Trade can help boost development and reduce poverty by generating growth through increased commercial opportunities and investment, as well as broadening the productive base through private sector development.

Between 2000 and 2008, GDP per capita increased from $325 to over $625 in Least-Developed Countries. Much of this can be attributed to an increase in trade and foreign investment.

Trade enhances competitiveness by helping developing countries reduce the cost of inputs, acquire finance through investments, increase the value added of their products and move up the global value chain.

Emerging economies like China, Brazil, India and South Africa are steadily catching up with developed countries, thanks to increased trade. The GDP per capita increase of G20 developing countries stands at 115% for the decade 2000-2010.

India cut import duties from an average of 90% in 1991 to 30% in 1997. This gave Indian manufacturers access to a variety of intermediate and capital goods. Imports of intermediate goods increased by 227% over the period. Two thirds of the intermediate goods imported were products Indian producers could not buy before 1991. As a result, industrial output grew by 50% with new products accounting for 25% of the total.

Trade facilitates export diversification by allowing developing countries to access new markets and new materials which open up new production possibilities.

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Trade encourages innovation by facilitating exchange of know-how, technology and investment in research and development, including through foreign direct investment.

Investment and trade have facilitated the deployment of information and communication technology, with mobile cellular coverage reaching 86% of the world’s population in 2008, including 69% of the African population.

Trade openness expands business opportunities for local companies by opening up new markets, removing unnecessary barriers and making it easier for them to export.

Business-enabling reforms were implemented in 36 Sub-Saharan African economies in 2010/2011. Of these, Mauritius ranks 23rd out of 183 countries in the World Bank’s Ease of Doing Business Report, ahead of several EU member states.

Trade expands choice and lowers prices for consumers by broadening supply sources of goods and services and strengthening competition.

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Trade plays a role in the improvement of quality, labour and environmental standards through increased competition and the exchange of best practices between trade partners, building capacity in industry and product standards.

Through its Aid for Trade, the EU has helped South Asian countries like Bangladesh and Sri Lanka benefit from the improvement of quality standards for textiles and other exports. Over the last decade Bangladesh has increased its exports by more than 80%.

Trade contributes to cutting government spending by expanding supply sources of goods and services and strengthening competition for government procurement.

Government procurement is an important aspect of international trade, given the considerable size of the procurement market (often 10-15% of GDP) and the benefits for domestic and foreign stakeholders in terms of increased competition.

Trade strengthens ties between nations by bringing people together in peaceful and mutually beneficial exchanges and as such contributes to peace and stability.

This intuitive notion is confirmed by evidence. A study undertaken by the Centre for Economic Policy Research on empirical data showed that the probability of disputes escalating to conflict is lower for countries that trade more because of the opportunity cost associated with the loss of trade gains.

Trade creates employment opportunities by boosting economic sectors that create stable jobs and usually higher incomes, thus improving livelihoods.

Manufacturing workers in open economies received pay rates 3 to 9 times greater than those in closed economies, depending on the region. In Chile, a worker in a sector open to trade and investment gains an average €1,100 more per year than a worker in a relatively closed sector.