

What matters most for poverty alleviation:

Tariffs,  
Export subsidies  
or Domestic support?

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# Introduction

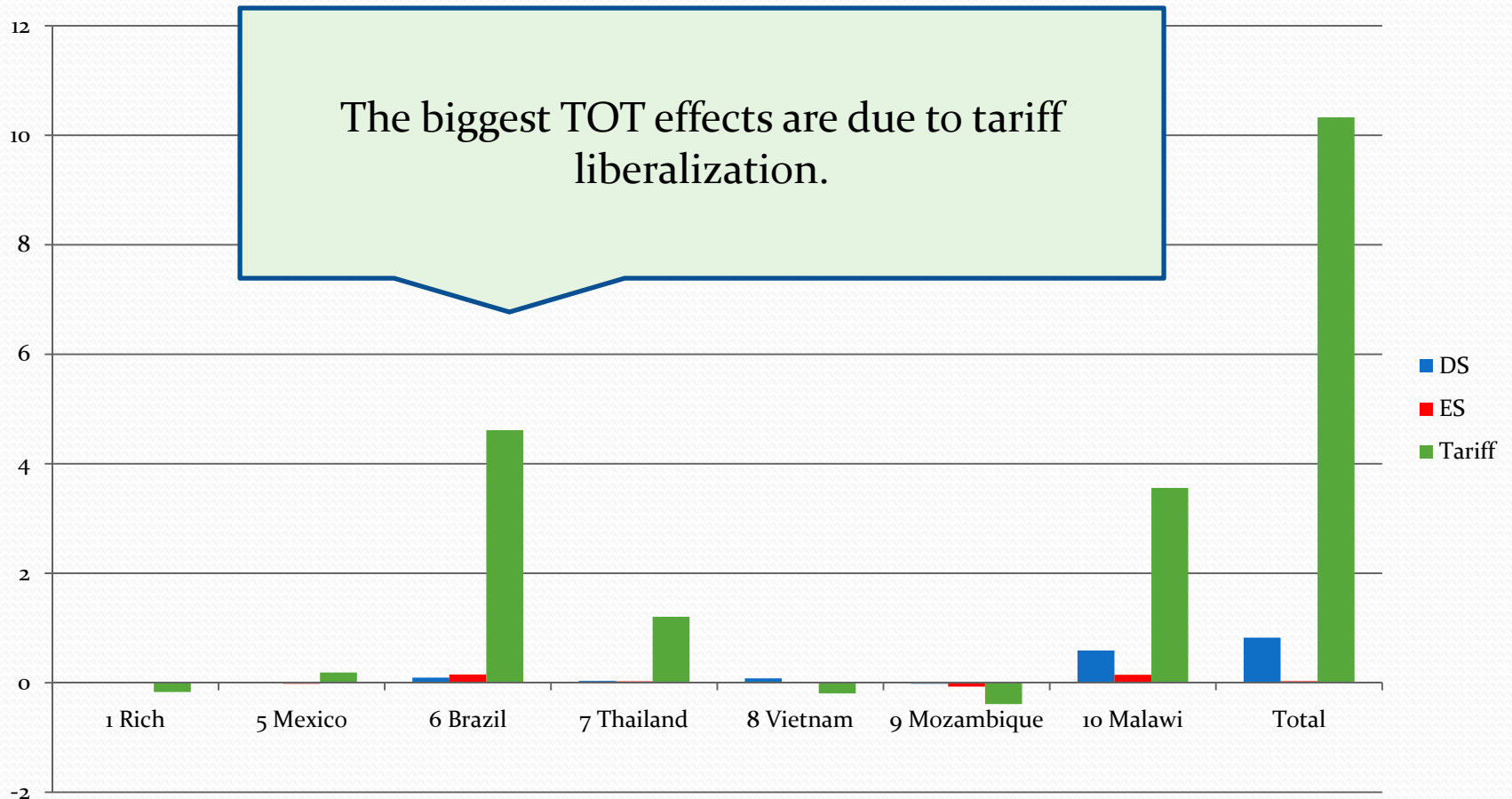
- Motivation
  - The “development” dimension in the Doha Round
  - Developing countries willing to trade off concessions in NAMA against industrial-country trade liberalization in agriculture
  - 3 pillars of agric trade liberalization:  
Domestic support, Export subsidies and Tariffs
  - What matters most for poverty alleviation in developing countries?

