

The USITC continues to use GTAP on requests from the United States Trade Representative and Congress to evaluate the potential impacts of prospective trade policy changes. These requests include both long-term statutory investigations and short-term technical assistance. Similar to last year, the ITC made suggestions to GTAP staff on methods for updating the US database and aims to provide updated data for the next revised version of the database for GTAP=s consideration.

In collaboration with Monash University, the ITC will be building a new, highly detailed dynamic U.S. model -- the USAGE-ITC model -- with updated parameters, state level components, and greater labor detail. The initial phase of the project is close to completion and the description of the model and preliminary simulation results will be presented at the 2002 Taiwan GTAP Conference. The USAGE-ITC model will be linkable to the GTAP model and will offer interested parties an alternative US model with enhanced capabilities.

The ITC also launched two other long-term projects aimed at expanding its CGE capabilities that are relevant to GTAP. These projects include assisting in the construction of a Russia data set for GTAP and initiation of a project to improve NTB measurements for possible inclusion in CGE analyses. Collaborative efforts were undertaken with economists from Moscow State University to build a database for inclusion in GTAP and to build a stand alone model of the Russian economy to examine the implications of Russia's WTO accession. The NTB project will attempt to catalogue and quantify the major NTBs for major US trading partners. In addition to increasing the usefulness of current protection databases, an important goal of this project is to provide the USTR and Congress with a more complete assessment of the potential effects of various bilateral and multilateral trade agreements.

Other projects include refining estimates of short and long term Armington substitution elasticities and generating econometric estimates of short and long run elasticities of substitution between capital and labor for 28 US industries.

A number of possible projects have been mentioned by our customers in the press and are possible during the coming year. These possibilities include assessments of FTAs with Morocco, Australia, and Central America. We are currently working on a study of a possible FTA with Taiwan.

Publications

The following USITC studies completed during the past year contain research based on, or relevant to, the GTAP model and database:

Monographs

United States International Trade Commission, September 2001, "The Economic Impact of Establishing a Free Trade Agreement Between The United States and The Republic of Korea". Publication 3452.

United States International Trade Commission, January 2002, "U.S.-Chile Free Trade Agreement: Potential Economywide and Selected Sectoral Effects". Classified.

United States International Trade Commission, forthcoming, "The Economic Effects of Significant U.S. Import Restraints: Third Update 2002".

United States International Trade Commission, forthcoming, "U.S.-Taiwan FTA: Likely Economic Impact of a Free Trade Agreement (FTA) Between the United States and Taiwan".

Manuscripts

Balistreri, Edward, McDaniel, Christine, and Eina Wong. "An Estimation of U.S. Industry-Level Capital-Labor Substitution Elasticities: Cobb-Douglas as a Reasonable Starting Point?" *USITC/OE Working Paper No. 01-12-A*, Washington, DC, 2002.

Fox, Alan. "Incorporation of Labor-Leisure Choice into a Static General Equilibrium Model". USITC, Office of Economics, unpublished manuscript, 2002.

Fox, Alan. "Output-based Allocations of Emissions Permits: Efficiency and Distributional Effects in a General Equilibrium Setting". USITC, Office of Economics, unpublished manuscript, 2002.

McDaniel, Christine and Edward Balistreri. "A Discussion of Armington Trade Substitution Elasticities". *USITC/OE Working Paper No. 02-01-A*, Washington, DC, 2002.

McDaniel, Christine and Marinos Tsigas. "The Effects of Steel 201 Remedies: A GTAP Analysis". USITC/OE, unpublished manuscript, 2001.

Tsigas, Marinos. "How Would Food Markets Be Affected by Liberalizing Trade in Processed Foods?" *USITC/OE Working Paper No. 01-08-A*, Washington, DC, 2001.

Tsigas, Marinos and Merlinda Ingco, "Market Access Liberalization for Food and Agricultural Products: A General Equilibrium Assessment of Tariff-Rate Quotas". *USITC/OE Working Paper No. 01-10-A*, Washington, DC, 2001.