



CENTER FOR GLOBAL TRADE ANALYSIS NEWSLETTER

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Current and back issues of the GTAP newsletter are available online at:

<http://www.gtap.org/about/newsletters.asp>.

MISSION STATEMENT:

The Center for Global Trade Analysis is the publicly funded, university-based home for GTAP (Global Trade Analysis Project), a global network of researchers and policy makers conducting quantitative analysis of international policy issues. Our purpose is to improve the quality of global economy-wide analysis through education and by developing analytical data bases, economic models, and innovative methodologies. Our unique institutional structure enables us to foster collaboration among academia, public sector, and private sectors worldwide.

1. CENTER NEWS

Staff/Graduate Student Updates

Huey-Lin Lee, the Center's former Environmental Economist, departed in December 2006 and is currently working as a Research Fellow at the National Institute for Environmental Studies in Tsukuba City, Japan. We thank Huey-Lin for her excellent work and wish her all the best!

The Center would like to welcome the following new graduate students for the 2006-2007 academic year: Misak Avetisyan and Csilla Lakatos. Misak joins the Center from the Department of Economics and Csilla in the Department of Agricultural Economics at Purdue University.

Staff travel

Tom Hertel has been quite busy in the past few months presenting the following:

Hertel, T.W. "Distributional Effects of WTO Agricultural Reforms in Rich and Poor Countries", based on a joint paper with R. Keeney, M. Ivanic and L. A. Winters, presented to the United Nations Economic Commission on Latin America, Santiago, Chile, January 19, 2007.

Hertel, T.W. "The Role of Firms in International Trade: Implications for CGE Analysis", presentation at a RIETI workshop, Tokyo, Japan, December 15, 2006.

Hertel, T.W. "Analyzing the Long Run Supply and Demand for Land", based on a joint paper with A. Golub and B. Sohngen, presented to the Energy Modeling Forum Annual Meetings on Climate Change Policy, Tsukuba, Japan, December 14, 2006.

Hertel, T.W., H. Lee, S. Rose and B. Sohngen, "The Role of Global Land Use in Determining Green House Gas Mitigation Costs", presented to the Energy Modeling Forum Annual Meetings on Climate Change Policy, Tsukuba, Japan, December 14, 2006.

Hertel, T.W. "Asian Agricultural Production and Trade: Prospects for 2025", based on a joint paper with A. Golub and C. Ludena, presented at the conference on *Shaping the Future: Prospects for Asia's Long Term Development over the Next Two Decades*, Asian Development Bank, Bangkok, Thailand, December 11, 2006.

Hertel, T. W., based on a paper with J.H. Grant and T.F. Rutherford. "Disaggregated Analysis of US Dairy Liberalization: Options for Reforming Tariff Rate Quotas", presented to the annual meetings of the International Agricultural Trade Research Consortium, St. Petersburg, Florida, December 4, 2006.

Hertel, T.W. "The Role of Firms in International Trade: Discussion", Theme Day of the International Agricultural Trade Research Consortium, St. Petersburg, Florida, December 3, 2006.

Betina Dimaranan traveled to Hong Kong in December, 2006 and presented:

"Competing with Giants – Who Wins, Who Loses?", from joint work with Elena Ianchovichina and Will Martin, at the All China Economics (ACE) International Conference, organized by the APEC Study Center, City University of Hong Kong, December 18-20, 2006.

GTAP Seminar Series

In October 2006, David Laborde visited the Center and presented twice in the GTAP Seminar Series. His seminars were titled: “MacMap” and “Modeling Disaggregated Trade Policies: Some Practical Problems and a Solution” and provided excellent insight to his work.

2. CONSORTIUM NEWS

The GTAP Advisory Board is composed of representatives from consortium member agencies that provide financial support and guidance to the project. More information about the GTAP Consortium is available at: <http://www.gtap.org/about/consortium.asp>.

The next meeting of the GTAP Advisory Board is scheduled for June 4-5, 2007, on the campus of Purdue University, in West Lafayette, IN, USA. More information about the GTAP Advisory Board meeting is available at: http://www.gtap.org/events/Board_Meetings/default.asp.

