

Group3: 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 ???

Regional or national economy

Macro-model (CGE Model, GTAP)

Net national/regional
income

$$P_{\text{fact}}(i;r)-y(r)$$

Tax replacement
-to replace(r)

Cost of living
 $\text{Truecost}(p;r)-y(r)$

Micro-model (AIDADS)

Poverty impact





SUBGROUP1:

**IMPACT OF SOUTH - SOUTH
LIBERALISATION ON
POVERTY**

Presented by :

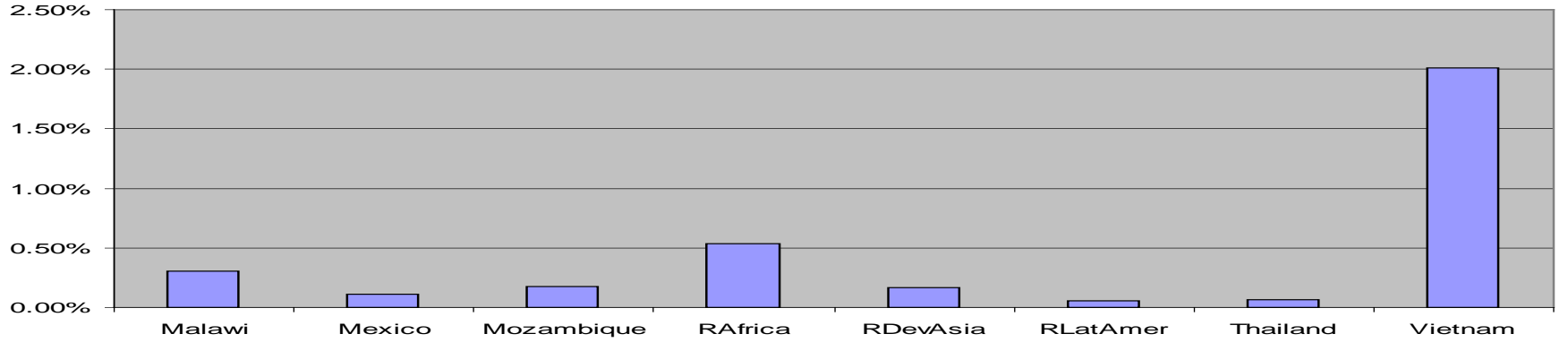
Lacina BALMA

Mamoudou Bocar SALL

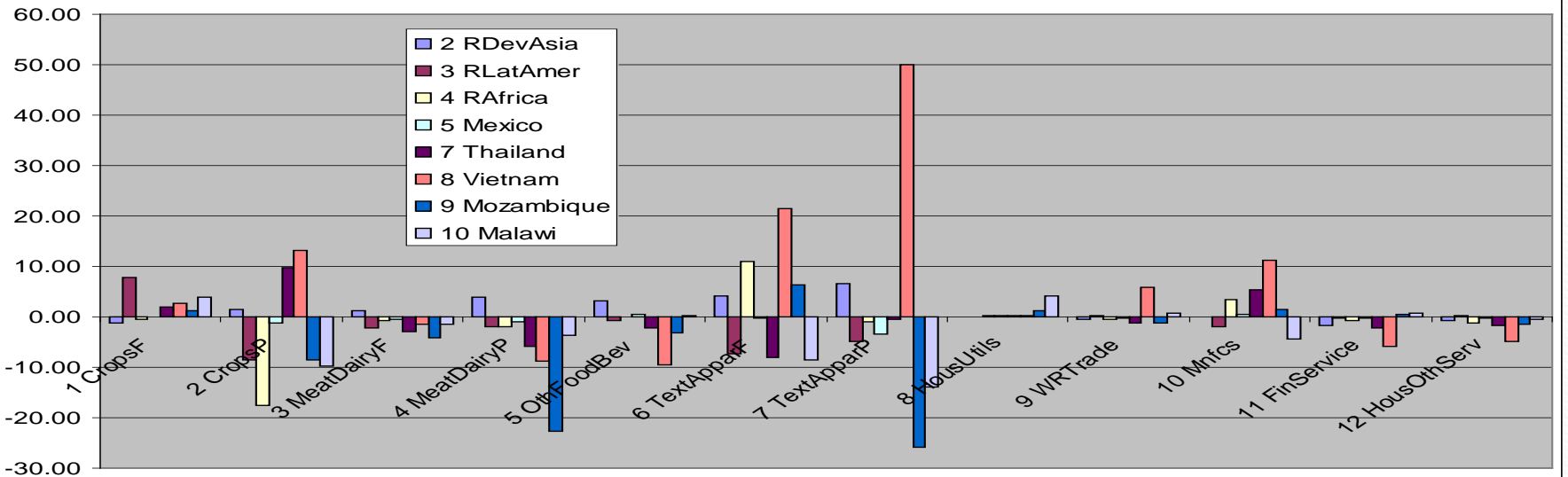
