#### AGRICULTURAL TRADE FACILITATION AS A MEANS TO REACHING OUT TO THE POOR: Some Comments

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#### "Trade can make everyone better off" (Mankiw, 2012)

 because it allows people to specialize in activities in which they have a comparative advantage.
Specialization makes everybody more productive due to focus and working according to talent.

Interdependence and trade allow people to enjoy a greater quantity and variety of goods and services.







 Trade can make everyone better off
Agricultural sector is where many poor people depend their lives, then

"Agricultural trade will logically make many poor people better off (eradicate poverty)"



### **Crucial Question**

"Is the hypotheses going to happen automatically?"

The poors are at the bottom of the supply chain

- They are the weakest part of the chain
- They get the lowest chunk of the gain from trade

Need specifically designed and targeted facilitation measures





# **Agricultural Trade Facilitations**

 A set of measures that reduce barriers to the movement of goods between buyers and sellers throughout the international supply chains (UN-ESCAP, 2011)

Figure XV - Long Term Impact of Agricultural Trade Facilitation For Poverty Reduction

Applied in Agricultural Trade Trading	Improved Trade Competiti veness Of MSMEs including Producers
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Source: Author's own illustration





### **Problems of Facilitation Measures**

- Mostly demand side in nature
- Many poverty problems are rooted in the supply side factors: small asset ownership, low level of education, low level of productivity, etc. → must be addressed first before smallholders can respond better to opportunities created by trade facilitation.
- World Bank Proposals to get out of poverty (WDR 2008):
  - increasing productivity of agricultural sectors,
  - generate jobs in the rural non-farm economy, and
  - connecting small farmers to rapidly expanding supply chains

The last (trade facilitation) will be difficult to implement if the first two pathways (supply side) were absent.







## ns of Facilitation Measures

alances among actors in the supply chain om trade mostly captured by big players. rs get unfair share (given the contribution to d and risk)

hformation and producers association are not igh to increase their power to get a bigger gain (in the case of developing countries) ard to find ideal partnership scheme between y and smallholders without one party tending nother