



Poverty and trade

Sub Group 3

Theme: impact of an asymmetric trade liberalization scheme on terms of trade and poverty in Non Rich countries

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- **Introduction :**
 - The issues and what is at stake ?
 - Model assumptions ?
- **Impacts of full agri trade liberalization in rich and full agricultural border protection in non rich on TOT**
- **Impacts of full agri trade liberalization in rich and full agricultural border protection in non rich on poverty in non rich**
- **Policy implications**



- Context
 - Ongoing WTO negotiations have stalled with high demand put on Rich Countries to remove all trade related distortions
 - Demand from non rich countries allow differentiated treatment with border protection for their most sensitive sector (agriculture)
 - Will the non rich be better off or not under such global trade policy option if adopted ?
- Assumptions:
 - Baseline: Shock on to, tfd, tfm, txs in Rich group (full liberalization in agriculture)
 - Scenario: Baseline + shock on tms by + 100 % in NRich group only on imported commodities (full border protection in agriculture in Nrich)



Impact on Terms of Trade (ToT)

	Before	After	Diff
Rich	-0.25	-0.294	-0.044
RDevAsia	0.36	0.4844	0.1244
RLatAmer	1.39	1.491	0.101
RAfrica	0.93	1.4125	0.4825
Mexico	0.41	0.6212	0.2112
Brazil	4.88	4.757	-0.123
Thailand	1.59	1.7437	0.1537
Vietnam	0.24	0.4986	0.2586
Mozambique	-0.66	-0.4917	0.1683
Malawi	4.3	4.4773	0.1773

Loser

Winners

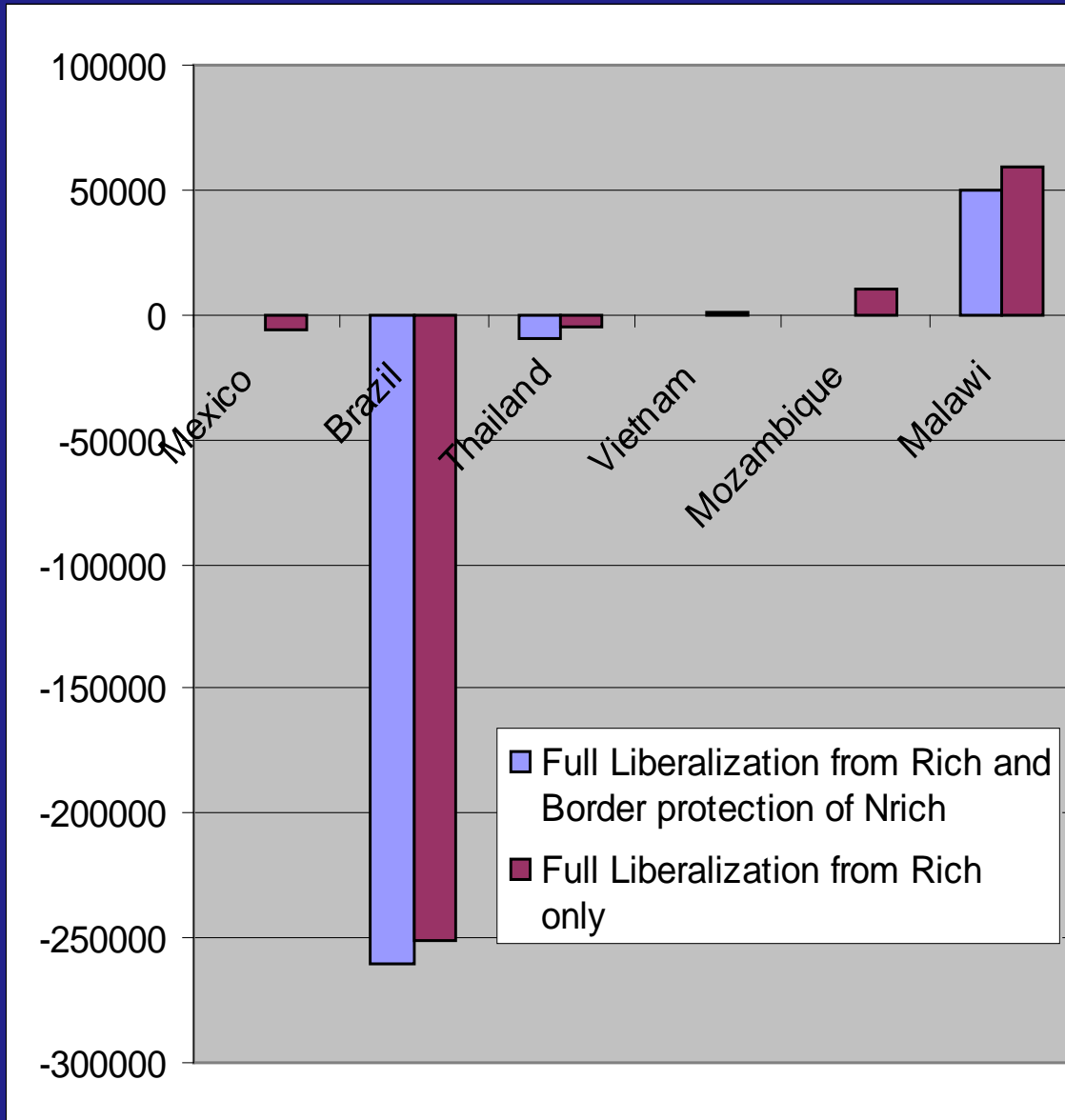
Loser

Winners

- Winners and Losers but more winners than losers in Nrich.
Why Brazil is loser ? Is Brazil in the same category as the Rich ?



Impact on Poverty



While Rich Country remove all protection in ag comm...If Non rich country increase significantly their border tariffs this have positive impact on only Mexico where 6000 persons could be removed from poverty



- To Sum up:
 - Improved ToT for all Nrich countries except in Brazil which seem more closer to the Rich
 - Overall increase in number of Poor in NRich
- Full agri border protection in Nrich may not be a good policy option for the Nrich if no attention to structure of economy
- Agriculture in the Nrich and Rich to remain a contentious issue on the issue of differentiated treatment
- Need to give special attention to Nrich Agriculture (competitiveness/supply side capacity) to see any breakthroughs in WTO negotiations.



Thank you