Representative Updates

CEPII

Lionel Fontagné has decided to step down as the representative for CEPII on the GTAP Advisory Board. Lionel has been a key member of the GTAP Advisory Board and advocate of the new protection data in the GTAP 6 Data Base. Thank you, Lionel for all your hard work; we look forward to your continued involvement in GTAP! Please also join us in welcoming Sebastien Jean back to the GTAP Advisory Board as the new representative for CEPII. We look forward to working with you again, Sebastien!

RIETI

The Research Institute of Economy, Trade and Industry (RIETI) have also had a recent change in representation on the GTAP Advisory Board. Yuji Hosoya, whose assignment ended at RIETI, has been succeeded by Akira Kawamoto. Please join us in welcoming Mr. Kawamoto to the GTAP Advisory Board. We look forward to working with you!

3. RESEARCH HIGHLIGHTS

New Developments in the Dynamic GTAP Model

Two recent studies have been undertaken by Alla Golub and others to improve the Dynamic GTAP Model.

The first study, “*Behavioral and Entropy Parameters in the Dynamic GTAP Model*”, tests the hypothesis of convergence in the rates of return to capital across countries and measured the degree of international capital mobility. Results of the econometric analysis provided evidence against the null hypothesis of no convergence and support the disequilibrium approach to capital mobility adopted in the dynamic GTAP model. The estimated speed of convergence in rates of return to capital in OECD countries is 9 % per year. This result is used to set capital mobility parameters in the model. Using country portfolios data base, the relative rigidities of regional wealth and capital stocks compositions were then estimated. Econometric analysis revealed that, while there are differences in the relative rigidities of the composition of capital and allocation of wealth across countries, in the majority of countries the split between capital belonging to foreigners and capital belonging to local households is much more rigid than the split between equity in local firms and equity in foreign firms. The setting

of the corresponding rigidity parameters in the dynamic GTAP model affects the distribution of regional wealth between local and foreign assets and ownership shares of regional capital in the long run. The econometric estimates are used to set rigidity parameters in the dynamic GTAP model. (http://www.gtap.org/resources/res_display.asp?RecordID=2250)

In the second study, “*New Household Saving Behavior in the Dynamic GTAP model*”, Alla Golub and Robert McDougall re-examine the saving behavior in the Dynamic GTAP model. In the standard dynamic GTAP model, saving is (almost) fixed proportion of income in each region. This leads to several unwelcome implications, including unbounded growth in net foreign assets and non stationary rates of return to capital in the long run. Alla Golub and Robert McDougall developed new household saving behavior in the dynamic GTAP model. The theoretical structure of the model is modified so that the saving rate in each region is endogenous and is a function of the region specific ratio of wealth to income. This approach is very practical and motivated by the stylized facts that gross foreign assets and liabilities do not diverge through time in reality nearly as much as in the standard dynamic GTAP model, and observed wealth to income ratios are very stable for majority of countries. The new structure supports balanced growth scenarios, stabilizes global rate of return to capital, and prevents net external assets or liabilities from growing implausibly large. (http://www.gtap.org/resources/res_display.asp?RecordID=2129)

Distributional Effects of WTO Agricultural Reforms in Rich and Poor Countries

by Hertel, Thomas, Roman Keeney, Maros Ivanic and Alan Winters

GTAP Working Paper No. 33 (http://www.gtap.org/resources/res_display.asp?RecordID=2185)

Rich countries’ agricultural trade policies are the battleground on which the future of the WTO’s troubled Doha Round will be determined. Subject to widespread criticism, they nonetheless appear to be almost immune to serious reform, and one of their most common defenses is that they protect poor farmers. Our findings reject this claim. The analysis conducted here uses detailed data on farm incomes to show that major commodity programs are highly regressive in the USA, and that the only serious losses under trade reform are among large, wealthy, farmers in a few heavily protected subsectors. In contrast, analysis using household data from fifteen developing countries indicates that reforming rich countries’ agricultural trade policies would lift large numbers of developing country farm households out of poverty. In the majority of cases these gains are not outweighed by the poverty-increasing effects of higher food prices among other households. Agricultural reforms that appear feasible, even under an ambitious Doha Round, achieve only a fraction of the benefits for developing countries that full liberalization promises, but protects US large farms from most of the rigors of adjustment. Finally, the analysis conducted here indicates that maximal trade-led poverty reductions occur when developing countries participate more fully in agricultural trade liberalization.

