

## GTAP-related activities of UNCTAD

In the past twelve months UNCTAD has used GTAP results in its analysis and contributed to the development of the GTAP database.

### GTAP applications

UNCTAD's use of GTAP is focused on trade and development, with particular interests in trade liberalisation proposals coming from WTO and regional negotiations. Related interests include preference erosion, structural adjustment, tariff revenues, poverty and gender issues.

The major use of GTAP has been to analyse the WTO Non-Agricultural Market Access negotiations. The negotiations have generated a number of prospective formulae that we have analysed. A feature of several of the formulae is that the tariff cuts are dependent on the initial national average. This has proven to be difficult to implement, particularly as the reduction should be calculated at the tariff line level and aggregated to the relevant GTAP regional and sectoral aggregation. In spite of these difficulties, GTAP has proved to be a useful vehicle for analysing the impacts of the various proposals.

A second application was to examine alternative trade policy options for Indonesia. GTAP proved quite useful in this application. In this application we incorporated some services data obtained from the Productivity Commission in Australia.

UNCTAD has not used GTAP to analyse agricultural issues, as we prefer a more detailed, yet simplistic, partial equilibrium model with greater country coverage and more explicit treatment of tariff rate quotas.

GTAP has not proved helpful for us in answering questions on structural adjustment, poverty, or gender.

Once again this year we have not incorporated increasing returns to scale, monopolistic competition or other refinements into the model, although we acknowledge their usefulness.

In the year ahead, we intend to use GTAP to further analyse trade policy issues and the trade and poverty linkages. Increasingly, we are asked to look at regional issues (RTAs), including preferences and rules of origin.

### Database development

UNCTAD contributes applied mfn tariff rates to GTAP for input into the GTAP database. UNCTAD collects data from 148 countries at the tariff line level and assembles these in a useable form. The data are aggregated to match GTAP regional and sectoral definitions. Some judgement is required as to how best to aggregate and how to convert specific, compound and other tariffs to tariff equivalents. Different approaches generate conflicting results, a methodological issue taken up elsewhere at the GTAP Board Meeting.

UNCTAD also contributes agricultural data to the Agricultural Market Access Database (AMAD) Group, which in turn contributes to the GTAP agricultural tariff data.

## Research publications

Several GTAP applications were published during the year:

1. Laird, S., Fernandez de Cordoba, S. and Vanzetti, D. 2003, 'Market Access Proposals for Non-Agricultural Products', UNCTAD paper prepared for Commonwealth Secretariat, London, July. Also released as CREDIT Research Paper 03/08, University of Nottingham.
2. Fernandez de Cordoba, S., Laird, S., and Vanzetti, D. 2004, 'Trick or Treat? Development opportunities and challenges in the WTO negotiations on industrial tariffs' Trade Analysis Branch, UNCTAD, Geneva.
3. Vanzetti, D., McGuire, G. and Prabowo. 2004, 'Trade Policy at the Crossroads - The Indonesian Story ' 7th Annual Conference on Global Economic Analysis, The World Bank, Washington, D.C., United States, June 17-19, 2004.