



Since the early 1990s, some developing countries have experienced a coincidence of rising exports—especially those

**International Trade and Labor Markets:
Evidence from the Arab Republic of Egypt**

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of trade agreements (Baier and Bergstrand 2007). A related question is how

Labor Market Outcomes

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garments and furniture), while employment in low-

In response, Egypt abandoned its currency peg and liberalized its exchange rate, which resulted in a depreciation of 32.6% in 1991 and 44.4% in 1992.

estimated with a Poisson Pseudo Maximum Likelihood (PPML) estimator, which can overcome heteroskedasticity in the presence of many zeros in the dependent variable. Silva and Tenreiro (2011) compare the Poisson Pseudo Maximum-Likelihood (PPML) and Gamma Pseudo Maximum Likelihood (GPML) methods and conclude that the PPML estimator is generally well-behaved, even if the dependent variable has many zeros.

the GDP of each country – and an indicator if the countries in the pair share a border, are members of the GATT, share a common currency, and the distance between them.

Gravity Results

Table 2 contains the baseline PPML gravity model results, which reflect the “normal” gravity results. GDP per capita of each country positively affects trade, and the estimates are reasonably close to the theoretically implied values of one. Contiguous countries trade more, and being a member of GATT increases trade when either country is a member. Having a common currency weakly increases trade. The normal gravity estimates match those in previous studies, at least

that relative to the effects of trade agreements on average, Egypt's importse

Table 3: Egypt's

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World Bank. 2012. "Reclaiming their voice: new perspectives from young women and men in Upper Egypt (English)". Washington, DC: World Bank Group.

Table 6

