

The IDB is committed to strengthening the analytical capacity of Latin American and Caribbean governments to evaluate the potential impacts of trade liberalization and regional agreements (i.e., FTAA, access to the EU market, WTO, sub-regional agreements, other unilateral trade measures, etc.). To support countries in this task, the IDB is working in the following activities:

- 1. The development of analytical instruments and preparation of impact studies on the economic and social effects of trade liberalization/trade agreements.**

As member of the tripartite committee (together with the Organization of the American States, OAS, and the United Nations Economic Commission for Latin America, ECLAC), it has been providing technical support to the FTAA negotiation process. Parallel to this, another group of the Bank has been active in conducting policy-oriented studies particularly in the area of regional integration and trade liberalization. With the aid of the GTAP database, the Bank has made analyses in a number of formal and informal studies on the subregional blocs such as MERCOSUR, Central American Common Market (CACM) and hemispheric integration (FTAA).

Ongoing efforts continue to focus on regional integration in order to evaluate the importance of Latin America in the hemispheric process and with the European Union in the context of North-South and South-South approaches. Another recent study is designed to examine the impact of agricultural policy reform in the Western Hemisphere and the key transatlantic trade negotiations between MERCOSUR and the European Union. In these applications, the GTAP database is used with the elaboration of WTO export subsidies and OECD Producer Support Estimate (PSE).

Late last year, the IDB held a Conference, entitled “Impacts of Trade Liberalization Agreements on Latin America and the Caribbean”, jointly with the Centre d’Etudes Prospectives et d’Information Internationales (CEPII), inviting a number of policy makers in the region, modelers and academics.

- 2. Coordinate training activities to disseminate studies, use and interpretation of analytical tools among different government policy and negotiating teams.**

In this sense, the IDB is interested in supporting a GTAP course in Latin America. The course would be introductory and tailor-made to an audience of potential users within the governments and perhaps academia in the region.

Research Using GTAP Data Base

Monteagudo, Josefina and Masakazu Watanuki, February 2001, “Evaluation of trade policy options for Brazil,” unpublished manuscript.

Monteagudo, Josefina and Masakazu Watanuki, April 2001, “Quantifying the economic impact of the integration alternatives and new tariff regime introduced to tackle the economic crisis for Argentina,” unpublished manuscript.

Monteagudo, Josefina and Masakazu Watanuki, May 2001, “Integration alternatives in a globalized economy: what should Mercosur do?,” unpublished manuscript.

Giordano, Paolo and Masakazu Watanuki, September 2001, "Trade and welfare effects of an EU-Mercosur Free Trade Agreement in a Computable General Equilibrium model," unpublished manuscript.

Giordano, Paolo and Masakazu Watanuki, (forthcoming), "Economic Effects of a Mercosur-European Communities Free Trade Agreement: A Computable General Equilibrium Model Analysis," in Paolo Giordano, Alfredo Valladao and Marie Françoise Durand (eds.), *Toward an Agreement between Europe and the Mercosur*, Paris: Presses de Sciences P.

Monteagudo, Josefina and Masakazu Watanuki, November 2001, "Regional Trade Agreements for Mercosur: the FTAA and the FTA with the European Union," *Paper presented at the Conference "Impacts of Trade Liberalization Agreements on Latin America and the Caribbean"*, organized by the Inter-American Development Bank (IDB) and the Centre d'Etudes Prospectives et d'Information Internationales (CEPII), November 2001, Washington, DC. Paper will be forthcoming in *Integration and Trade (INT/IDB) and Économie Internationale (CEPII)*.