

Incorporating Domestic Trade and Transport Margins in the GTAP Data Base and GTAPv7 model

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Abstract

This paper presents a version of the standard GTAP Data Base version 9A and GTAPv7 ('facelift') model with domestic trade and transport margins. Essentially, domestic margin services facilitate the delivery of products from: (a) domestic producers to domestic users; (b) domestic producers to the port of exit for exports; and (c) port of entry of imports to domestic users.

This paper is divided into three main sections. The first section provides an overview of the development of the GTAP Data Base with domestic margins. This section includes a discussion of input-output data for a number of countries/regions and the methodology employed to estimate user- and commodity-specific domestic margin information. The second section details the extensions made to the GTAPv7 model to explicitly account for price wedges associated with domestic margin services—i.e., price wedges between domestic producers and users, as well as between international and domestic markets. The third section analyzes the results of an illustrative simulation and compares them with those obtained from using the standard GTAP Data Base and model.