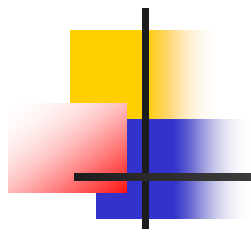




Trade Facilitation for Poverty Reduction

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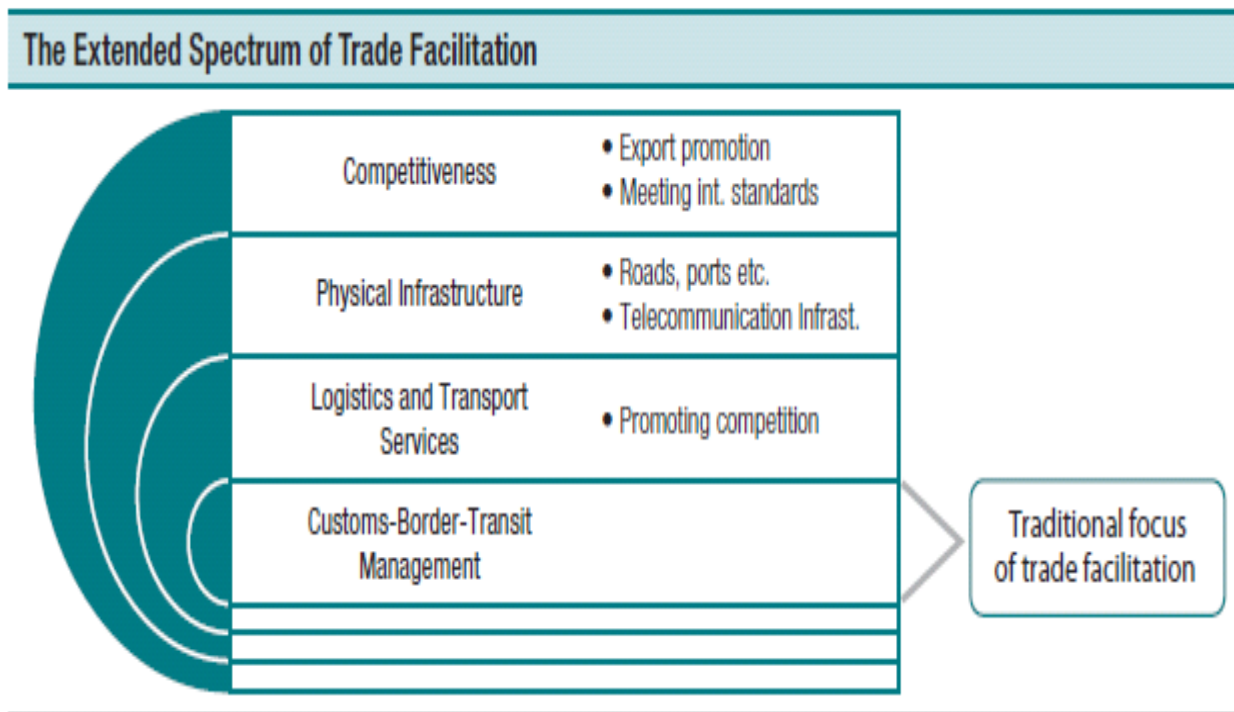


Just now, Mr. Prabir gives a comprehensive literature review on Trade Facilitation and Poverty Reduction in Asia and the Pacific. He provides a synoptic view of the role of trade facilitation in growth and income distribution. The literature review mainly focuses on two parts: Trade, Infrastructure (Trade Facilitation), Poverty and Inequality; Trade Facilitation and Poverty. He analyzes the relation among Trade, poverty and the labour market; and the relation between Trade facilitation and economic outcomes. At the same time, he points out the research methods about evaluating the impact of Trade Facilitation on Poverty Reduction. This is valuable for further research on trade facilitation for poverty reduction.

Concerning the research on trade facilitation for poverty reduction, I want to express some my points of view:

(I) It is important to understand the concept of trade facilitation and poverty reduction

