

Jeffrey Lewis

Continuing ongoing research with Sherman Robinson (IFPRI) on regional arrangements in Southern Africa

Will Martin

Trade and Poverty

A team of researchers led by Tom Hertel and Paul Preckel has worked on providing a methodology and database that will allow well-founded estimates of the impact of multi-country liberalization on poor households in a wide range of countries. This approach uses ex-post simulation analysis of the impact of trade reform on households at or near the poverty line. These studies have developed new methodologies for dealing with this problem, and have developed databases for a large, and growing, set of countries.

WTO Accession, Policy Reform and Poverty Reduction in China

A large team of researchers is working on evaluating the impacts of China's WTO accession on poverty in China. The study involves analysis of trade policy settings in China prior to accession, and of the impact of trade policy reform on policies. The studies then consider the impact of reform on the Chinese economy, taking into account both direct impacts through changes in policies, and indirect impacts through changes in relative prices and the terms of trade. Then the studies examine the implications of reform for poverty, particularly amongst China's rural households. Finally, consideration is given to policies that might reduce or overcome any adverse impacts on poverty, or might improve the welfare of the relatively poor. A key feature of the study is a particular focus on estimating key parameters of particular relevance to this study, such as China's ex ante trade barriers in agriculture, and labor barriers and labor mobility between rural and urban employment.

Trade Reform in Vietnam

A study was undertaken of the implications of Vietnam's bilateral trade agreement with the United States. This study takes into account the commitments that Vietnam has made to reform its policies in agriculture, manufactures and services.

David Tarr

Undertook a detailed analysis of various trade policy options for Brazil with a particular focus on poverty impacts (with Glenn Harrison and Tom Rutherford). While using GTAP as the core dataset, the Brazilian component was expanded to include multiple households. Moreover, the Brazilian value added vectors were adjusted to reflect the over-valuation of operating surplus. This is typical in many developing country SAMs, where the allocation of value added between (implicit) payments to labor and operating surplus do not always reflect reality, particularly in the informal sectors (both rural and urban). The trade options included various free trade agreements, for example, Mercosur/EU, Mercosur/NAFTA, the FTAA, etc. They also assessed

the importance of transitional arrangements, for example the exclusion of sensitive sectors, such as agriculture.

Dominique van der Mensbrugge

- Results from the standard GTAP-based model developed and maintained for use in the Development Prospects Group of the Bank, the so-called LINKAGE Model, was used in the Group's flagship publication, Global Economic Prospects 2002. The publication, issued one week before the Doha ministerial conference was devoted to the so-called Doha agenda, with chapters on market access, services trade, transport and intellectual property. The final chapter pulled the different strands together to propose amongst other things a four-part trade agenda (pursuit of the multilateral agenda, global cooperation to expand trade outside the WTO, enacting policies in rich countries to improve market access, and further trade reforms by developing countries). To underscore the importance of various trade options for developing countries, the LINKAGE Model was used to assess the costs of existing impediments to trade. These costs were decomposed by broad economic sector and by region. Some of the innovations included openness-related endogenous productivity, iceberg trade costs and (exogenous) markup pricing. The last two were used to assess the relative importance of liberalizing services trade (though as an illustration of the magnitudes rather than using calibrated price wedges).
- The same model (with sometimes different product and regional aggregation) was also used to assess the impacts of various trade options for the Americas and Asia. The former was presented at an IDB conference (held jointly with CEPII) in December in Washington. The latter is being presented at GEA5. We also undertook an analysis of OECD agricultural policies and their impacts on rural economies in developing countries. This paper is being presented at a conference at the OECD in May of this year, as well as at GEA5. Finally, the model was used to look at various possible growth paths for the Chinese economy over the next decade. The baseline was used to assess the relative importance productivity in overall per capita growth. Deviations from the baseline looked at migration policy, capital flight, education and trade policies. This analysis is a contribution to a larger periodic assessment of the Chinese economy undertaken by the Bank's regional office in Beijing.
- The Bank, in collaboration with the IDB (Robert Devlin) and Sherman Robinson (IFPRI) have started an informal network of Washington-area based CGE modelers and their clients. The first meeting, held in February, was mainly informational and allowed all represented agencies to describe their GE-related activities. Future meetings will be more seminar-style with a formal presentation. The current mailing list has over 40 modelers and about a dozen clients. We hope to develop a web site in the future and hope to link it with GTAP's.

Elena Ianchovichina

1. Regional impact of China's WTO Accession uses version 5 GTAP database and a modified version of GTAP-Dyn.
2. WTO accession, policy reform and poverty reduction in China uses version 5 GTAP database and a modified version of GTAP

3. A course on Tools for Trade Policy Analysis taught at the World Bank Institute: Presentation of GTAP's model, data and software to World Bank staff interested in conducting trade policy analysis.
4. Trade reform in Vietnam using version 4 GTAP database and the standard GTAP model

Publications Involving GTAP

Ianchovichina, E., A. Mattoo, and M. Olarreaga, "Unrestricted Market Access for Sub-Saharan Africa: How Much Is It Worth and Who Pays?" *Journal of African Economies* 10(4), pp. 410-432.

Ianchovichina, E., A. Nicita, and I. Soloaga "Trade Reform and Poverty: The Case of México," *World Economy* (forthcoming).

Ianchovichina, E. and W. Martin (2001) "Trade Liberalization in China's Accession to WTO," *Journal of Economic Integration* 16(4), pp. 421-445.

Martin, W. and E. Ianchovichina (2001) "Implications of China's Accession to the World Trade Organization for China and the WTO," *World Economy* 24(9), pp. 1205-1219.

Ianchovichina, E. and W. Martin, "Trade Policy Reform and WTO Accession" in Cass, Williams, and Barker (eds.), *China and the World Trade System: Entering the New Millennium*, Cambridge University Press (forthcoming).