

**U. S. International Trade Commission  
Report on GTAP Related Activities**

for  
The Advisory Board Meeting,  
*Center for Global Trade Analysis*

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The United States International Trade Commission (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.

Since June 2004, a number of GTAP-related projects requested by our customers that were successfully completed include analyses of bilateral FTA's between the United States and Morocco, Central America, and the Dominican Republic. Pre-release version 1 of the GTAP version 6 data base was used in the analysis of these FTAs. This allowed us to incorporate recent data on trade flows and output in the analysis of the agreements. For the Central America-Dominican Republic Agreement, the data base was used to construct a synthetic region including the partner countries. As part of the process for renewing the President's trade promotion authority (TPA), the ITC is conducting another investigation for Congress using the database to examine the aggregate impact of the FTAs implemented to date under the current TPA, specifically those with Australia, Chile, and Singapore. Other requests are anticipated to analyze bilateral FTAs between the United States and South Africa, Thailand, and three of the Andean Pact countries (Colombia, Ecuador, and Peru). In addition, the ITC anticipates conducting an environmental review of the Doha Round where the GTAP and USITC national models are jointly used, to allow bilateral trade flow implications from the GTAP model to be incorporated in the USITC model, which is a single-country model with a high degree of sectoral disaggregation. Finally, the GTAP database was used to provide information to Congress regarding the share of domestic content contained in China's exports to the United States.

Other items of interest to the GTAP board include participation in a project to examine the utilization of U.S. trade non-reciprocal trade preferences. The key objectives of the ITC study are: to provide a database with information on non-agricultural tariff preferences at the HS 8-digit level that can facilitate further analysis by other researchers; to document the broad features of

these schemes in a manner that allows understanding of the regimes' impacts on developing countries, and provides a basis for suggestions for reform. Our database will contain MFN and preferential tariff rates, including the *ad valorem* equivalents (AVEs) of specific tariffs. It will also include the value of imports eligible for each available preference, and utilization rates for each preference. This database is part of a larger joint study with the USDA, CEPII, and the World Bank. Summary findings from this database will be presented at the WTO, June 13-14, 2005.

In collaboration with Monash University, the USITC continues work on a new, highly detailed dynamic U.S. model—the *USAGE-ITC model*—with updated parameters, state level components, and greater labor and household detail. The USAGE-ITC model will be easily linkable to the GTAP model and will offer interested parties an alternative U.S. model with enhanced capabilities. The results of the initial phase of this project, namely a model with dynamic capabilities and State-level detail, were completed in 2004 and debuted in the *Import Restraints* study (USITC publication 3701). In response to both internal and external model critiques, the project team just recently completed a more detailed breakout of the broadly-defined U.S. sugar manufacturing sector that allows for a more precise analysis of this important and import-sensitive commodity. During the next phase, the project team aims to (1) undertake forecast simulations for the period 2002 to 2020 to establish a dynamic baseline for future simulations; (2) create an occupational module for USAGE-ITC to enhance labor market analysis; (3) disaggregate households in USAGE-ITC to enhance consumer welfare analysis; and (4) create an investment/rate-of-return module for use in dynamic policy simulations. Since December 2004, Ashley Winston from Monash University has been collaborating in-house with the USITC project team.

The USITC continues its work on another long-term project aimed at improving global NTM measurements for possible inclusion in CGE analyses. In April 2005, three papers summarizing the results of the NTM project were published by World Scientific Press in *Quantitative Methods for Assessing the Effects of Non-Tariff Measures and Trade Facilitation*. This publication, which features CGE applications by other scholars as well, contains the proceeding from the October 2003 APEC workshop.

Marinos Tsigas is working with Sarah Wong from the School of Post-graduate Studies at ESPOL (Ecuador) to develop a SAM of the Ecuadorean economy for inclusion in the GTAP database.

Sandra Rivera was a visiting scholar at the Center for Global Trade Analysis during most of 2004. Sandra and Marinos also participated in the *12th Annual Short Course in Global Trade Analysis* as instructors. Sandra participated as an instructor in the *Buenos Aires Short Course*, and Marinos will participate in the *13th Short Course* in Crete.

The following USITC public studies or papers by USITC economists completed during 2004 and 2005 contain research based on, or relevant to, the GTAP model and database:

***Monographs:***

USITC, *The Economic Effects of Significant Import Restraints: Fourth Update 2004*, Investigation 332-325 (June 2004).

