

## **Summary: GTAP Advisory Board Meeting 2005**

Dates for next year's meeting: June 12-13, 2006 in Addis Ababa, Ethiopia

### **A. Summary of Goals and Accomplishments in the Past Year**

See Board Report and Issues document.

[http://www.gtap.agecon.purdue.edu/events/Board\\_Meetings/2005/default.asp](http://www.gtap.agecon.purdue.edu/events/Board_Meetings/2005/default.asp)

### **B. Summary of Agency Activities in the Past Year**

See:

[http://www.gtap.agecon.purdue.edu/events/Board\\_Meetings/2005/agencies/default.asp](http://www.gtap.agecon.purdue.edu/events/Board_Meetings/2005/agencies/default.asp)

### **C. Major Points of Discussion**

#### **a. Release Strategies**

At the 2005 board meeting Betina Dimaranan presented three alternative strategies for the release of the GTAP 7 Data Base. These alternative release strategies are explained in greater detail in the Board Report and Issues document and are summarized below:

- (1) Introduce only new and updated I-O tables in the GTAP 6 interim releases and delay revisions in the international datasets until the GTAP 7 Data Base.
- (2) Introduce updates of international datasets such as the 2001 energy prices data, bilateral detail in services trade, and revised trade data reflecting revised classification of the GTAP sugar commodity and incorporate these in the interim release along the new and updated I-O tables.
- (3) Introduce new and updated I-O tables in the interim release but have a separate data release stream for a potential update of the energy data. The latter data base, i.e. possibly named the GTAP-6E Data Base, will be made available to the public and will not include any new and updated I-O tables.

A number of key issues relating to these alternative strategies were discussed and decisions made:

#### ***Timing:***

Prior to the release of version 6, the GTAP Data Base was being released every 2-3 years. The GTAP 6 Data Base however included some ambitious improvements which, along with the introduction of an interim release schedule, delayed the release of the GTAP 6 Data Base. In the interests of consumers of the GTAP Data Base it is important that the Center releases the GTAP Data Base every 2 years.

CEPII announced that this new timing arrangement may pose problems for the production of an updated protection data base. Since the board meeting CEPII has put together a proposal outlining what could be done and what additional funding would be

required to meet this timeframe. This proposal is currently being evaluated and discussed with potential funders of this activity. Board members interested in supporting this work should contact Tom Hertel.

The base year for version 7 was initially announced as 2003, however after some discussion it was clear that there was a preference for 2004 and hence the Center should investigate the possibility of a 2004 base year. Provided this does not adversely affect the 2 year time schedule, the GTAP 7 Data Base will be based on a 2004 benchmark.

***Interim releases:***

It was decided that the Center would adopt option 1 of the 3 release strategies and create interim releases every 6 months. These releases would contain only new I-O tables and would be made available to board members and contributors only. No new macro data would be included in interim releases. Changes to the macro data would continue to be incorporated through pre-releases of the new data base.

**b. Priorities for v7**

The following is list of the priorities for the GTAP 7 Data Base. These changes will be incorporated into the pre-releases of the GTAP 7 Data Base.

**i. Services**

Improving the bilateral services trade data is a top priority for the GTAP 7 Data Base. Arjan Lejour and others from the CPB have been working on a methodology to improve this aspect of the GTAP Data Base. Arjan Lejour presented this work at the board meeting. It was decided that the Center should work with Arjan Lejour and the CPB to incorporate this work into the GTAP 7 Data Base. A working committee of interested board members was also established to discuss any issues related to this work. Any board members interested, but not yet on this working committee should contact Arjan. The Center plans to support the activities of this working committee by producing a prototype GTAP Data Base with the additional bilateral services detail in order to facilitate a comprehensive evaluation of this work.

**ii. Energy**

Energy is another high priority for the GTAP 7 Data Base. While the energy module in the GTAP 6 Data Base was improved, a more comprehensive update of the price data is required. It was decided that this would be incorporated into the GTAP 7 Data Base.

**iii. Taxes**

At the board meeting Robert McDougall discussed the work which had been undertaken in the GTAP 6 Data Base to improve the tax data and outlined how the taxation data in the GTAP Data Base could be further improved. The board acknowledged the importance of these improvements to the tax data and expressed interest in seeing continued improvements in this area. It was generally thought that uniform tax rates were better than zeros. This was seen as a priority for the GTAP 7 Data Base.

**iv. Primary Factors**

Although not discussed in detail at the board meeting, there is some interest in improving the ways in which factor incomes and self employed labor are dealt with in the GTAP Data Base. Making improvements in this area will be a priority for version 7.