# Simulation

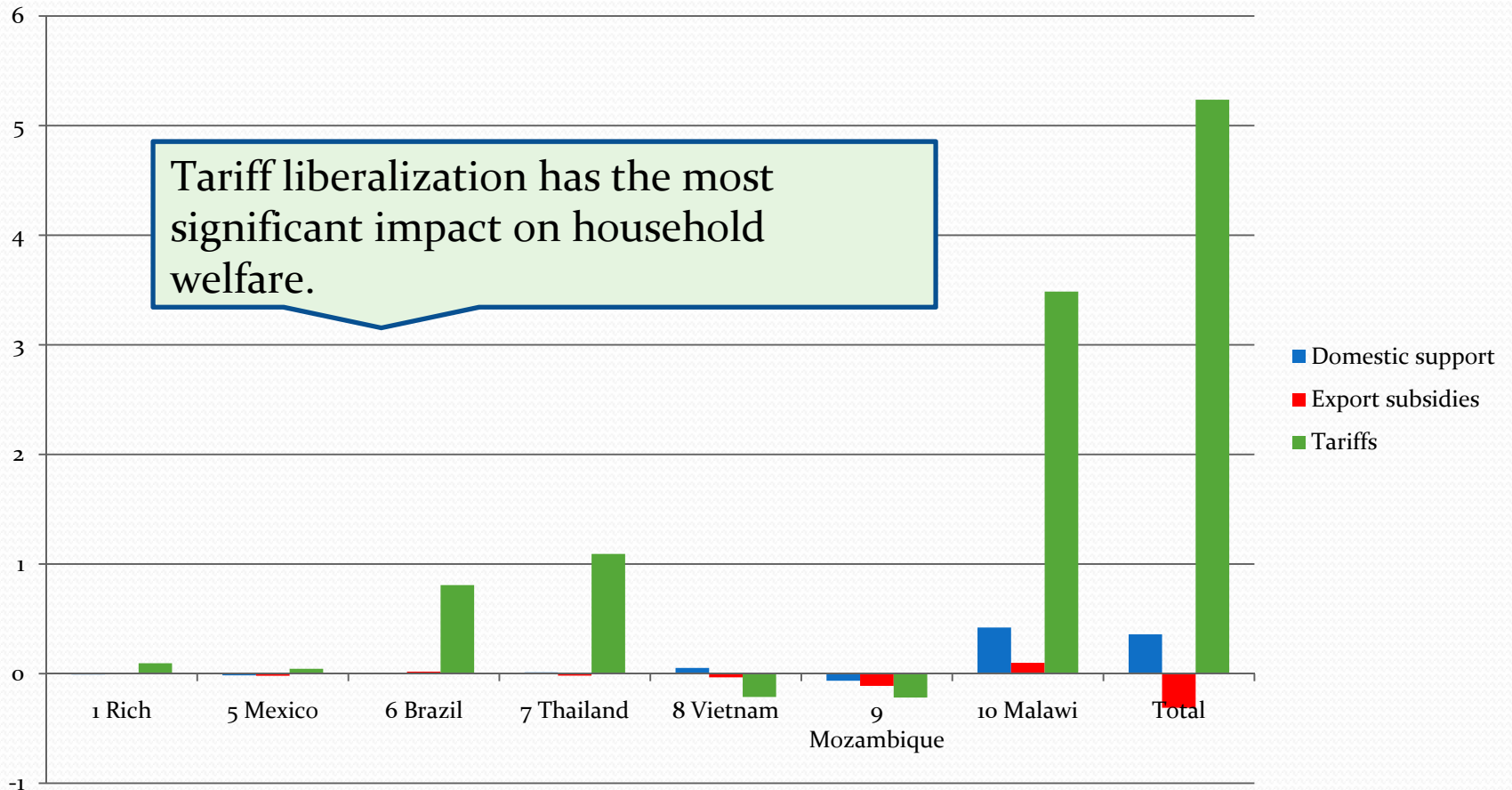
- Simulate separately the poverty impacts of elimination by developed countries of domestic support, export subsidies and tariffs in the agricultural sector