4. SHORT COURSES

The Fifteenth Annual Short Course in Global Trade Analysis will be held on the campus of Purdue University in West Lafayette, IN, USA from August 4-10, 2007. Part I, the web-based, instructor-led preparatory course will precede the on-site course and run from May 21 – July 20, 2007. Applications for this course are currently being accepted through March 15, 2007. Participation in this course is STRICTLY limited to 32 participants; therefore, we strongly encourage early application.

Scholarships

We currently have five scholarships for African economists who would like to attend the GTAP Short Course as well as a follow up session on preparation of data for GTAP aimed at guiding them in the preparation of a GTAP-ready I-O table for their country. This training would allow these five economists to contribute to an African GTAP Data Base as well as learn about the GTAP Model and Data Base. They would also be eligible for participation in a follow-up project focusing on analysis of the impact of Economic Partnership Agreements on their country.

More specifically, following the short course, three of these economists will be commissioned to write papers analyzing the impact of the Doha agenda on Africa. The three economists would be selected based on their performance during the courses as well as the quality of their proposals. Research support would be provided by the Center over the course of a year and all those undertaking projects would be invited to participate in a special session of the GTAP conference in Finland in 2008. Individuals applying for a scholarship must be willing to do both the course and the aforementioned research project.

The five selected participants will have their fees waived and be reimbursed for all travel expenses to the short course at Purdue University. The three economists, commissioned to write papers, will receive travel expenses to the 2008 GTAP conference in Helsinki and \$5,000 towards their research. Travel expenses include accommodation, airfare and food. Note that the airfares and food will be reimbursed.

We are particularly interested in the following countries: Algeria, Libyan Arab Jamahiriya, Congo (DR), Cote d'Ivoire, Cameroon, Kenya, Ethiopia, and Sudan.

Applicants will be required to submit the following on the course/scholarship application form:

- Contact information
- Describe your CGE Modeling experience
- How do you plan to use the GTAP Model
- Current CV/resume (Word or PDF document preferred)
- Describe your experience with African data
- Specify your top 3 African countries of interest (in terms of data)
- If you are not selected to be a scholarship recipient, do you still want your application considered for the course
- Initial research proposal (Word or PDF document preferred)

Interested individuals may also send the above information to Ginger Batta (gbatta@purdue.edu) and she will submit your applications for you. Please note, if any of the above is not included on the application form, it will not be considered.

Research proposals should be 1-2 pages. Since we do not expect people to have been trained in GTAP we will be looking for: a well thought out topic/research question, explanation of the importance/policy relevance of the topic, possible scenarios to be examined and expected results. In stating the possible scenarios the applicant should have some understanding of what can be done in a CGE model. Although we do not require an understanding of the GTAP model itself, applicants should examine papers on the website to see what analysis can and has been done with the GTAP Model.

The deadline to submit course and scholarship applications is March 15, 2007.

Further information on this course is available at:
http://www.gtap.org/events/Short_Courses/2007/default.asp

A Short Course in Dynamic Global Trade Analysis was held in West Lafayette, IN, USA on the campus of Purdue University from October 6-11, 2006. This course consisted of a mix of daily lectures, lab assignments, and informal discussions designed to introduce participants to the basic features of the Dynamic GTAP Model. These activities culminated in a major application undertaken by small groups and presented on the final day of the course.

In total, 15 individuals from 10 different countries participated in this course. Information about previous and forthcoming dynamic courses is available at:
http://www.gtap.org/events/Dynamic_Courses/default.asp.

5. CONFERENCES

The Tenth Annual Conference on Global Economic Analysis will be held June 7-9, 2007 on the campus of Purdue University in West Lafayette, IN, USA. The conference is being organized by the Center for Global Trade Analysis, Purdue University.

The goal of the annual conference is to promote the exchange of ideas among economists conducting quantitative analysis of global economic issues. The theme of the Tenth Annual conference is “Assessing the Foundations of Global Economic Analysis”.

