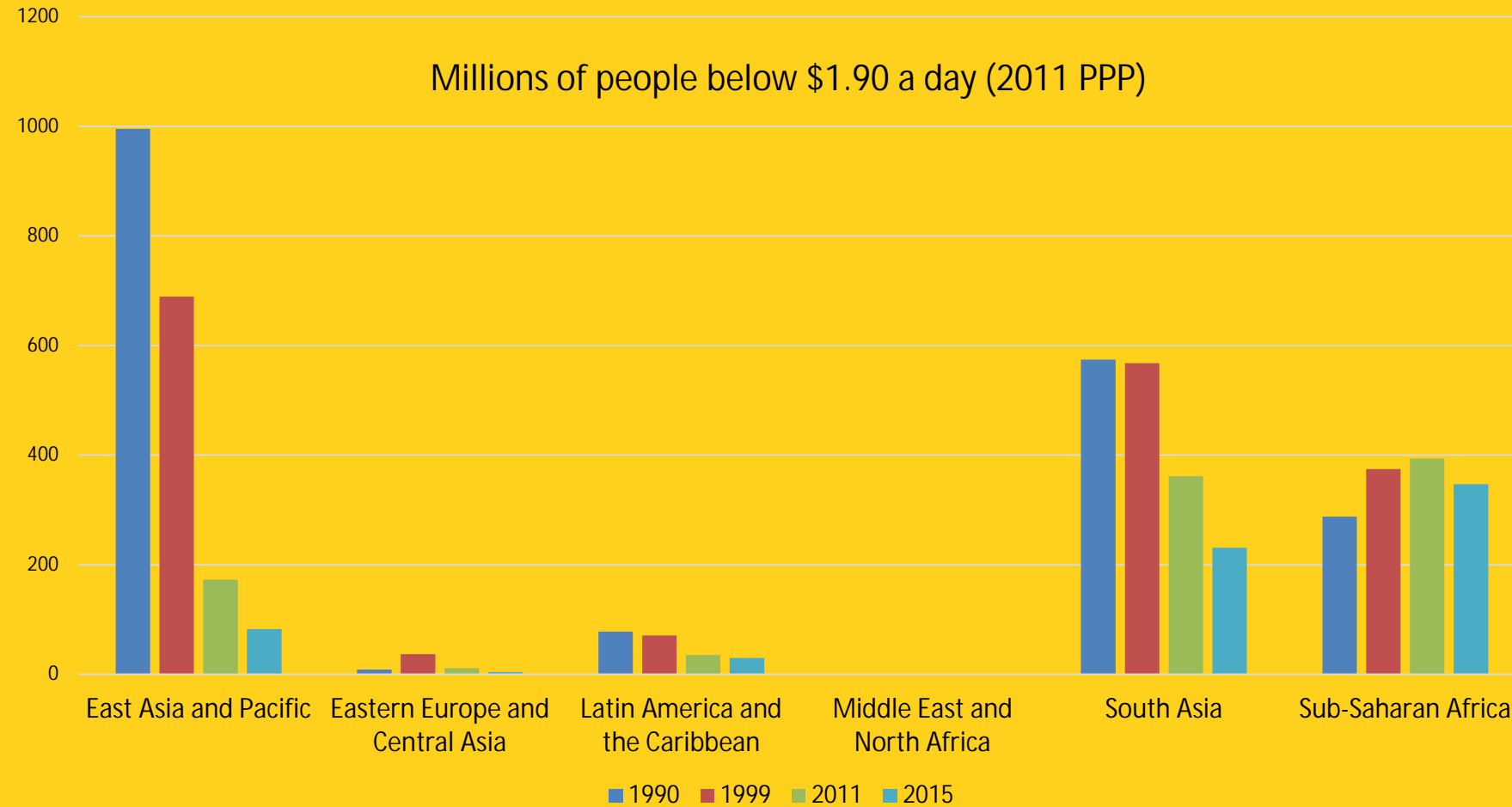


Global poverty has fallen but is still deep in key regions



Source: WBG Global Monitoring Report 2015



How may WTO Accession Impact on the Poor? Key Questions

How will *border prices* change and how *will these be passed onto the poor* as consumers, producers and/or workers?

Will poor consumers get *access to a wider range of goods and services* and poor producers access to a wider range of inputs?

Will changes from WTO accession *affect members of households differently* – especially women and children?

Will WTO accession *increase the risks* that the poor face as consumers, producers and workers?

Will the *structure of any growth* induced by WTO Accession be equalizing or unequalising?

