- things to trade
- education and work skills
- roads and infrastructure to transport goods
- markets in which to sell their goods
- finance to support export efforts

The potential gains from trade far outweigh the gains from international aid. They last longer and best help countries help themselves.

But the challenges for poor countries are huge.

That's where the donor community and agencies like NZAID come in. Our aid can help countries develop skills, products, knowledge and ways to get goods to market.

“If developing countries could increase their share of world exports by just 5% this would generate some US\$350 billion in additional income – seven times as much as they receive in aid.”

Oxfam International

reduce poverty



CASE STUDY

NZAID's marketing advice and technical improvements turned a traditional village craft in Lombok into a successful export industry valued at US\$1.5 million, and employing 3,000 local people. The money stays in the village to build and maintain bridges, sewerage, community services and helps with scholarships for children.



Aid helps

...which is why NZAID prioritises trade related programs.

Trade growth gives poor countries more money to tackle poverty, long after aid money has done its job.

This can mean:

- support for local trade promotion agencies and organisations
- help to develop policies and institutions to harness trade to tackle poverty
- support to extend the benefits of trade to the rural sector

People in poor countries must also have the work skills and the basic education to take advantage of new jobs.

That's why NZAID encourages programs that target:

- business skills training and knowledge of new technology
- basic education and good health care

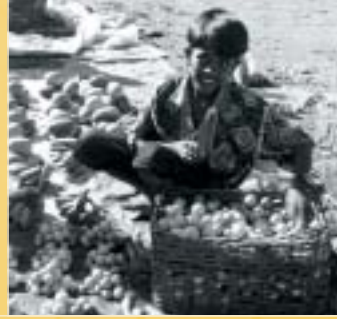
“Trade growth gives poor countries more money to tackle poverty, long after aid money has done its job.”

poor countries trade their way out of poverty



CASE STUDY

NZAID funds the Small Business Enterprise Centre in Samoa with \$250,000 per year and has done since 1994. Uati's Bakery was set up under the scheme. Uati had never learnt to bake before, but saw the potential in providing products like wedding and birthday cakes. She now provides goods to many shops and employs at least six people.



NZAID works

.... by putting forward development views to trade negotiators and Ministers, and working with other agencies and the public to keep poverty elimination in the spotlight.

The poorest countries in the world want a seat at the table at international forums to argue the case for opening the markets of rich countries to the goods of the poorest countries.

Poor countries also need time and help when taking down their own trade barriers and reducing subsidies. That's why NZAID supports:

- increased participation of poor countries in international trade forums
- help to identify legislative changes, policies and regulations necessary to join forums like the WTO
- special treatment and technical assistance for poor countries

"No single change could make a greater contribution to eliminating poverty than fully opening the markets of prosperous countries to the goods produced by poor ones."

Kofi Annan, Secretary General of the United Nations

to make
elimination of
poverty a focus in trade talks



CASE STUDY

NZAID funds the Pacific Islands Trade and Investment Commission (PITIC) which gives free market information to Pacific Island countries. A recent PITIC study found that one of the main barriers to selling Pacific goods in overseas markets was bad packaging. Pacific Island Countries are now able to work towards fixing the problem.

We gratefully acknowledge the photographers and the copyright holders, with special thanks to Janet Morris of MFAT



If you want to know more ...

...about NZAID's policy *Harnessing International Trade for Development* – please contact Trade and Development Programme Manager on **04 439 8200**, aidglo@mfat.govt.nz or at the postal address: **Private Bag 18-901, Wellington.**

For a copy of the policy or other NZAID policies visit our website: www.nzaid.govt.nz

Useful links:

Business

The Pacific Islands Trade and Investment Commission (PITIC) www.pitic.org.nz

Pacific Islands Forum Secretariat www.forumsec.org.fj

Fiji New Zealand Business Council www.fijinzbiz.org

Papua New Guinea New Zealand Business Council.

Contact: Hannah Bougen, hbougen@chamber.co.nz

Schools

Dev-Zone (Development Resource Centre) www.dev-zone.org or www.globaled.org.nz

Non-Government Organisations – NGOs

CID (Council for International Development) www.cid.org.nz

Oxfam www.oxfam.org.nz

Fair Trade

Trade Aid www.tradeaid.co.nz

Development Agencies and other links

Australian government's overseas aid program – AusAID www.ausaid.gov.au

United Kingdom's Department for International Development www.dfid.gov.uk

Canadian International Development Agency – CIDA www.acdi-cida.gc.ca

Organisation for Economic Co-operation and Development – OECD www.oecd.org

United Nations Development Programme – UNDP www.undp.org