## **D. Other Important Issues Discussed**

### **a. New Regional Data Bases**

A number of initiatives are currently being undertaken to improve regional coverage and update some of the I-O tables of the GTAP Data Base.

*Latin America:* IFPRI-IADB has a project to develop SAMs for this region. They are looking for funding to convert these SAMs to GTAP-ready I-O tables for incorporation into the GTAP Data Base.

*Africa:* UNECA have contributed a number of I-O tables to the GTAP Data Base which will be incorporated into interim releases 6.1 and 6.2 of the GTAP Data Base. They are currently looking for funding to assist them in this aim. The European Commission has expressed some interest in such data base development for Africa, as has UNDP.

*United States:* Marinos Tsigas at the USITC is currently working on an improved US I-O table.

*China:* The Asian Development Bank, LEI and USITC are interested in obtaining an updated version of the Chinese I-O table.

### **b. Issues with Commodity Disaggregation**

#### *SplitCom*

In the Board Report and Issues document a proposal was circulated to fund the development of a new facility – SplitCom. This facility would allow users to disaggregate the commodities in the GTAP Data Base using shares supplied by the user. With further disaggregation of the full GTAP Data Base not currently on the Center's agenda, this would allow board members the flexibility to add their own sectors. Interest in this facility was high and funding is currently being sought by ERS/USDA.

A number of issues were also raised at the board regarding classification problems:

*Textiles and Wearing apparel:* Joe Francois raised a problem with the classification of wearing apparel and textiles. A number of important apparel items are included in the textiles category, due to their method of production. This has damaged the credibility of several key analyses of the abolition of textile and apparel quotas. It was argued that this classification issue is very important for looking at developing country issues. A working committee has been formed to look into this question, to be chaired by Joe Francois.

*Sugar:* Frank van Tongeren raised the point that the GTAP definition of sugar is not consistent with the International Sugar Boards definition. Frank van Tongeren and the USITC are interested in examining this problem. A working committee has been formed to look into this question, to be chaired by Frank van Tongeren.

### c. IMF Trade Totals

Another issue raised by Fan Zhai from the Asian Development Bank was the fact that the GTAP trade totals do not match IMF totals. It was thought that the trade totals should be adjusted, using the FIT program, to ensure consistency with the IMF trade totals. This would also improve the consistency between the IMF trade balances and those in the GTAP Data Base.

### d. Developing Country Plan

Wally Tyner presented a new pricing proposal for the GTAP Data Base which also offered individuals from developing countries lower prices. This proposal was accepted and the new prices will be advertised in October and introduced in January 2006. The pricing proposal can be found on the web at:

[http://www.gtap.agecon.purdue.edu/events/Board\\_Meetings/2005/default.asp](http://www.gtap.agecon.purdue.edu/events/Board_Meetings/2005/default.asp)

A working committee was also formed to discuss other ways in which the Center could increase developing country participation. Ideas discussed in relation to this were:

1. Giving away old versions of the GTAP Data Base for free (e.g., version 5)
2. Sanctioning courses offered by others and/or train the trainers.
3. Improve the way in which the data is viewed so that the data can be made more readily accessible and usable in its own right – adding ample “health warnings”.

### e. Land Use Data Base

Huey-Lin Lee presented the land use data base and model. A technical paper on this model and data base is currently being reviewed and will be made available on the website. (Board members wishing to join in this review process should contact Huey-Lin.) There was also interest in making this data base available to the board and public. Huey-Lin Lee and Robert McDougall will examine ways in which this can be achieved.

### f. Working Committees/Expert Groups

A number of working committees or expert groups were established to examine particular issues raised at the board meeting. It is expected that the chair of these committees will report back to next year’s board meeting on progress.

Name	Chair	Members	Aim
Services	Arjan Lejour	Robert McDougall, Nico van Leeuwen, Sébastien Jean, Joe Francois, Nora Dihel, Michael Finger, Richard Brown, Patrick Jomini, Aadiya Mattoo	Working committee to examine ways in which work done by CPB on bilateral services trade data can be incorporated into the GTAP 7 Data Base and report back to board next year.
Developing	John Beyer	Wally Tyner, Terrie Walmsley, Frank van	Explore funding and marketing issues associated with increasing

Countries		Tongeren, Paolo Giordano, Will Martin, Marco Fugazza, Joe Francois, Hom Pant	developing country participation through working committee and report back to board next year
Sugar	Frank van Tongeren	Ashley Winston, Mark Gehlhar and Robert McDougall	Working committee to report to the board next year on the nature and implications of the Sugar classification problem, and potential solutions.
Wearing Apparel and Textiles	Joe Francois/ Peter Minor	John Beyer and Robert McDougall (need someone from Center on this)	Working committee to report to the board next year on the nature and implications of the classification problem in textiles and wearing apparel, and potential solutions – including whether or not this could be rectified using the proposed SplitCom facility.

