



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

The Center would like to wish the best of luck and express our sincerest gratitude to Betina Dimaranan, who recently departed the Center for a position as Research Fellow in the Markets, Trade and Institutions Division of IFPRI. This is a great opportunity for Betina to focus on research and we look forward to interacting with her in this new capacity.

Roman Keeney, an Assistant Professor in Agricultural Economics at Purdue University and also a former GTAP graduate student, has been named the Faculty Research Associate for the Center for Global Trade Analysis.

Finally, the Center would also like to welcome Meghan Alexander as the new Program Manager. Meghan is a graduate of the University of Missouri-St. Louis and holds a M.Ed. in Counseling. Prior to joining GTAP, she was an International Liaison Officer at Concordia University, Montreal, Quebec, Canada.

Please help us wish Betina the best of luck at IFPRI and welcome Roman and Meghan to GTAP!

GTAP Seminar Series

In May 2007, Amer Ahmed and Nelson Villoria both presented in the GTAP Seminar Series. Amer's seminar was titled "The Impact of Outsourcing on the US Labor Market: An Empirical Analysis of the Manufacturing Sector" and Nelson's was titled "China and Africa as competitors in the world markets for manufactures". Both seminars provided excellent insight into these graduate students' 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.

2007 GTAP Advisory Board Meeting

The 2007 GTAP Advisory Board was held on the campus of Purdue University, in West Lafayette, Indiana, USA from June 4-5, 2007.

Research Fellows

During this meeting, eleven individuals were approved by the board to serve as GTAP Research Fellows for the term of 2007-2010. Their names and recognized contributions follow:

Acar, Mustafa - Kirikkale University, Turkey

In recognition of his contributions to GTAP as instructor in the GTAP preparatory web courses and as contributor of several updates of the I-O table for Turkey

Burfisher, Mary - U.S. Naval Academy, United States

In recognition of her sustained contributions in advancing economy-wide analysis of agricultural trade policies and in GTAP capacity-building efforts especially in India

Diao, Xinshen - International Food Policy Research Institute, United States
In recognition of her innovative research using the GTAP Data Base and her contributions to the broader field of policy analysis using economy-wide models

Fontagne, Lionel - CEPII / Université Paris 1, France
In recognition of his outstanding contributions to border protection measurement and innovative research in the broader field of international economics

Kuiper, Marijke - LEI, The Netherlands
In recognition of her innovative economics research using the GTAP Data Base and her methodological contributions to addressing trade data issues

Ludena, Carlos - ECLAC, Chile
In recognition of his contribution of domestic data bases for several Latin American countries and for helping to broaden the GTAP Network in Latin America

Rae, Allan - Massey University, New Zealand
In recognition of his sustained contributions in advancing economy-wide analysis of agricultural and trade policies through innovative GTAP research applications

Tol, Richard - Economic and Social Research Institute, Ireland
In recognition of his innovative applications of the GTAP Data Base in the field of environmental economics

van der Mensbrugghe, Dominique - The World Bank, United States
In recognition of his sustained contributions to the GTAP Data Base and in advancing economy-wide analysis of developing country policies

van Leeuwen, Nico - CPB, The Netherlands
In recognition of his various contributions to the GTAP Data Base including his work on labor skill splits, the Netherlands I-O table, and bilateral services trade data

Wang, Zhi - US-ITC, United States
In recognition of his innovative research using the GTAP Data Base and for methodological contributions in reconciling re-export trade data

GTAP Hall of Fame

2007 also began a new tradition wherein the board selected individuals whose sustained contributions to GTAP deem them eligible for inclusion in the GTAP Hall of Fame. The following five individuals were inducted and recognized for the following:

Mark Gehlhar - USDA-ERS, United States
For the development of GTAP trade data set, and the development of backcasting methodology

Mark Horridge - Monash University, Australia
In recognition of his development of innovative new software and tools for implementation and analysis of GTAP data and simulations

Ken Pearson - Monash University, Australia
For the development of GTAP software, and for teaching GTAP short courses

Thomas Rutherford - United States

In recognition of his development of GAMS-based software and modeling capabilities suitable for GTAP users

Marinos Tsigas - US-ITC, United States

For the development of GTAP model and Data Base, and support of many GTAP applications

Alan A. Powell Award

Finally, each year at the GTAP Advisory Board meeting we present an award to one of the members of the Board in recognition of outstanding service. This award is in honor of one of the Founding Members of the Advisory Board, and the intellectual grandfather of GTAP – Alan A. Powell.