As this is the Tenth Anniversary Conference the Center would like to take this opportunity to revisit the foundations of global economic analysis, reflecting on the past successes of the GTAP Network and deliberating on future issues related to global economic analysis. We have joined together with the Journal of Economic Integration to publish a special edition for the conference. The top papers submitted to the conference, as selected by the reviewers and the program committee will be invited to publish in this special edition of the Journal of Economic Integration, along with a commissioned paper by Alan A. Powell, tracing the history of GTAP. The aim is to publish the best papers under the four key sub-themes: Future directions, International Trade, International Development, and the Environment.

The Journal of Economic Integration has become an important outlet for applied general equilibrium work. JEI deals with empirical and theoretical contributions of international economic issues or national economic issues that have transnational relevance. With an emphasis on the broad issues of international economic integration, the Journal aims to provide a forum and intellectual readiness for globalization of the world economy.

The conference program is developing nicely with confirmations from the following plenary speakers:

- Bruce Blonigen, University of Oregon, USA
- Lionel Fontagne, University of Paris-1 Pantheon-Sorbonne, France
- Bernard Hoekman, The World Bank, USA
- Sam Kortum, University of Chicago, USA
- William Pizer, Resources for the Future, USA

- Alan Powell, Monash University, Australia
- John Reilly, MIT, USA
- Scott Taylor, University of Calgary, Canada

Please also acknowledge the forthcoming deadlines for the conference:

March 6, 2007	Notification of abstract acceptance
April 15, 2007	Conference papers due on the GTAP website All registrations submitted after this date incur a \$50 late fee
May 1, 2007	Registration deadline
May 15, 2007	Payment deadline

On Wednesday, June 6, 2007, there will be a pre-conference event held in Chicago, IL consisting of an architectural boat tour on "Chicago's First Lady" and, tentatively, an event to be held in Chicago's Millennium Park.

The cost to participate in this event is \$50. Please note that meals are not included in this fee; therefore, each participant is responsible for paying for their own meals. To attend this event, please indicate so on the conference registration form.

We strongly encourage individuals interested in attending this event to meet us in Chicago at Riverside Gardens at the intersection of Michigan Avenue and Wacker Drive (Southeast corner of the Michigan Avenue Bridge). For the convenience of those who will be flying into Chicago on June 5 and spending the night before meeting us on the 6th, we have blocked 50 rooms at the Congress Hotel (1-800-635-1666) for \$179/night + tax. Reservations must be made by May 5, 2007. When making your reservation be sure to mention "GTAP".

Further information on this conference is available at:
<http://www.gtap.org/events/Conferences/2007/default.asp>.

6. DATA BASE DEVELOPMENTS

The GTAP 6 Data Base documentation is now with the printers and will be shipped directly to all current GTAP 6 Data Base subscribers, GTAP consortium member agency representatives, and data contributors.

The data base documentation is also available online at:
http://www.gtap.org/databases/v6/v6_doco.asp

A New African Data Base for the Analysis of International Trade Agreements

African policy makers are increasingly requesting quantitative assessments of trade agreements currently under negotiation – particularly the Economic Partnership Agreements and the Doha Development Agenda. The UN Economic Commission for Africa, the European Commission, and the World Bank, among other international institutions, have sought to support these requests. However, they have been fundamentally limited by data availability. In particular, the widely used GTAP data base currently disaggregates just 15 of the 54 countries in Africa, and the remaining regional

groupings (of which there are 4) are not well-suited to supporting these negotiations. For example, the EPA's are being negotiated on a regional basis, yet these regions are not readily identifiable in the GTAP regions.

The Center has recently received funding from the Bank Netherlands Partnership Program (BNPP) via the World Bank and the European Commission to address these limitations, and in the process further disaggregate the African continent in GTAP to a total of 31 countries and regions. This 2.5 year project also supports further data base development, training and analysis by African researchers. The final data base will be a special version of GTAP, and will be made publicly available.