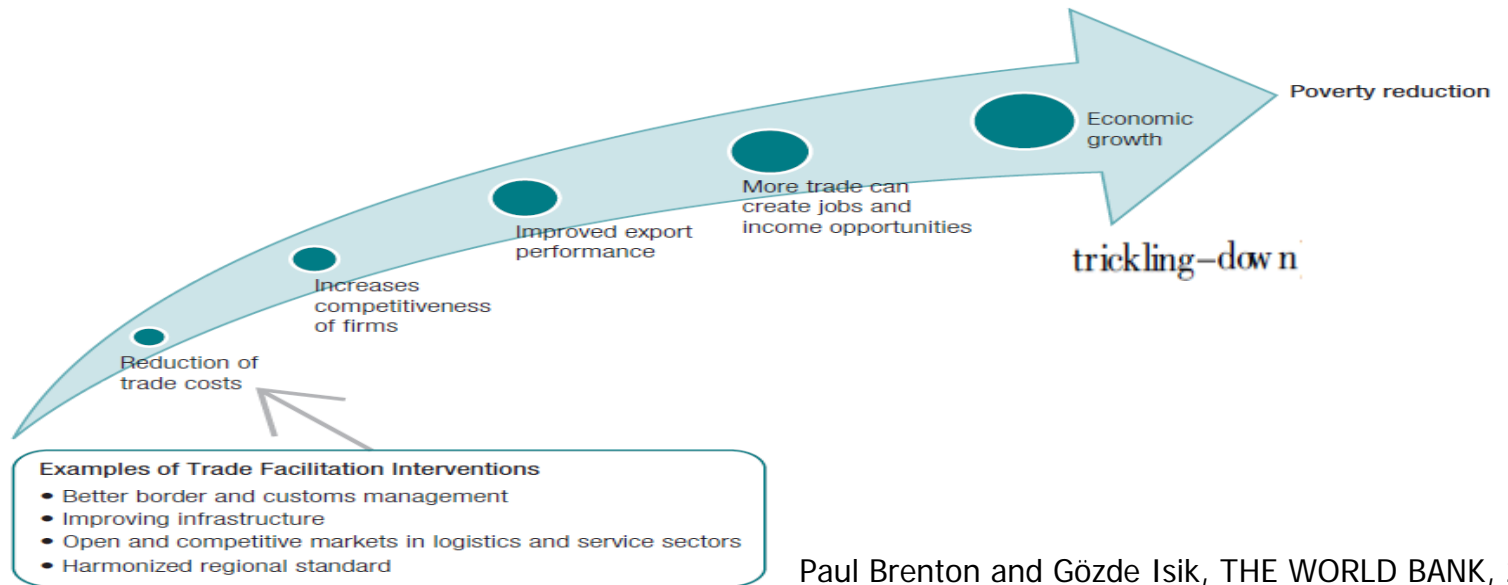
* Concept of trade facilitation



(I) It is important to understand the conception of and trade facilitation and poverty reduction

* Concept of poverty reduction

How Trade Facilitation Can Contribute to Reaching Development Goals



Paul Brenton and Gözde Isik, THE WORLD BANK, 2012

(i) Some people think that the growth of national welfare means poverty reduction.

In this sense, trade facilitation can promote poverty reduction. This influence operates by two ways: (i) Producers can offer their goods and services to more customers, and consumers have more choices, lower prices, and access to innovations. (ii) Open markets increase prospects of producing and selling new ideas and products locally, regionally and in global markets, which lead to more income opportunities and the improvement of living standards.

(I) It is important to understand the conception of and trade facilitation and poverty reduction

* Conception of poverty reduction

(ii) Some others hold the view that poverty reduction means the welfare increase of specific low income group [they may be 20%(15%, 25%....) of population from bottom by income].

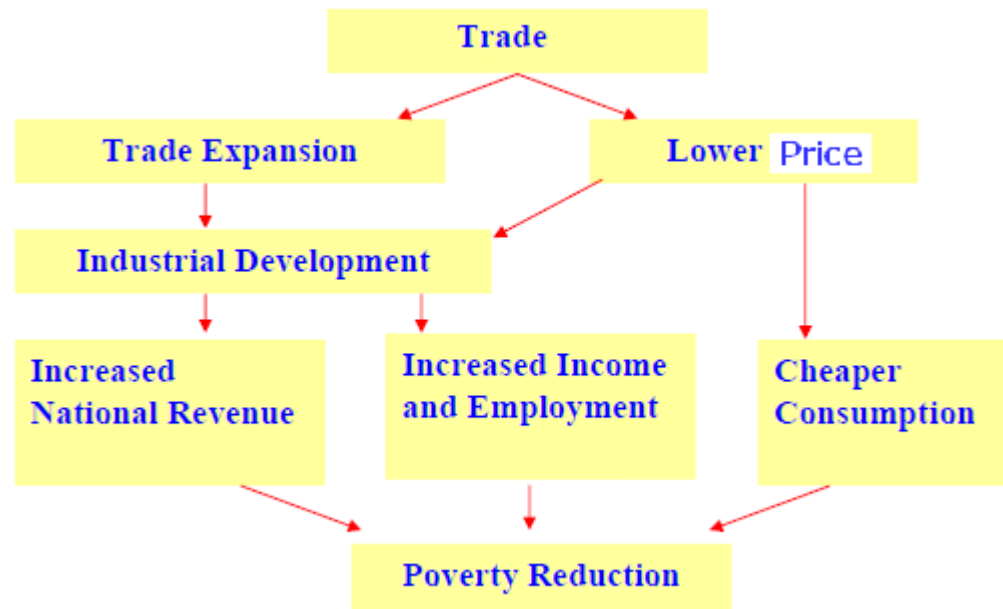
In fact, the increase of a society's welfare doesn't mean the welfare increase of specific low income group, maybe decrease the welfare of specific low income group in serious inequality conditions. Income distribution will affect different groups to share the benefits from trade facilitation.

So I think it is more significant for poverty reduction which is defined as welfare increase of specific low income group.

(II) Trade can be acted as a means to reaching out to the poor

There are two basic avenues to reduce poverty. One is the economic growth which mainly relies on technology innovation, structure adjustment, and factor input etc.; another is income re-distribution, for example Government takes a series of pro-poor policies which take less from the poor and give them more.

There are mainly three transmitting mechanisms for trade to impact on poverty: employment, price, revenue.



The ways of trade reaching out to poverty reduction

relationship of trade and poverty reduction is more in total

Some key factors influencing this relation:

Country, the relation between trade and poverty is affected by trade structure which includes import and export structure and import--export structure (trade deficit).

Country's participation in trade value chain, **and** the poor's role in trade value chain are important to analyze the relation between trade and poverty reduction. The poor group may be producers, consumers or both or neither in the trade business.

For the poor group benefit from the trade value chain, it is the comparative advantage or factor endowment which

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