This year's recipient of the Alan A. Powell Award was Hakim Ben Hammouda, the Director of the Trade and Regional Integration Division of the United Nations Economic Commission for Africa (UNECA). Like Alan, Hakim is keenly interested in research and public policy. Under Hakim's leadership, this division has been totally revamped and is now assuming a leading role in the development and dissemination of trade policy research in Africa. As part of this commitment, Hakim brought the UNECA into the GTAP Advisory Board in 2005 and spearheaded the initiative to extend GTAP's coverage in Africa, contributing Nigeria and Senegal and is currently working with us, the European Commission and the World Bank on the development of the African Data Base. They are actively utilizing GTAP in their analysis of the Doha Development Agenda and Economic Partnership Agreements between the EU and various countries in Africa.

Under Hakim's leadership, the UNECA also hosted the Ninth Annual Conference on Global Economic Analysis in Addis Ababa, Ethiopia in 2006. It was an extremely successful conference allowing us to further expand the GTAP Network into Africa. For all of these reasons, we would like to recognize him with the Alan A. Powell award for outstanding service.

2008 GTAP Advisory Board Meeting

The next GTAP Advisory Board meeting will be held from June 9-10, 2008 in Helsinki, Finland.

More information about the GTAP Advisory Board meeting is available at:

http://www.gtap.org/events/Board_Meetings/default.asp.

3. RESEARCH HIGHLIGHTS

Estimating the Impact of Trade Facilitation on Global Trade Flows

by Mirza, Tasneem

Tenth Annual Conference Paper (http://www.gtap.org/resources/res_display.asp?RecordID=2401)

In this paper we study the role of NTBs on trade flows in South Asia by using a modified global gravity model. We extend the existing literature in several ways: (i) we use improved (high quality) data for bilateral trade flows, tariffs, trade facilitation and other NTB's; (ii) investigation of the effects

of trade facilitation across sectors, with special emphasis on the textile, and automobile and parts, sectors; (iii) incorporation of the estimates into a GTAP-based CGE model to simulate the effects of reducing NTBs on employment by gender, factor earnings across sectors, poverty and income distribution in Bangladesh; (iv) incorporation of robustness checks such as accounting for reverse causality and spurious correlation and also usage of alternative econometric estimation techniques.

Productivity growth and convergence in crop, ruminant, and nonruminant production: measurement and forecasts

by Ludena, Carlos E., Thomas W. Hertel, Paul V. Preckel, Kenneth Foster, Alejandro Nin

Projections of future productivity growth rates in agriculture are an essential input for a great variety of tasks, ranging from development of an outlook for global commodity markets to the analysis of interactions between land use, deforestation, and ecological diversity. Yet solid projections for these variables have proven elusive—particularly on a global basis. This is due, in no small part, to the difficulty of measuring historical total factor productivity growth. Consequently, most productivity projections are based on partial factor productivity measures that can be quite misleading. The purpose of this work is to provide worldwide forecasts of agricultural productivity growth till the year 2040 based on the latest time series evidence on total factor productivity growth for crops, ruminants, and nonruminant livestock. The results suggest that most regions in the sample are likely to experience larger productivity gains in livestock than in crops. Within livestock, the nonruminant sector is expected to continue to be more dynamic than the ruminant sector. Given the rapid rates of productivity growth observed recently, nonruminant and crop productivity in developing countries may be converging to the productivity levels of developed countries. For ruminants, the results show that productivity levels in developing countries are likely to be diverging from those in developed countries.

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 preceded the on-site course and ran from May 21 – July 22, 2007.

Further information on this course is available at:

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

5. CONFERENCES

Tenth Annual Conference

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

As this was the Tenth Anniversary Conference the Center took 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. The Center joined together with the Journal of Economic Integration to publish a special edition for the conference. The top papers submitted to the conference were selected by the reviewers and program committee and have been

invited for publication in this special edition of the Journal of Economic Integration, along with a commissioned paper by Alan A. Powell, tracing the history of GTAP.

In total, 184 individuals from 31 different countries participated in this conference all contributing to its success.

The complete list of participants and presentations is available on the GTAP website at:

<http://www.gtap.org/events/Conferences/2007/default.asp>

Eleventh Annual Conference

We are pleased to announce that the Eleventh Annual Conference on Global Economic Analysis will be held at the Marina Congress Center in Helsinki, Finland from June 12-14, 2008. This conference will be jointly organized by the Government Institute for Economic Research (VATT), United Nations University / Wider Institute, and the Center for Global Trade Analysis.

