Bringing the Poor into the Export Process: Linkages and Strategic Implications

1st Plenary Session

Export Development and Poverty Reduction: Is There Really a Linkage?

The Issue: Export development can play a major role in reducing poverty. The logic is simple: Greater export activity stimulates employment; it generates backward linkages within the national economy which, in turn, create wealth and further employment opportunities; export growth improves import capacity which leads to enhanced production capabilities and business opportunity; export fosters entrepreneurship; and improved export performance increases public revenues and the capacity to fund poverty eradication programmes. The linkage between export development and poverty reduction undoubtedly exists in theory.

In practice, however, the relationship between export development and poverty reduction is often neutral and, in some instances, may even be negative (as several oil-producing countries may attest).

And trade-related technical assistance (TRTA) seems to have been largely unable to bring the export development and poverty reduction relationship closer.

The Proposition: The challenge for export strategy-makers is to ensure that:

- national export strategy includes a pro-poor orientation, and that
- as a consequence of this orientation, export activity actually contributes in a significant manner to poverty alleviation.

To achieve this, decision-making must go beyond theory. Export strategy-makers must shift their focus from the ‘trickle-down effect’ to a more direct and proactive approach to poverty reduction.

Focus of the Debate: The debate will address the following questions:

1. How, in concrete terms, can it be demonstrated (i) that there is a direct linkage between export development and sustainable poverty reduction; and (ii) that it is possible to bring the poor directly into the export process?
2. Why have many developing/transition economies failed to effectively reduce poverty through export?
3. Should developing/transition economies pursue a deliberate pro-poor export strategy? If so, what should be the main features of such a strategy?
4. What TRTA programmes have contributed directly to poverty reduction? How did they do it? How can we make TRTA an effective, or more effective, poverty reduction tool?