### E. Action Plans for the Coming Year

The following is a synthesis of the action plans for the upcoming year. Action items in **bold** are items which depend on time and resource constraints. There are some additional action plans listed which may not have been discussed at the board meeting but are on the research agenda's of Center staff and were discussed in the issues report, they are listed here for information.

**Research Goal:** To actively participate in quantitative economic analysis of pressing global concerns.

#### Multilateral and Bilateral Trade Agreements

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|-------------------------------------------------------------------------------------------------------------------------|----|-----------------------------------------------------|
| a) Refine and document Dynamic GTAP Model                                                                               | TW | Elena Ianchovichina, RMD, grad student (Alla Golub) |
| b) Update the GTAP-Dyn baseline and explore the possibility of using the GTAP Website as a repository for baseline data | TW | GM, Grad student (Alla Golub)                       |
| c) Refine and document GMig2 Data Base and Model and make data available                                                | TW | Grad student (Amer Ahmed)                           |
| d) Undertake applications using GMig2 Model and Data Base                                                               | TW | Grad student (Amer Ahmed)                           |

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| e) Facilitate GTAP-disaggregated analysis of trade policy at the tariff line level by developing a prototype application/journal paper. | TH and Tom Rutherford | Grad student |
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### Global Environmental Issues

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|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------------|
| a) GTAP Technical Paper on land use model and data base and provide access to land-use data.                                   | HL                                 | TH                                                                         |
| b) Explore possibility of inclusion of land use data in a special purpose GTAP Data Base.                                      | HL                                 | RMD                                                                        |
| c) Extend Dynamic GTAP to include energy (GTAP-Dyn-E)                                                                          | HL                                 | TW, TH, RMD                                                                |
| d) Incorporate land use into the GTAP-Dyn-E Model                                                                              | HL                                 | TH, Gerald Shively                                                         |
| e) Produce GTAP emissions baseline according to scenarios established by the workgroups organized by IPCC (e.g., SRES and TAR) | HL                                 | TH, RMD, Gerald Shively                                                    |
| f) Look for a researcher in the environmental area to work on special projects                                                 | TH                                 | WT, HL, TW, Gerald Shively                                                 |
| g) Continue to explore opportunities for collaboration with Purdue Climate Research Center                                     | WT                                 | HL, TH, Gerald Shively                                                     |
| h) Explore funding sources for a special project on bio-fuels                                                                  | Frank van Tongeren and Wally Tyner | HL, Gerald Shively, Martina Brockmeier, Alexander Sarris, Hom Pant, UNCTAD |

### Trade and Development

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------------------|
| a) Publish book on Poverty and WTO Doha Round                                                                                                                    | TH        |                     |
| <b>b) Organize a session at next year's conference on linking GTAP with more detailed national models. This will depend on the availability of Maros Ivanic.</b> | <b>TH</b> | <b>Maros Ivanic</b> |

**Data Goal: To Improve Data Products.**

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|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| a) GTAP 6 Data Base documentation                                                                                                                     | BD                           | RMD                                                                                                                          |
| b) Examine ways in which the data can be viewed to make it more readily accessible and usable in its own right – also adding ample “health warnings”. | TH                           | Grad student                                                                                                                 |
| c) Increase efforts to obtain new I-O tables for USA, China, Africa and Latin America                                                                 | TW                           | Fan Zhai, Frank van Tongeren, Patrick Osakwe, Robert Koopman, Paolo Giordano, Xinshen Diao                                   |
| d) Working committee to examine ways in which work done by CPB on bilateral services trade data can be incorporated into the GTAP 7 Data Base.        | RMD and Arjan Lejour (Chair) | Nico van Leeuwen, BD, Sébastien Jean, Joe Francois, Nora Dihel, Michael Finger, Richard Brown, Patrick Jomini, Aadiya Mattoo |
| e) Look for funding to assist CEPII to meet the new 2 year release strategy.                                                                          | TH                           | Sebastien Jean, Robert Koopman, Will Martin                                                                                  |
| f) Further improve relationship between FAO and GTAP                                                                                                  | WT                           | RMD, Haluk Kasnakoglu, TW, TH                                                                                                |
| g) Continue to improve the quality of national I-O data through the creation of user-friendly check programs                                          | TW                           | GM, Grad student                                                                                                             |
| h) Look for funding opportunities to develop facility for disaggregating commodities (SplitCom).                                                      | TH                           | RMD, Agapi Somwaru, Robert Koopman, Will Martin, Mark Horridge                                                               |
| i) Examine ways in which the source data for MACMap and the associated tariff bindings can be made available for replication and scenario             | TH                           | BD, Sébastien Jean, Will Martin, Grad                                                                                        |

