Group 3: Trade and Poverty

Global Introduction

Presented by subgroup 1:

Lacina BALMA
OUTLINE

1. INTRODUCTION (All subgroups)
2. MACRO AND MICRO RESULTS
3. CONCLUSION
Global introduction

• In compliance of the WTO agreements aiming at boosting international trade, the Doha round focuses on “the development” dimension to enable developing countries to alleviate poverty.

• In this regard, we will focus our presentations on the Impact of Trade on poverty including the followings regions and countries: Brazil, Malawi, Mexico, Mozambique, Thailand, Vietnam, Rich, Rest of Developing Asia, Rest of Latin America and Rest of Africa.

• The poverty analysis is based on the method of Hertel et al. 2004 and POV2007 (POV1 : 1$/day as a poverty line).
Transmission Mechanisms

EXPERIMENTS:

South-South trade Liberalization

Asymmetric trade liberalization in Non Rich Countries

Sectoral trade liberalization on Agricultural Poverty Strata in select developing countries

ASSUMPTION

TO, TFD, TFM, TMS and TXS

Full and partial liberalisation trade impact on Poverty ???
SUBGROUP 1:

IMPACT OF SOUTH - SOUTH LIBERALISATION ON POVERTY

Presented by:

Lacina BALMA

Mamoudou Bocar SALL
MACRO RESULTS AFTER SOUTH-SOUTH FTA

Percentage of change exports sales of Rest of Africa Countries

Percentage change of imports per region and commodity
MICRO RESULTS AFTER SOUTH–SOUTH FTA

Terms of Trade and welfare changes

Agricultural strata poverty headcount changes

**ToT**

**Welfare change**

**Earnings**

**Taxes**

**Costs of living**

**Total**
MICRO RESULTS AFTER SOUTH–SOUTH FTA

Drivers of Poverty change

Change of domestic prices per product and region
The FTA between south countries implies the following effects:

- Decrease of poverty in all countries due to a domination of the drop of cost of living than that of earnings.
- Increase of terms of trade by 0.6% due to prices received for tradable goods mainly in Latin American countries and Thailand;
- Increase of welfare of all regions and countries by 6% driven by Thailand et Vietnam;
- Decrease of agricultural poverty in all countries due to a drop of cost of living.
- In conclusion, the FTA between south countries is benefic for a majority of these countries, however, governments should develop policies in order to upgrade earnings to maintain an acceptable welfare in concerning countries particularly in agricultural sector.

THANK YOU FOR YOUR KIND ATTENTION