- GTAP Trade and Poverty model with standard closure
- Shocks file

```
Shock to("CropsF","Rich") = rate% -100 from file to.shk;  
! Shock tfd(TRAD_COMM,AGRI_COMM,"Rich") = rate% -100 from file tfd.shk;  
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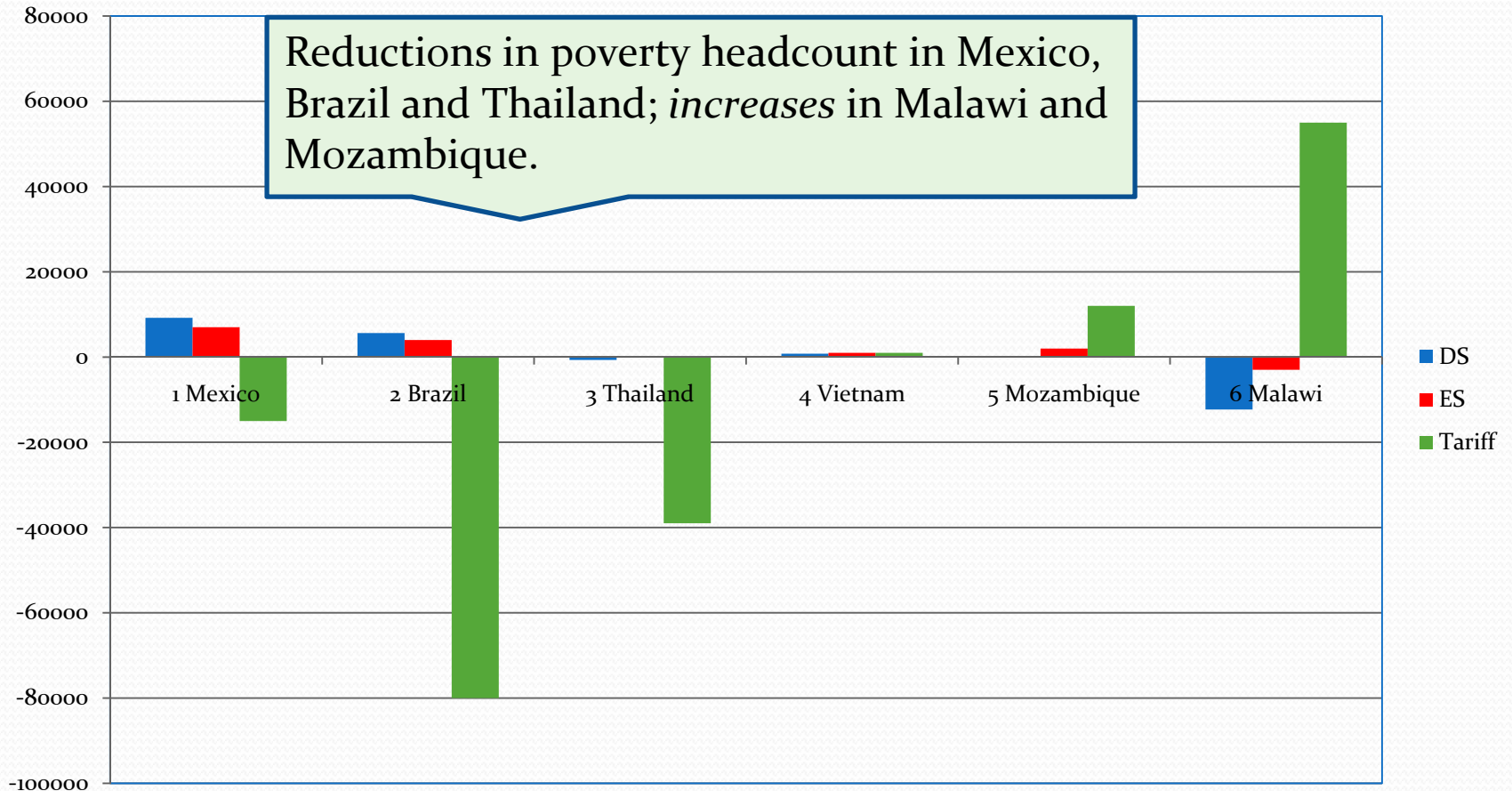