MACRO RESULTS AFTER SOUTH-SOUTH FTA

Percentage change of GDP

Percentage of change of GDP per region and country

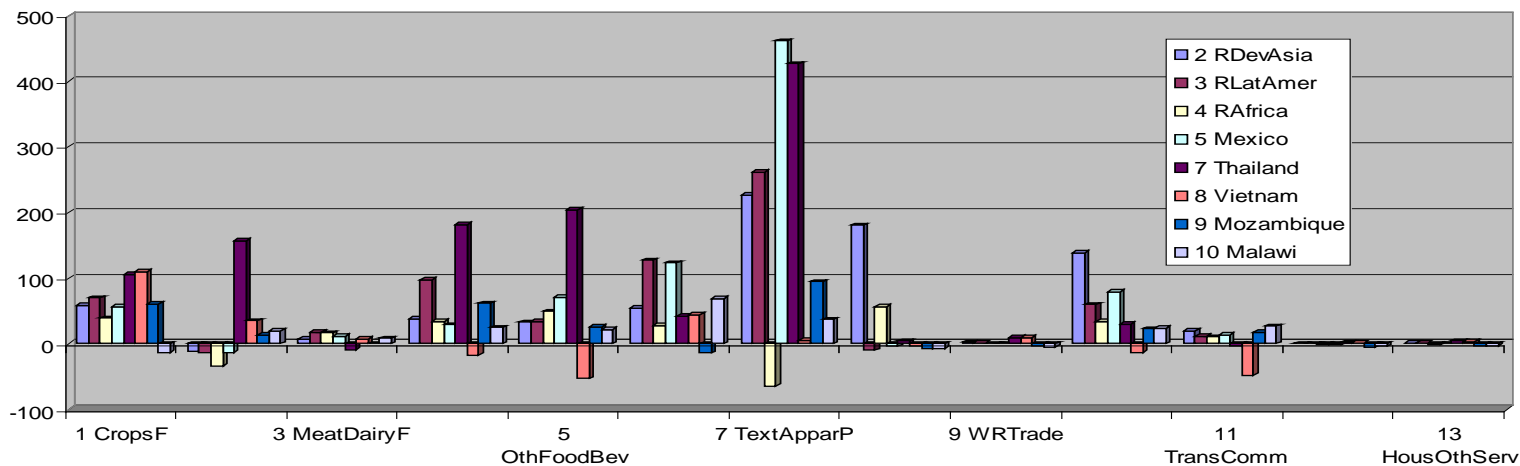


Percentage change in output

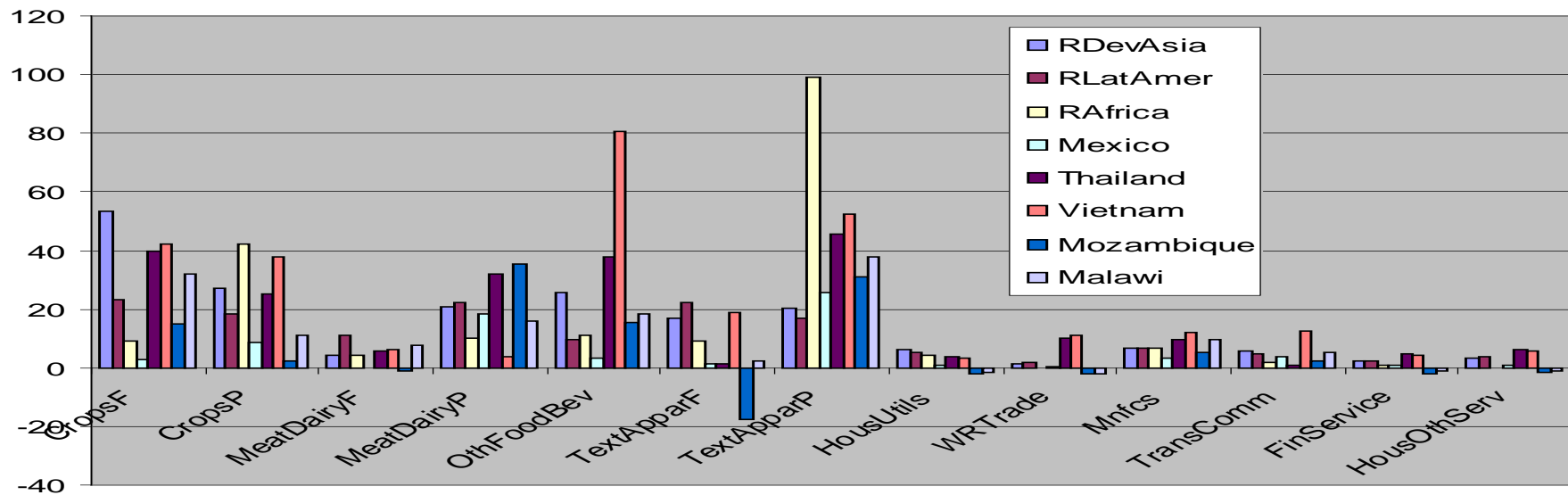