The themes of the Eleventh Annual Conference are: globalization and economies in transition; development, poverty and vulnerability; energy and environment; and wealth, aging and income distribution.

More information on the conference will be posted on the GTAP website in the upcoming months at:

<http://www.gtap.org/events/Conferences/2008/default.asp>.

6. DATA BASE DEVELOPMENTS

What's New in Global Merchandise Trade?

Since 2001, the base year for the version 6 database, world merchandise trade has doubled sourcing more than \$12 trillion in 2006. Global trade is maintaining an unprecedented pace with China as a key driver. China's exports are now 4 times greater than in 2001 with greater diversification of partners. While rapid trade growth alone does not present a problem for constructing new releases for the database for GTAP, new complexities associated with shifting production and entropot trade add challenges for solving source and destination puzzles. Emerging markets such as India, Mexico, Kazakhstan, Russia, Turkey, and Vietnam are quickly moving up the ranks trading partners. There is a growing incidence of inexplicably discrepancies associated with particular industries and nontraditional trading partners for China.

New initiatives have been launched to better understand reasons for discrepant trade and procedures for improving data quality. At the Tenth Annual Conference on Global Economic Analysis, Mark Gehlhar organized a special session on "New Approaches for Trade Data Methodology" with the following presentations which addressed the issue at hand:

Accounting for Discrepancies in Bilateral Trade: The Case of China, Hong Kong, and the United States

by Ferrantino, Michael and Zhi Wang

Reconciling Bilateral Trade Statistics in the Presence of Re-exports via Third Countries: The Case of China, Hong Kong and Their Major Trading Partners

by Wang, Zhi, Mark Gehlhar, and Shunli Yao

The quality of Bilateral Services Trade data

by van Leeuwen, Nico, Arjan Lejour, and Arie Ten Cate

More information regarding Mark Gehlhar's work with trade data is available at:

http://www.gtap.org/databases/trade_data.asp.

7. NEW RESOURCES ON THE GTAP WEBSITE

The list below details the GTAP Applications submitted to the GTAP Resource Center between April 4, 2007 and July 2, 2007. A comprehensive list of all recent additions can be found at:

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

GTAP Applications

Agriculture in the Doha Development Agenda: An Opportunity for Latin America

by Giordano, Paolo, Maximiliano Méndez Parra and Masakazu Watanuki

Bargaining for an efficient and fair allocation of emission permits to developing countries.

by Kremers, Hans

China's growth and African Poverty: the case of Southern Africa Exports

by Villoria, Nelson, Thomas Hertel and Alejandro Nin Pratt

Economic Partnership Agreements: Assessing Potential Implications from Some Alternative Scenarios

by Raihan, Selim, Mohammad Razzaque and Edwin Laurent

Future Enlargements of the European Union: Budget constraints and CAP reforms

by Lind, Kim Martin and Henrik Zobbe

Global Macroeconomic Shocks and U.S. Agriculture: An Interactive Matrix Approach

by William Edmondson, Agapi Somwaru and Mathew Shane

Green Box Subsidies: A Theoretical and Empirical Assessment

by Jha, Veena

GTAP Data Base Build Automation and V4 Replication Report

by Dimaranan, Betina

GTAP Model Version 6.2a

by Hertel, Thomas, Robert McDougall and Terrie Walmsley

Institutions, Infrastructure, and Trade

by Francois, Joseph and Miriam Manchin

Projected Impacts of the Doha Development Round on Egypt's Trade and Production

by Endean, Erin and Peter Minor

The 2004 European Union Enlargement and its impacts on Brazilian agribusiness

by Oliveira, Samuel and Joaquim Bento Ferreira-Filho

Trade Restrictiveness Index from Applied Tariffs: An Estimate with MAcMap 2 Database

by Gouel, Christophe and Hugo Valin

Welfare Implications of Animal Disease-Related Trade Restrictions: Case of BSE-Related Export Bans on Cattle and Beef

by Weerahewa, Jeevika, Randall Wigle and Maury Bredahl

Zero Tariff for Agricultural Products-Current Situation and Prospect of China-ASEAN Free Trade Area under Construction and AEAIFTA while Conceiving

by Xie Jie

8. CONTACT INFORMATION

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