As part of this project we currently have five scholarships for African economists who would like to attend the GTAP Short Course as well as a follow up session on preparation of data for GTAP aimed at guiding them in the preparation of a GTAP-ready I-O table for their country. This training would allow these five economists to contribute to an African GTAP Data Base as well as learn about the GTAP Model and Data Base. They would also be eligible for participation in a follow-up project focusing on analysis of the impact of Economic Partnership Agreements on their country. Further details can be found on the GTAP website:

http://www.gtap.org/events/Short_Courses/2007/default.asp#scholarship

7. SOFTWARE DEVELOPMENTS

Dr. J. Mark Horridge of the Center for Policy Studies, Monash University, has updated the RunGTAP patch files. These new patches will address bugs commonly associated with Windows Vista upgrades, the simultaneous use of subtotals and systematic sensitivity analysis, and comma/decimal point characters. Further information as well as the patch files can be accessed on the CoPS website at:

<http://www.monash.edu.au/policy/rgtpatch.htm>.

8. NEW RESOURCES ON THE GTAP WEBSITE

The list below details the latest documents submitted to the GTAP Resource Center between September 5, 2006 and January 9, 2007. A comprehensive list of all recent additions can be found at:

<http://www.gtap.org/resources/latest.asp>.

Econometric Applications

The Costs and Benefits of Monetary Integration Reconsidered: Towards Value-Added Based Openness Measures

by Belke, Ansgar and Lars Wang

Journal of Economic Integration, 2005

On the Impact of Better Targeted Transfers on Poverty in Tunisia

by Bibi, Sami

Review of Middle East Economics and Finance, 2003

Decomposing Poverty Changes into Vertical and Horizontal Components.

by Bibi, Sami and Jean-Yves Duclos

Bulletin of Economic Research, 2005

Poverty Decreasing Indirect Tax Reforms: Evidence from Tunisia.

by Bibi, Sami and Jean-Yves Duclos

Forthcoming in International Tax and Public Finance, 2006

Equity and Policy Effectiveness with Imperfect Targeting

by Bibi, Sami and Jean-Yves Duclos

Forthcoming in Journal of Development Economics, 2006

Comparing Multidimensional Poverty between Egypt and Tunisia.

by Bibi, Sami

CIRPEE Working Paper WP-04-16, 2004

When is Economic Growth Pro-poor? Evidence from Tunisia.

by Bibi, Sami

CIRPEE Working Paper WP-05-22, 2005

Measuring Poverty in a Multidimensional Perspective: A Review of Literature

by Bibi, Sami

PEP Working Paper WP PMMA-2005-07, 2005

Focused Targeting Against Poverty: Evidence from Tunisia

by Muller, Christophe and Sami Bibi

AD Working Paper, 2006

GTAP Applications

A General Equilibrium Analysis of Climate Change Impacts on Tourism

by Berritella, Maria, Andrea Bigano, Roberto Roson and Richard Tol

Tourism Management, 27 (5), 913-924., 2009

Building a Financial Social Accounting Matrix for Colombia

by Hernandez, Gustavo

National Planning Department, 2003

Bogotá-Región 2000 Social Account Matrix

by Segura, Juan Carlos

Departamento Administrativo de Planeación Distrital, 2003

Bogotá, D.C. 2000 Social Account Matrix

by No author found.

Departamento Administrativo de Planeación Distrital, 2004

More (or less) on necessarily welfare-enhancing free trade areas

by Richardson, Martin and Niven Winchester

University of Otago, Economics Discussion Paper, 0603, 2006

Trade and rising wage inequality: What can we learn from a decade of computable general equilibrium analysis?

by Winchester, Niven

University of Otago, Economics Discussion Paper, 0606, 2006

Liberating Middle Earth: How will changes in the global trading system affect New Zealand?

by Winchester, Niven

New Zealand Economic Papers, 40(1), 45-79, 2006

Skill classification and the effect of trade on wage inequality

by Winchester, Niven, David Greenaway and Geoffrey Reed

Review of World Economics/Weltwirtschaftliches Archive, 142(2), 287-306, 2006

What Role for the Agricultural Sector in the Process of Economic Growth of Tunisia? Evidence from Multivariate Cointegration (Reviewed Version_September 2006)

by Chebbi, Houssein Eddine

2006

How to Measure Non-tariff Barriers? A Critical Examination of the Price-Differential Approach (with Kyoji Fukao and Arata Kuno)

by Kataoka, Goushi, Kyoji Fukao and Arata Kuno

KIEP , 2005

Implications of China's Accession to the World Trade Organization for China and the WTO

by Ianchovichina, Elena and Will Martin

World Economy 24(9), 2001

Trade Impacts of China's World Trade Organization Accession

by Ianchovichina, Elena and Will Martin

Asian Economic Policy Review 1(1), 2006

Impact of China's WTO Accession on East Asia

by Ianchovichina, Elena and Terrie Walmsley

Contemporary Economic Policy 23 (2), 2005

Are Duty Drawback on Exports Worth the Hassle?