MACRO RESULTS AFTER SOUTH-SOUTH FTA

Percentage of change exports sales of Rest of Africa Countries

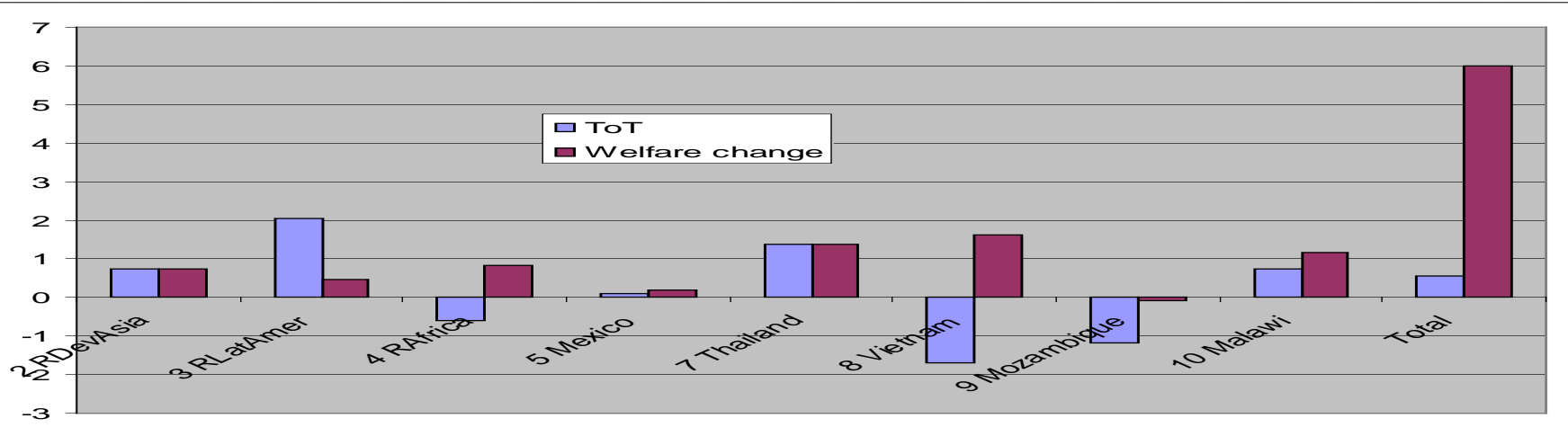


Percentage change of imports per region and commodity

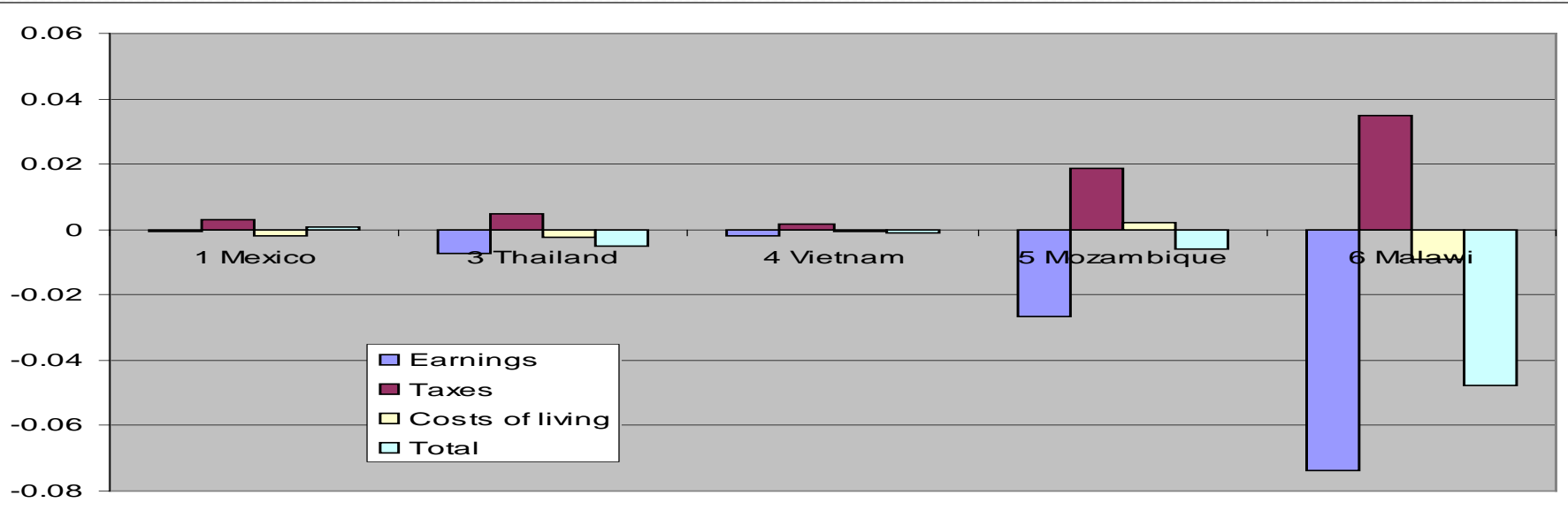