USITC *The Impact of Trade Agreements Implemented Under Trade Promotion Authority*, Investigation TA-2103-1 (June 2005).

USITC *U.S.-Australia Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects*, Investigation TA-2104-11 (May 2004).

USITC, *U.S.-CAFTA and Dominican Republic Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects*, Investigation TA-2104-14 (August 2004).

USITC, *U.S.-Morocco Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects*, Investigation TA-2104-14 (June 2004).

***Manuscripts:***

Soamiely Andriamananjara, Edward J. Balistreri, and Martin Ross “State-level Equity and the Demise of the Agreement on Textiles and Clothing,” presented at the 7th Annual Conference on Global Economic Analysis, Washington DC (June 2004).

Soamiely Andriamananjara, Judith Dean, Michael Ferrantino, Robert Feinberg, Rodney Ludema and Marinos Tsigas “The Effects of Non-Tariff Measures on Prices, Trade, and Welfare: CGE Implementation of Policy-Based Price Comparisons,” presented at the 7th Annual Conference on Global Economic Analysis, Washington DC (June 2004).

Hugh Arce, Robert Koopman, and Marinos Tsigas “Using State-level Simulations in a Political Economy Model of U.S. Trade Policy,” presented at the 8th Annual Conference on Global Economic Analysis, Lübeck, Germany (June 2005).

Valerie Cerra, Sandra Rivera, and Sweta Chaman Saxena “Crouching Tiger, Hidden Dragon: What are the Consequences of China’s WTO Entry for India’s Trade?” presented at the 7th Annual Conference on Global Economic Analysis, Washington DC (June 2004).

S. Ehui and Marinos Tsigas “Identifying Agricultural Investment Opportunities in Sub-

Sahara Africa: A Global, Economy-wide Analysis,” presented at the 8th Annual Conference on Global Economic Analysis, Lübeck, Germany (June 2005).

Gouranga Das, and Soamiely Andriamananjara “Hub-and-Spokes FTAs in the Presence of Technology Spillovers: An application to the Western Hemisphere,” presented at the 7th Annual Conference on Global Economic Analysis, Washington DC (June 2004).

William Donnelly, David Ingersoll, Kyle Johnson, and Marinos Tsigas “Revised Armington Elasticities of Substitution for the USITC Model and the Concordance for Constructing a Consistent Set for the GTAP Model,” USITC, Office of Economics Research Note # 2004-01-A (January 2004).

Carolyn Fischer and Alan Fox “Output-Based Allocations of Emissions Permits: Efficiency and Distributional Effects in a General Equilibrium Setting with Taxes and Trade,” Resources for the Future, Discussion Paper 04-37 (December 2004).

James Fetzer and Sandra Rivera “Modeling Modifications in Rules of Origin: A Partial Equilibrium Approach,” presented at the 8th Annual Conference on Global Economic Analysis, Lübeck, Germany (June 2004).

Alan Fox “Evaluating the Success of a CGE Model of the U.S.-Canada and North American Free Trade Agreements,” presented at the 7th Annual Conference on Global Economic Analysis, Washington DC (June 2004).

Alan Fox “Minimizing Carbon Leakage under Open Trade: Strategies for the Allocation of Pollution Permits,” presented at the 8th Annual Conference on Global Economic Analysis, Lübeck, Germany (June 2004).

Sandra Rivera and Terrie Walmsley “The Impact of ROO on Africa’s Textile and Clothing Trade Under AGOA,” presented at the 7th Annual Conference on Global Economic Analysis, Washington DC (June 2004).

Sandra Rivera and Marinos Tsigas “How does China’s Growth affect India and Asia: An Economywide Analysis,” presented at the 8th Annual Conference on Global Economic Analysis, Lübeck, Germany (June 2004).

Marinos Tsigas “Policy reform in agriculture and the environment: Linkages in the crops sector,” presented at the 7th Annual Conference on Global Economic Analysis, Washington DC (June 2004).

Marinos Tsigas “An analysis of U.S. Regional Implications of Tariff reductions under the Doha Round of Negotiations,” presented at the 8th Annual Conference on Global Economic Analysis, Lübeck, Germany (June 2005).