

GTAP at the World Bank, 2004-5

Trade and Poverty

The World Bank has had the honor of hosting Tom Hertel, the Executive Director and founder of the GTAP project, on sabbatical during this year. Tom's major interest has focused on analysis of the impacts of trade reform on poverty. This has resulted in a major book:

Putting Development Back into the Doha Agenda: Poverty Impacts of a WTO Agreement, Thomas W. Hertel and L. Alan Winters (eds.), forthcoming from the World Bank, Washington, D.C.

This work draws on scenarios for liberalization—and particularly agricultural liberalization-- developed in conjunction with Sebastien Jean and David Laborde, drawing on CEPII/ITC work on tariff data under the MacMaps project and CEPII's innovative work on the protective effect of tariff bindings.

Tom's volume on trade and poverty draws on a detailed study drawing on multi-country data from World Bank surveys.

Hertel, Thomas W., Maros Ivanic, Paul V. Preckel, and John Cranfield, 2004. "The Earnings Effects of Multilateral Trade Liberalization: Implications for Poverty", *World Bank Economic Review* 18(2):205-236.

Global Economic Prospects

The big step in the past year for all GTAP work in the Bank was the move towards the GTAP6 data release, which is now the standard platform for the Bank's Linkage model.

As in past year's one of the key uses of the model was to underlie research in the Bank's annual *Global Economic Prospects* (GEP) report. The focus of GEP 2005 was regionalism and we looked at a variety of different regional scenarios. One of the more interesting results to emerge from this work was the potential for the fallacy of composition to eviscerate the gains from bilateral agreements between developing countries and the Quad countries. While first movers benefit initially, once a full hub and spoke is implemented, almost all developing countries lose and the big winners are the rich countries.

The model will again be used in the forthcoming GEP devoted to international migration. In collaboration with the GTAP Center, we are modifying the model to incorporate the migration and remittances data being elaborated by Terrie Walmsley and her colleagues.

Global Agricultural Trade Reform

Analytical work on global agricultural trade reform that draws heavily on the GTAP database and on the MACMaps database includes the books:

Agricultural Trade Reform and the Doha Development Agenda, edited by Will Martin and Kym Anderson, The World Bank, Washington, DC, *forthcoming*.

Beghin, John and Dominique van der Mensbrugghe (2005), "Global Agricultural Reform: What is at Stake," in Ataman Aksoy and John Beghin, *editors, Global Agricultural Trade and Developing Countries*, The World Bank, Washington, DC.

Jean, S., Laborde, D. and Martin, W. (2005), 'Consequences of Alternative Formulas for Agricultural Tariff Cuts' Ch 4 in *Agricultural Trade Reform and the Doha Development Agenda*, edited by Will Martin and Kym Anderson, The World Bank, Washington, DC, *forthcoming*.

Kym Anderson, Will Martin and Dominique van der Mensbrugghe (2005), "Market and Welfare Impacts of Doha Reform Scenarios," Chapter 12 in *Agricultural Trade Reform and the Doha Development Agenda*, edited by Will Martin and Kym Anderson, The World Bank, Washington, DC, *forthcoming*.

Kym Anderson, Will Martin and Dominique van der Mensbrugghe (2005), "Long Run, Global Impacts of the Doha Scenario on Poverty," Chapter 18 in *Putting Development Back in the Doha Agenda: Poverty Impacts of a WTO Agreement*, edited by Thomas W. Hertel and L. Alan Winters, The World Bank, Washington, DC, *forthcoming*.

Kym Anderson, Will Martin and Dominique van der Mensbrugghe (2005), "Would Multilateral Trade Reform Benefit Sub-Saharan Africans?," The World Bank, Washington, DC, *processed*.

Other work includes:

Hiro Lee and Dominique van der Mensbrugghe (2005), "The Impact of the US Safeguard Measures on Northeast Asian Producers: General Equilibrium Assessments", Chapter 7 in *Restructuring of the Steel Industry in Northeast Asia* edited by Hiro Lee, Eric D. Ramstetter and Oleksandr Movshuk, Palgrave Macmillan, New York, NY.

World Bank economic sector work to assess the possible impacts from a Mexican tariff reform.

The Linkage model is also being used at the Asian Development Bank and the Environment Directorate of the OECD in collaboration with the World Bank.

The Linkage model documentation can be found at:

<http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1100792545130/LinkageTechNote.pdf>

The model has undergone relatively minor modifications in the last year--including land market segmentation and a more flexible

system of international financial flows that includes remittances, foreign aid and bilateral investment flows.

Genetically Modified Organisms

Kym Anderson of the CEPR, the University of Adelaide and World Bank, and Lee Ann Jackson of the WTO used the GTAP model in their investigations of *Standards, trade and protection: the case of GM crops*

This innovative study aims to clarify some of the key trade issues surrounding this contentious trade policy debate.

China and the WTO

During this year, the major World Bank study of China's accession to the WTO was published:

Bhattachali, D., Li, Shantong, and Martin, W. eds. (2004), *China and the WTO: Accession, Policy Reform and Poverty Reduction*, Oxford University Press and the World Bank.

Studies from this body of work that drew heavily on GTAP results included:

Ianchovichina, E. and Martin, W. (2004) 'Economic impacts of China's Accession to the World Trade Organization' *World Bank Economic Review* 18(1):3-28.

Bhattachali, D., Li, Shantong, and Martin, W. eds. (2004), 'China's accession to the world trade organization, policy reform and poverty reduction: an introduction' *World Bank Economic Review* 18(1):1-2.

Martin, W. (2004), 'L'adhésion à l'OMC et les réformes économiques en Chine', *Politique Etrangère* 69(2):331-46, Eté.

Modeling Duty Exemptions and Drawbacks

Elena Ianchovichina undertook several studies of the implications of trade reform in China in the presence of duty exemptions:

"Will China's WTO Accession Worsen Farm Household Incomes?" *China Economic Review* 15(4), with Anderson and Huang.

"Impact of China's WTO Accession on East Asia" *Contemporary Economic Policy* (forthcoming), with Terrie Walmsley.

"Duty Drawbacks, Competitiveness and Growth: Are Duty Drawbacks Worth the Hassle?", PRWP No. 3498, The World Bank, PREM Network.