MICRO RESULTS AFTER SOUTH-SOUTH FTA

Terms of Trade and welfare changes

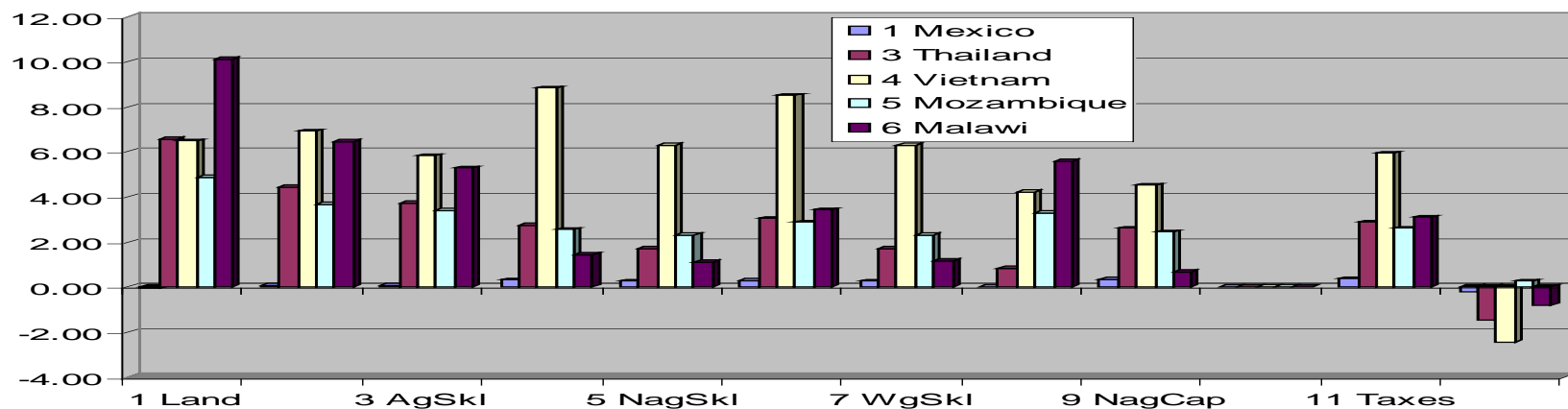


Agricultural strata poverty headcount changes

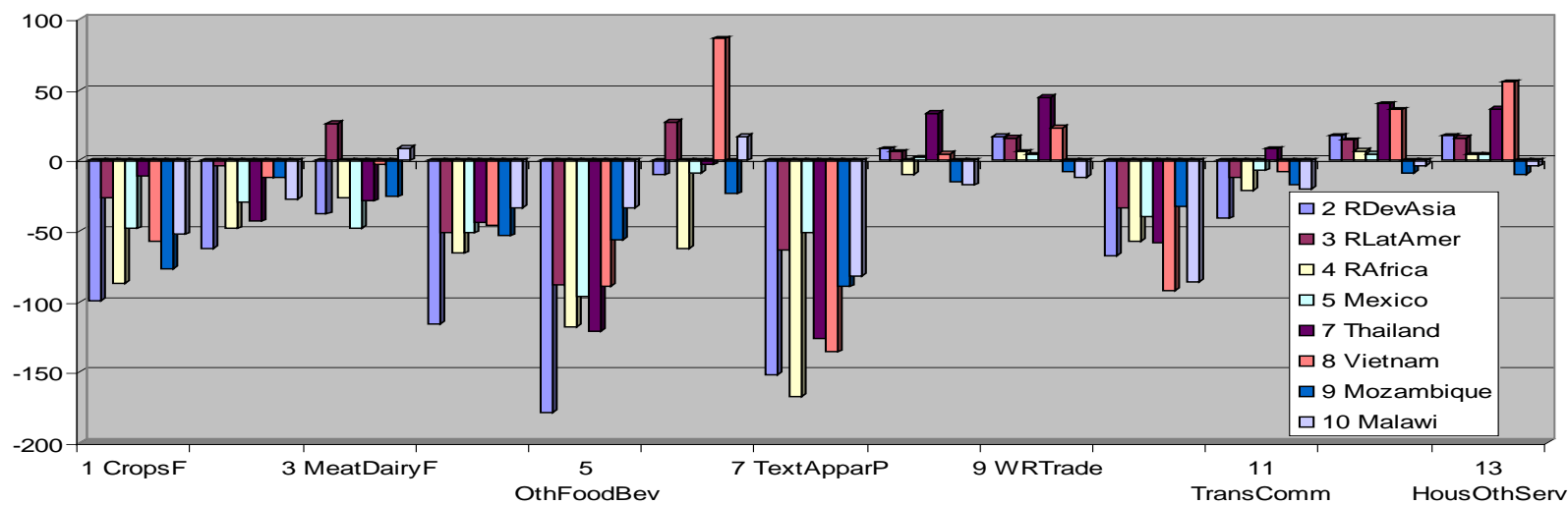


MICRO RESULTS AFTER SOUTH-SOUTH FTA