by Ianchovichina, Elena

Canadian Journal of Economics (forthcoming), 2007

A Baseline Scenario for the Dynamic GTAP Model

by Walmsley, Terrie

2006

The Effects of Foreign Trade Liberalisation and Financial Flows between Slovenia and the EU after Accession

by Majcen, Boris, Miroslav Verbic and Sasa Knezevic

Post-Communist Economies, 17(2005), 2, pp. 251-267, 2005

Impact of the proposals for tariff reductions on nonagricultural goods (NAMA)

by Mori Coelho, Allexandro, Maria Lucia Pádua Lima, Samir Cury and Sergio Goldbaum

2006

The Degree of Openness to Trade – Towards Value-Added Based Openness Measures

by Belke, Ansgar and Lars Wang

Jahrbücher für Nationalökonomie und Statistik, 2006

Competing with Gaints - Who Wins, Who Loses?

by Dimaranan, Betina, Elena Ianchovichina and Will Martin

Chapter 3 in Dancing with Giants: China, India and the Global Economy, L. Alan Winters and Shahid Yusuf (editors), 2006

The Australian preferential tariff regime

by Lippoldt, Douglas

OECD Trade Policy Working Paper, 2006

Trade Preference Erosion: Potential Economic Impacts

by Lippoldt, Douglas and Przemek Kowalski

OECD Trade Policy Working Paper, 2005

Log export restrictions and trade policies in the Philippines: bane or blessing to sustainable forest management?

by Tumaneng-Diete, Tessie, Ian S Ferguson and Donald MacLaren

Forest Policy and Economics, 2005

Measures of trade openness using CGE analysis

by Lloyd, Peter and Donald MacLaren

Journal of Policy Modeling, 2002

Other CGE Applications

Sustainability of the Slovenian Pension System: An Analysis with an Overlapping-generations General Equilibrium Model

by Verbic, Miroslav, Boris Majcen and Renger van Nieuwkoop

Eastern European Economics, 44(2006), 4, pp. 60-81, 2006

A CGE Analysis of the Potential economic impacts of aquaculture promotion in Sub-Saharan Africa

by Kaliba, Aloyce

In Review, 2006

Research Memorandum

Introducing Forest Access Cost Functions into a General Equilibrium Model

by Gouel, Christophe and Thomas Hertel

GTAP Research Memorandum No. 08, 2006

Using Entropy to Compare IO tables

by Walmsley, Terrie and Robert McDougall

GTAP Research Memorandum No. 09, 2006

Technical Paper

GTAP-M: A GTAP Model and Data Base that Incorporates Domestic Margins

by Peterson, Everett

GTAP Technical Paper No. 26, 2006

Working Paper

The Role of Global Land Use in Determining Greenhouse Gases Mitigation Costs

by Hertel, Thomas, Huey-Lin Lee, Steven Rose and Brent Sohngen

GTAP Working Paper No. 36, 2006

Productivity Growth and Convergence in Crop, Ruminant and Non-Ruminant Production: Measurement and Forecasts

by Ludena, Carlos, Thomas Hertel, Paul Preckel, Kenneth Foster and Alejandro Nin Pratt

GTAP Working Paper No. 35, 2006

Poverty Analysis Using an International Cross-Country Demand System

by Cranfield, John, Paul Preckel and Thomas Hertel

GTAP Working Paper No. 34, 2006

Distributional Effects of WTO Agricultural Reforms in Rich and Poor Countries*

by Hertel, Thomas, Roman Keeney, Maros Ivanic and Alan Winters

GTAP Working Paper No. 33 , 2006

9. CONTACT INFORMATION

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