

WTO Agency Report

GTAP Advisory Board Meeting 16-17 June in Dakar, Senegal

I. GTAP-related activities

(a) WTO continues to pursue the objective of increasing transparency and understanding of modelling methods for trade policy in general

With the view of diffusing an understanding of modelling techniques and data requirements for models, the Economic Research and Statistics Division of WTO has delivered in May 2014 the first "Advanced Trade Policy Modelling course". The course (delivered by Marc Bacchetta, Cosimo Beverelli, Alberto Osnago and Roberta Piermartini) was offered to researchers working in government and research institutions engaged in trade policy analysis. 27 participants from around the world attended the course.

The course was based on the book published in July 2013 and titled "A Practical Guide to Trade Policy Analysis". The book is a joint UNCTAD-WTO publication. It covers data and modelling issues and tools, including GTAP.

(b) Engaging in improving data

(i) WTO has developed a single platform to access all notifications and WTO database called I-Tip. The project was presented in the GTAP conference in Geneva. Since then a number of new trade policy measures have been introduced in the database (QR, licences, state trading enterprises, SPS, TBT, trade defence measure). I-TIP will be made available to the public in the second half of 2014.

(ii) ERSD (Marc Bacchetta, Roberta Piermartini, Jurgen Richtering) is supporting a number of projects aimed at a collection of a comprehensive database on NTMs.

(ii) WTO and OECD have released their first database on Trade in Value Added (TiVA) in January 2013, updated May 2013. A new release is planned for September 2014, covering more countries (61) with data up to 2011. Those data, based on official statistics, can be used as inputs for GTAP-based MRIO.¹

The OECD-WTO work programme on TiVA can provide beneficial to GTAP in a number of ways:

- Estimating intra-industry international trade in intermediate goods and services. Statistics on bilateral trade in services are particularly limited and GTAP may be interested in the estimates produced by OECD and WTO (Andreas Maurer, Joscelyn Magdeleine, and Antonella Liberatore are working on this).

¹ The international statistical community is now fully engaged in mainstreaming into official statistics the calculation of new trade indicators. A wish-list of such indicators was tentatively identified, ranging from micro-data at firm level, integrated trade and business database, national input-output tables based on frequent updates of Supply-Use tables and the derivation of Trade in Value Added data from harmonized and interlinked input-output tables. The wish-list will be prioritized and practical strategic orientation will be provided to take into consideration the limited implementation capacity of many developing countries. Decision expected in 2015.

- Deriving MRIO from Supply Use Tables (SUT): this would help incorporating developing countries in MRIOs on the basis of official data rather than experts' estimates, when IO tables are not available or obsolete. At its April 2014 meeting, the OECD Statistical Committee decided the creation of a task-force on "Supply-Use tables", with a view of, inter alia, fostering the development of timely TiVA estimates.

- Divergences between main MRIO tables and official statistics: Christophe Degain has been working with USITC on identifying major data issues between TiVA, WIOD and GTAP indicators and their equivalent from national accounts and balance of payments. The indicators under review are: GDP, final demand, exports and imports of goods and services. A first draft was presented at the 16th GTAP Conference in Shanghai last year by USITC's Zhi Wang. Work is still on progress and latest MRIO revisions from OECD and WIOD have been applied. A paper is planned for 2014, to be shared with GTAP project.

(iii) Other international initiatives where WTO is closely involved are also potentially relevant for the GTAP programme.

- Data on firm heterogeneity: New models on trade economics put emphasis on the role of firms and the importance of firm heterogeneity. Current value-added estimates of TiVA are known to be biased because of this heterogeneity. The United Nations Statistical Commission has taken note of the importance of global value chains and created in 2013 a "Friends of the Chair Group" (FoCG) to advice on the new data requirements for a proper monitoring of global trade. The FoCG is focusing its work on the development of new trade and business statistics, and define road-maps applicable to developed and developing countries.

- Classification: The FoCG called also for a revision of the relevant international classifications to take into consideration the new business realities linked to global value chains as well as the international fragmentation and outsourcing of business functions which remain to be clearly identified and classified. EUROSTAT is actively involved in defining business functions, a classification which is particularly relevant from the "trade in tasks" perspective.

(c) Session at the GTAP Conference

- WTO (ITTC) is co-sponsored with IFPRI a Session on **Trade Liberalization and Economic Development in Africa** for the GTAP conference in Dakar under the Academic Support Programme. Mustapha Sadni Jallab will chair the session.

Here are the details of the session:

- Trade Liberalization and Food Security: For a new green revolution in Africa (Nguema, Ismaelline Eba)
- Diversification towards high value export production, farm household productivity and efficiency in Senegal (Dedehouanou, Senakpon)
- Diversification and Sophistication as drivers of structural transformation for Africa: The economic complexity of African countries (Yameogo, Nadege Desiree)
- Agricultural Productivity Growth in Sub-Saharan Africa, 1990-2010: the role of Investment, Governance and Trade (Shittu, Adebayo)
- Smeets Maarten (WTO) will be offering a key note speech at the closing session of the conference. The speech will focus on capacity building for trade and development policy analysis in Africa.

II. Suggested strategy for further work

- Attempt to capture new gains from trade in the standard GTAP model

Include in the model feature that allow estimates of gains other than those deriving from reducing applied rate. Recent evidence and theoretical models highlight the importance reducing trade policy uncertainty as an additional channel to promote trade. It would be ideal to integrate features in the model to account for this. This would require developing a standard model capable of capturing changes in the extensive margin of trade

- The interest in understanding the interaction between trade and labour market outcomes is growing particularly in this period of elevated unemployment rates in many industrial countries. GTAP needs to invest resources in this direction.
- Promote quality checks by comparing GTAP data with new official interagency data. This is particularly important for services trade and services trade protection.