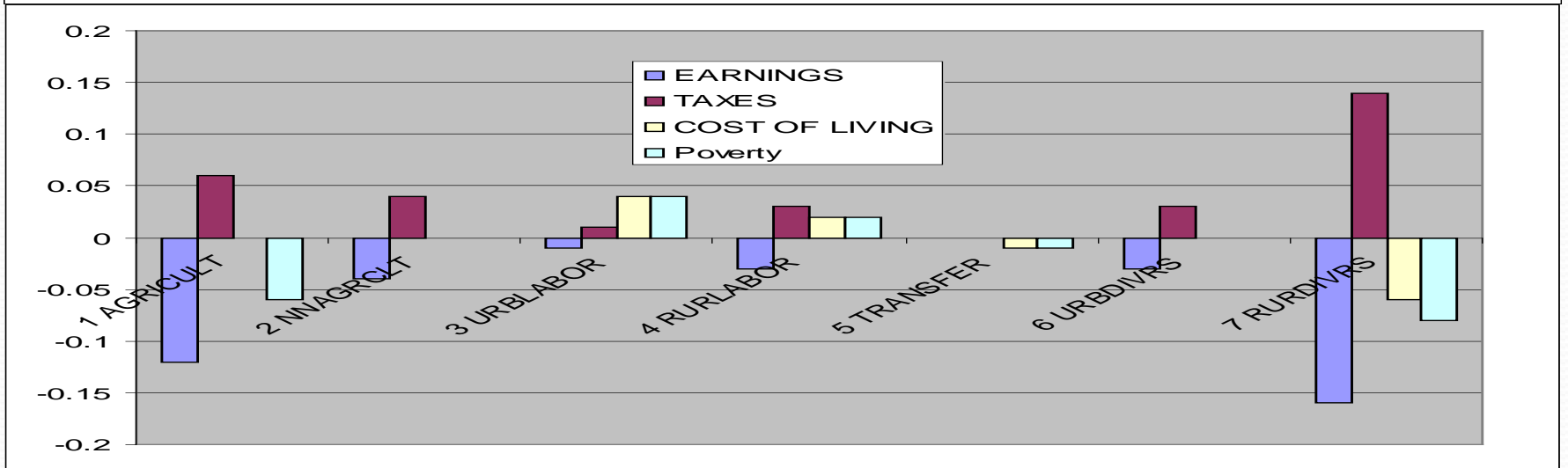
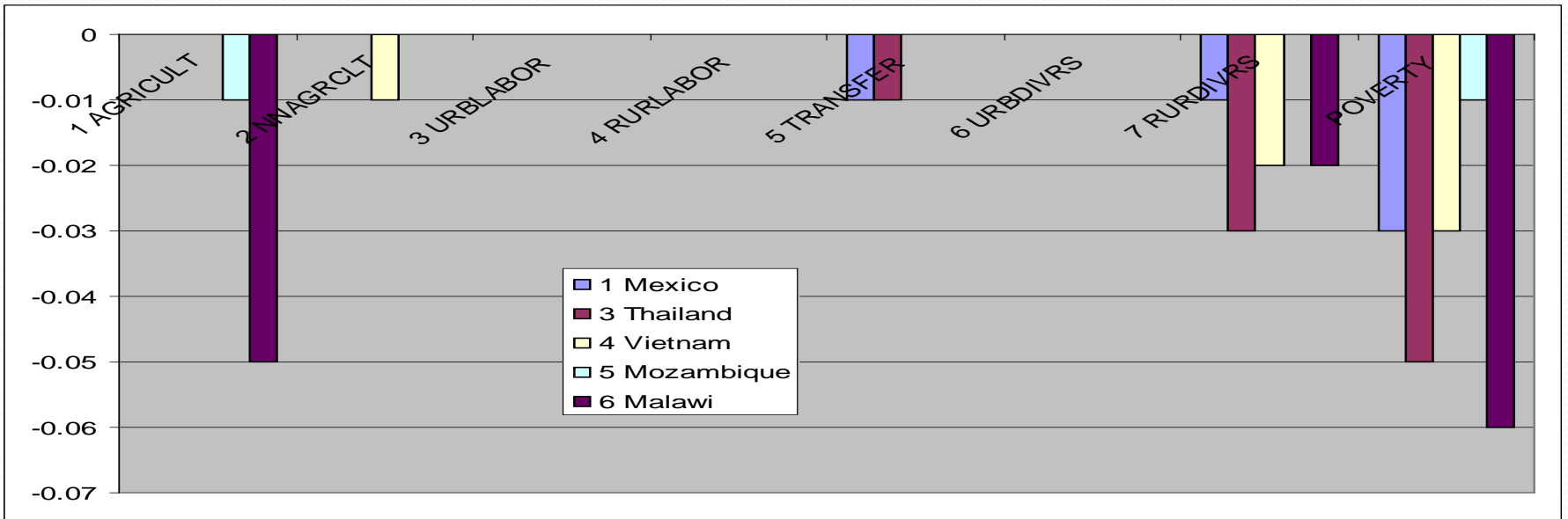
Drivers of Poverty change



Change of domestic prices per product and region



IMPACT ON POVERTY



CONCLUSION

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