

Since the last Advisory Board meeting (June 2001), UNCTAD has continued and expanded on its GTAP-related activities, concerning both the use of the GTAP database and model in its analytical work and the development of trade protection databases.

Research

The GTAP model and database (GTAP5) were used to conduct the following UNCTAD studies:

- “Electronic Commerce and Developing Countries: A Computable General Equilibrium Analysis”, chapter 2 of *Electronic Commerce and Development Report 2001*, United Nations, New York and Geneva.

In this chapter of the Electronic Commerce and Development Report the impact of the worldwide adoption on innovations in Information and Telecommunication (ITC) on the economy of developing countries is assessed with the GTAP model. ITC innovations are assumed to cause an improvement in the productivity of service sectors. Results show that ITC-related technological change generate widespread gains in developing countries only if productivity improvements do not remain confined within developed countries’ economies.

- Cernat, Lucian (2002), “Assessing South-South Regional Integration: Same Issues, Many Metrics”, *UNCTAD POLICY ISSUES IN INTERNATIONAL TRADE AND COMMODITIES STUDY SERIES No. 21* (forthcoming in the Journal of Economic Cooperation among Islamic Countries, April 2002).

The paper uses a gravity model to analyse ex-post the trade effects of seven South-South RTAs (AFTA, Andean Community, CARICOM, COMESA, ECOWAS, MERCOSUR, SADC), and a CGE model for an ex-ante analysis of a Framework Agreement on Trade Preferential System (FATPS) among the member states of the Organisation of Islamic Countries (OIC). Results from the gravity equation show that most South-South RTAs examined are both trade creating and trade expanding, i.e., increasing trade even with third countries. In the case of FATPS, the ex-ante static CGE results suggest that, despite some potential for trade diversion, the net effect is trade creation.

- Cernat, Lucian, Sam Laird and Alessandro Turrini (2002), “Back to Basics: Market Access Issues in the Doha Agenda”, *UNCTAD POLICY ISSUES IN INTERNATIONAL TRADE AND COMMODITIES STUDY SERIES, No. 22*, forthcoming.

The aim of the paper is that of going “back to basics”, focusing on the market access issues in merchandise trade that developing countries will face in the next negotiations. Data on patterns of trade and protection in agriculture and manufacturing are analysed, the main results of the Doha WTO ministerial meeting are reviewed, and the likely impact of several liberalisation scenarios are evaluated through Computable General Equilibrium Simulations. Updating the GTAP5 database with information on tariff preferences and using the basic static, perfect competition GTAP model it is estimated that a 50 per cent reduction of tariffs in agriculture would increase world welfare by about \$20 billion. All world regions would gain from agricultural liberalization. As found in previous analyses, the elimination of tariffs is more important in improving the allocation of resources than the elimination of export subsidies.

Moreover, extending liberalization to all merchandise trade would almost double world gains and would benefit especially developing countries. However, the distribution of gains and losses from a comprehensive liberalization scenario would be unequal across different groups of developing countries.

- Laird, Sam, Raed Safadi and Alessandro Turrini (2002), “WTO and Development”, UNCTAD POLICY ISSUES IN INTERNATIONAL TRADE AND COMMODITIES STUDY SERIES, forthcoming (forthcoming also in Douglas Nelson (ed.), The Political Economy of Policy Reform, Cambridge University Press.)

This paper reviews past and current issues concerning the relations between multilateral trade institutions and the developing countries. In particular, the main provisions related to the Developing Countries’ Special and Differential Treatment are illustrated and discussed. The effects of tariff preferences with developmental purposes are assessed through Computable General Equilibrium simulations, using the GTAP5 database. As found in early analyses of the GSP, tariff preferences have a quite small impact on developing countries’ aggregate exports. Moreover, the effects are concentrated in a small number of sectors and beneficiary countries.

Data Base Development

During the past year UNCTAD has continued to contribute to the development of WITS (World Integrated Trade Solution), in cooperation with the World Bank. WITS is comprised of both a user-friendly software for data retrieval and analysis and a database including COMTRADE trade data and TRAINS protection data, which are included in the GTAP database. An on-line version of WITS is currently operational. A “portable” version of WITS on CD-Rom will be available in the coming months.

Other database work included UNCTAD contribution to the inter-agency Agricultural Market Access Database (AMAD) Group (comprising FAO, UNCTAD, OECD, Agriculture and AgriFood Canada, the European Commission and USDA-ERS), which provides data on tariffs, tariff-rate quotas, trade, production, consumption and conversion factors for about 50 WTO member countries.