Will impacts be concentrated on particular areas or activities that are of particular relevance to the poor?

Will WTO Accession *affect the government's revenues* from trade and ability to fund programs that support the poor?

Will *transitional/adjustment costs for the poor be higher* than for the non-poor?

Will WTO Accession *improve governance and the rule of law*. The poor are most adversely affected by corruption and weak institutions?

How may WTO Accession Impact on the Poor? Implications

Range of potential impacts makes it difficult to generalize on possible outcomes: requires analysis for individual countries

Suggests that additional government policies may be required to accompany WTO Accession

- to assist the poor in adjusting to any negative consequences and to remove barriers that prevent the poor from benefiting from new opportunities created through trade

WTO Accession and other trade policy reforms should be integrated into broader development strategy

The Broader Context of Economic Reform in Ethiopia

Job creation is now the main development challenge

- 2 million new entrants to the labor market every year for next decade
- The agricultural sector, employing 70% of the population, cannot sustain this level of workforce growth over time
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Trade and the development strategy

The key economic objectives of the government of Ethiopia are to create sufficient and high productivity jobs and drive agricultural and rural development to reduce poverty

- increasing role for the private sector;
- emphasis on industrialisation and increasing exports;
- raising efficiency in the provision of key backbone services through increased competition
- additional value added and higher quality/standards of goods and services;

Growth in this context is likely to increase the demand for low-skilled labour in the manufacturing sector, including agro-processing, and increase productivity in agriculture and so be pro-poor.

Trade and greater integration into the global economy can support this development strategy.

Exploiting opportunities in overseas markets for increased exports can increase demand and allow an increase in firm scale while access to critical imported intermediate inputs, technology and investment can enhance productivity throughout the economy.

TRADE POLICIES: ISSUES WITH REGARD TO EXPORT GROWTH AND POVERTY REDUCTION

Ethiopia levies HIGH TRADE TARIFFS increasing the cost of consumer products and creating an anti-export bias: 17.4% average compared to 9.5% for Vietnam.

Trade is constrained by a range of NONTARIFF MEASURES, for example, clearance procedures; application of technical & quality regulations.

Exporters face challenges in complying with PRODUCT STANDARDS in overseas markets: developing NQI is essential

Tariffs are high on key food and non-food items consumed by the poor. Most of the items regularly consumed by the poor have a tariff of at least 20 percent



WTO accession can support poverty reduction in Ethiopia

- By enhancing growth, especially if oriented towards sectors in which the poor are engaged.
- increasing the access of the poor and other marginalised groups to key products and services
- For those with poor health access to affordable medicines is key.
- Improving access to services such as health, education, finance, transport and logistics and energy which are key in escaping from poverty.
- WTO accession can be a key part of a move towards a rules-based market economy with less administrative discretion and corruption – which tends to benefit the poor and long-term poverty reduction.

Other Marginalized Groups: People with health issues

Little analysis of how WTO accession can impact on disabled and handicapped people and those facing other health challenges

Access to affordable medicines is critical, especially for those marginalised by poor health

WTO accession can impact health outcomes by

- influencing access to medicines through imports and through investment in local drug production facilities;
- reducing exposure to counterfeit drugs;
- influencing investment decisions by providers of health care services;
- raising standards and the quality of medicines and health care;
- greater competition in financial services that delivers health insurance to a wider population

Need to link commitments and the transition period over which they are implemented to:

- Ethiopia's health strategy,
- capacities for legal reform and for effective regulation and
- commitments from WTO members to deliver the necessary financial and technical assistance

Positive impacts from WTO Accession for all cannot be guaranteed

Additional measures may be required to assist specific groups of the poor and other marginalised groups to adjust to new opportunities but also to greater risks. Issues to be addressed include:

Impact of different options regarding tariff reform on poverty (consumption and employment effects) and government revenues

The impact of commitments in services on competition and efficiency and access to key services for the poor (improving access throughout the country, labour retrenchment in SOEs.....)

The potential trade-offs in the TRIPs agreement and the implications for the access of the poor and those with health issues and for investment and jobs in the pharmaceutical sector.

Impacts of WTO commitments, including the SPS agreement, on the agriculture sector and rural development including the development of the agribusiness sector.

Ensuring that commitments are implemented at all levels of government so that benefits from improved governance are captured throughout the economy and across all regions.

Main recommendations

1. Design a trade strategy that links trade policies and WTO accession to the country's development objectives including
 - review of tariff and non-tariff policies, assessment of how commitments in trade in services could support greater