# Terms of Trade Effects



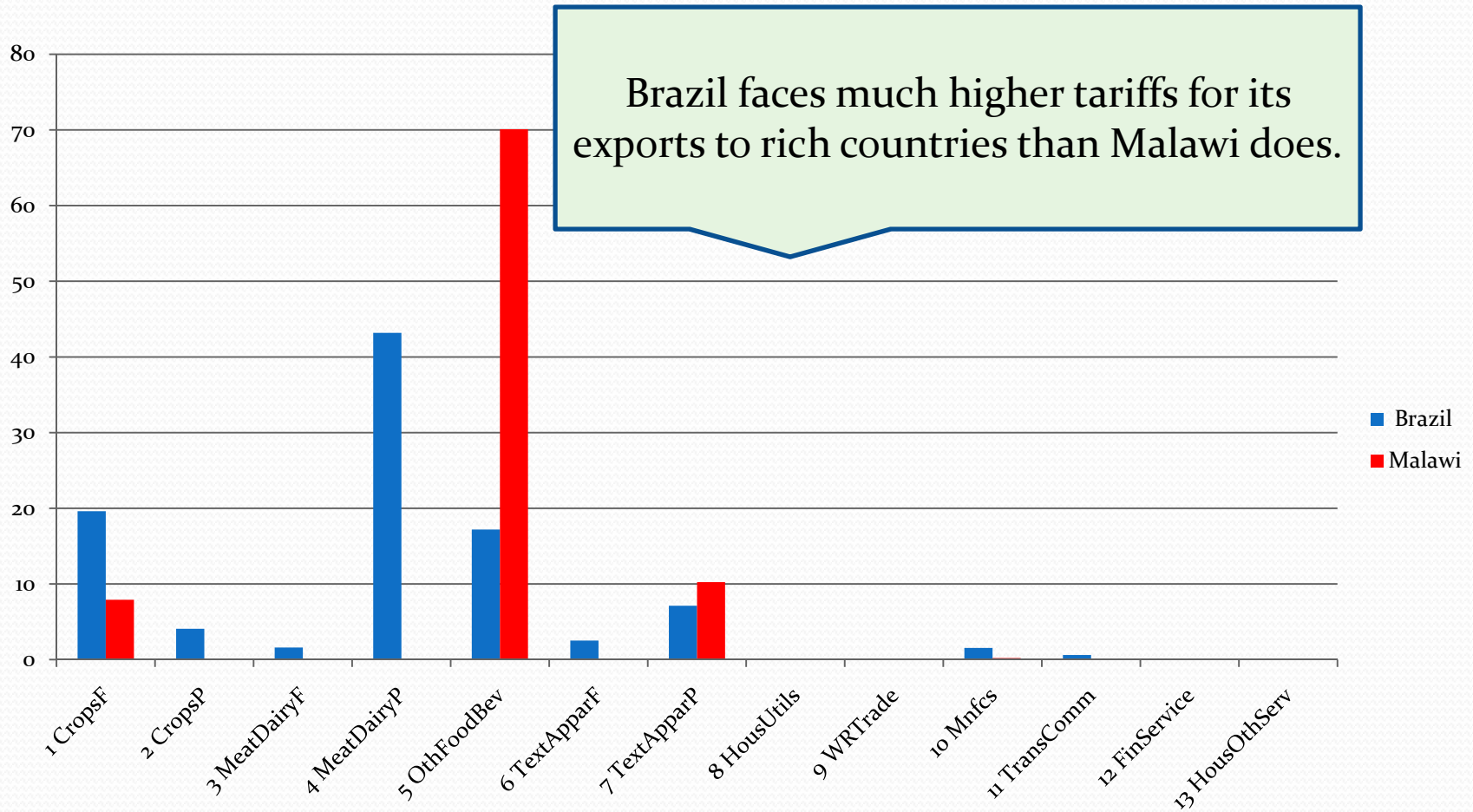
# Effects on Private Household Welfare



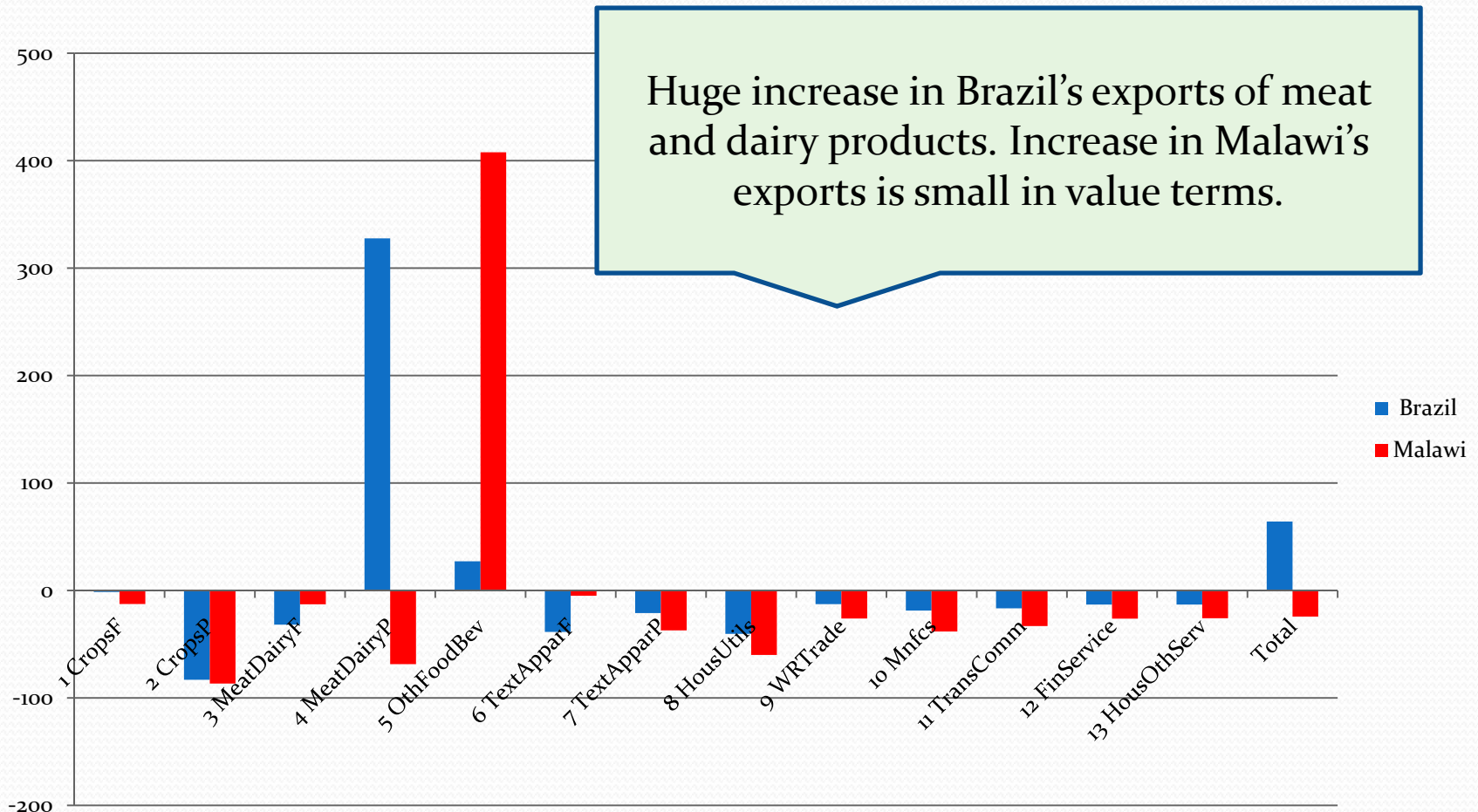
# Change in Poverty Headcount



# Comparison of