

GTAP Consortium Agency Report

By Global Affairs Canada

Global Affairs Canada manages Canada's diplomatic and consular relations, leads country's international trade negotiations and promotion, and provides Canada's international development and humanitarian assistance.

The Office of the Chief Economist at Global Affairs Canada reports and advises on international trade and economic issues; undertakes trade and economic research and modelling analysis in support of Global Affairs Canada's various functions, including negotiations of international agreements, trade promotion, and trade litigation.

1. GTAP Model and Data Base Usage

The Office of the Chief Economist has developed its in-house version of the recursive dynamic GTAP model with endogenous capital split into domestic and foreign capital. The model is based on the standard GTAP data and modelling framework with Monash's endogenous capital mechanism.

The GTAP database is the main data framework used by the Office of the Chief Economist for trade policy analysis in support of trade negotiations and trade policy analysis. In our regular policy modelling exercise, we routinely undertake the data modifications to update the tariff data based on the exchanged trade and tariff information, update the GDP and trade data, and split the sectors that are critical for policy discussion; for instance, splitting motor vehicles and parts into assembled vehicles and parts, and other meat products into pork and poultry.

The Office of the Chief Economist heavily relies on the CGE model to provide the modelling analysis in support of trade negotiations, to provide analysis requested by chief negotiators, Parliament Committee and the general public.

The Office of the Chief Economist also collects economic data, uses applied simulation and econometric models, monitors regional and multilateral trade agreements, and conducts analysis on the results of the implementation of trade agreements.

2. Presentations

We have been routinely asked to provide internal and external presentations on the modelling results of various trade agreements that Canada is involved.

3. Special Reports

The Office of the Chief Economist has completed the following special reports that utilized the GTAP model and databases:

- a) Economic Impact of Canada's Potential Participation in the Trans-Pacific Partnership Agreement
- b) Economic Impact of Canada's Participation in the Comprehensive and Progressive Agreement Trans-Pacific Partnership
- c)
- d) Final Environmental Assessment of the Canada-European Union Comprehensive Economic and Trade Agreement

6. Other Activities

Government's Progressive Trade Agenda--the benefits of trade must be shared by all. It is recommended to expand the impact analysis to include economic impact, labour impact, gender impact, environmental impact, SME impact in relation to the trade agreement.

The Office of the Chief Economist is developing a labour market module, which will be solved concurrently with the dynamic GTAP model. The labour market module includes variables of wage, employment, occupation, gender, education over generations of age group.