



## Trade and Development Statement

The Australian Government continues to support trade liberalisation unequivocally and resist protectionism. And we are committed to helping developing countries gain access to international economic opportunities. But developing countries face many challenges in realising the benefits of increased trade. Of the poorest, the Least Developed Countries in particular remain largely marginalised from the global economy, accounting for less than one per cent of global trade. Developing countries need the capacity to translate the benefits of trade into real development outcomes and progress towards the Millennium Development Goals.

### **Trade is a critical avenue to reducing poverty**

Sustained economic growth remains the most powerful long-term solution to poverty. And no country has achieved strong and sustained economic growth – and thus rapid poverty reduction – without participating in international trade.

**Trade liberalisation is vital.** Successful conclusion to the World Trade Organization (WTO) Doha Development Round will boost confidence in the global economy. Australia supports trade liberalisation by:

- advocating a successful development-oriented conclusion to the Doha Round
- providing duty and quota-free market access for products from Least Developed Countries
- pursuing agricultural trade liberalisation including through leadership of the Cairns Group
- supporting regional integration
- supporting developing countries to participate in regional and WTO negotiations

**But trade liberalisation on its own is not enough to drive economic development.** Developing countries require assistance to take full advantage of the benefits of trade liberalisation. This is because developing countries face a number of challenges to increasing their trade levels:

- Limited financial resources, technical and institutional capacity to negotiate and implement trade agreements, and to design trade related policy and adequate regulatory frameworks
- Insufficient priority given to trade by both developing countries and donors
- Difficulty in meeting international standards, particularly in food and health safety
- Low domestic productive capacity to export and import due to a lack of infrastructure, shortages of skilled labour, weak business enabling environments and onerous export procedures

Developing countries also face challenges in translating increased trade activity into development and poverty reduction outcomes. Women, people with disabilities and other minority groups often face barriers accessing economic opportunities. The geographic bias of export-led growth may mean that rural areas do not always share the benefits of trade. Developing countries face challenges in ensuring trade supports sustainable development opportunities for future generations.'

## Australia's Aid for Trade

Aid for Trade is about providing development assistance for the trade-related needs of developing countries to enable better engagement in the multilateral trading system and regional trade initiatives. Like all development assistance, Aid for Trade must be demand driven, carefully designed and co-ordinated to ensure the greatest impact as set out in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

Australia's Aid for Trade is built on two pillars:

### 1. Improving market access

The international trading system must be equitable and should allow developing countries to pursue their interests in an informed manner. Australia's priorities include:

- ***Building the capacity of developing countries to negotiate*** effectively when entering into international and regional trade agreements
- ***Assisting developing countries to implement*** trade agreements and comply with international standards around food and health safety
- ***Helping developing countries to overcome the practical challenges*** of onerous export procedures and red tape
- ***Strengthening the institutional architecture*** so that the WTO and regional organisations are able to support the priorities of developing countries.

### 2. Building competitive economies

There are substantial opportunities in regional and global markets. But countries must be competitive enough and productive enough to take advantage of these opportunities. Many developing countries need assistance to realise the benefits of trade. Australia's priorities therefore include:

- ***Investing in trade-related infrastructure*** – such as roads, ports, wharfs and airports – to reduce the cost of doing business
- ***Investing in human resource development*** through vocational and skills training initiatives, and re-skilling and supporting workers to adjust to shifting economic opportunities
- ***Facilitating investment and private sector development*** by improving the business, trade and regulatory environment
- ***Ensuring trade contributes to positive development outcomes*** including poverty reduction, environmental sustainability, gender equality and more equitable development between rural and urban areas.