Tariffs

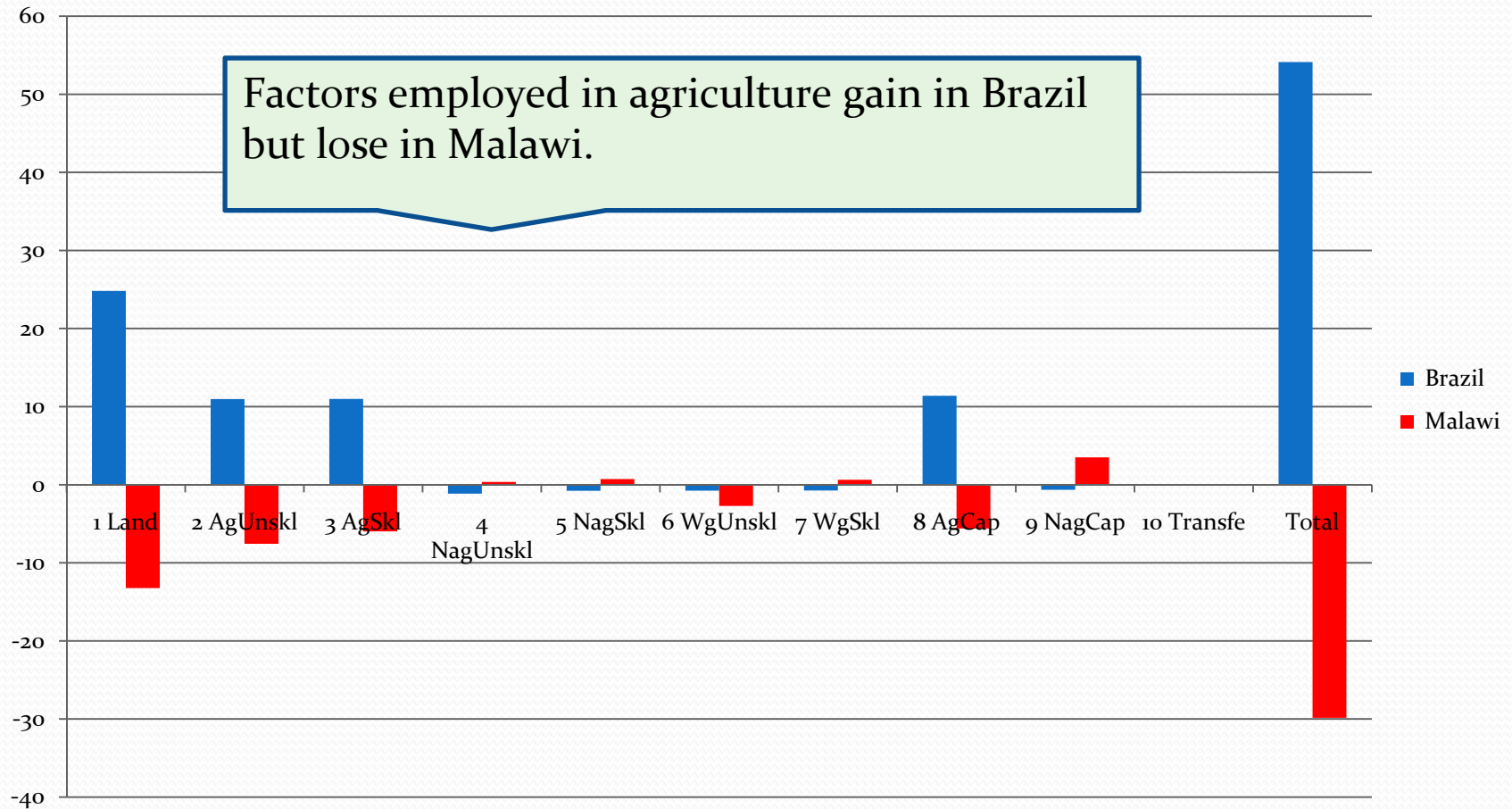


# Percentage change in exports to rich countries





# Percentage change in earnings by factor



# Conclusion

- Tariff liberalization matters the most for poverty reduction.
- However, not all countries will gain:
  - Countries that benefit from developed-country trade preferences (ACP countries, EBA beneficiaries) actually lose out to other countries.
- Initial tariffs and poverty elasticities matter for poverty reduction.