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:


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.


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:


Other work includes:


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](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:


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


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.