	building by board members.		student (Jason Grant)
j)	Examine ways to make an aggregation program of CEPII's 10 scenarios available to board and then to public.	BD	Grad student (Jason Grant), Sébastien Jean, Mark Horridge
k)	Update energy data for incorporation into GTAP 7 Data Base.	RMD	HL, BD
l)	Examine ways in which the division of value-added between capital and labor to take into account self-employed labor.	BD	TH, Maros Ivanic,
m)	Examine ways to further improve tax data for the GTAP 7 Data Base.  Appraise the available GFS statistics on commodity tax data and compare and contrast with the existing GTAP I-O based estimates	RMD	Grad student
n)	Implement new release strategy and incorporate new I-O tables into interim releases of the GTAP Data Base. Release new version every 2 years and interim releases of new I-O tables every 6 months.  Interim Release 6.1 to include: Pakistan, Nigeria, Ecuador, Bolivia and Iran. Improvements to Australia. To be released August 2005  GTAP 7 Data Base to be released in 2 years	BD	TW, Grad student
o)	Data Goal: Implement GTAP 6 Data Base pricing increase.	TW	WT, JC, GM
p)	Examine whether GTAP data can be reconciled to IMF trade totals	RMD	Fan Zhai
q)	Working committee to explore approaches for addressing classification problem in textiles and wearing apparel and report to the board next year	Joe Francois and Peter Minor	RMD
r)	Working committee to examine the Sugar classification problems and report to the board next year	Frank van Tongeren	Ashley Winston and RMD

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|----|-------------------------------------------------------------------------------------|-----|------------------|
| s) | Review existing I-O tables and identify common problems to improve data procurement | RMD | TW, Grad student |
|----|-------------------------------------------------------------------------------------|-----|------------------|

**Education Goal: To Expand and Improve Global Economic Analysis Education Worldwide (both within and outside the network).**

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|----|------------------------------------------------------------------------|----|----------------|
| a) | Hold Thirteenth Annual GTAP Short Course in Crete, Greece in June 2005 | TW | JC, BD, TH, HL |
| b) | Hold Dynamic GTAP Short Course                                         | TW | JC, RMD        |

**Model Goal: To Improve Understanding and Credibility of GTAP-Based Models.**

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|----|------------------------------------|---------------------------------------|---------------------------|
| a) | Validation of GTAP-Dyn parameters  | TW                                    | Grad student (Alla Golub) |
| b) | Workshop on parameter estimation   | Joe<br>Francois<br>and Bob<br>Koopman | TH                        |
| c) | Technical Paper on adjustment cost | Joe<br>Francois                       | TH, Grad student          |

**Network Goal: To Increase Effective Participation in the Global Network, Particularly In Developing Countries.**

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|----|---------------------------------------------------------------------------------------------------------------|----|------------------------------------------------------------------------------------------------------------|
| a) | Aid in facilitation of Ninth Annual Conference on Global Economic Analysis to be held in Ethiopia, June 2006  | TH | GM, JC, TW                                                                                                 |
| a) | Implement Developing Country Pricing policy                                                                   | TW | JC, GM, WT                                                                                                 |
| b) | Explore funding and marketing issues of increasing developing country participation through working committee | WT | TW, JC, John Beyer, Frank van Tongeren, Paolo Giordano, Will Martin, Marco Fugazza, Joe Francois, Hom Pant |
| c) | Improve marketing of GTAP products through                                                                    | WT | TH, TW, JC                                                                                                 |

brochures.

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|-------------------------------------------------------------------------------------------|-----------|--------------------|
| d) Develop 2007 Purdue conference proposal                                                | TH        | TW, JC             |
| <b>b) Hold special GTAP Short Course in Mumbai, India provided funding comes through.</b> | <b>TW</b> | <b>JC, TH, RMD</b> |

## **F. Research Fellows**

The following individuals were nominated as research fellows: David Laborde, Antoine Bouët, Brent Sohngen and Alan Winters.

The members of the Research Fellow Nominating Committee included Patrick Jomini (PC), Will Martin (WB) and Sébastien Jean (CEPII) from the board and Betina Dimaranan and Judy Conner from the Center. At the meeting it was decided we should increase the diversity of the members by adding Arjan Lejour (CPB) and John Reilly (MIT). In particular it was thought that there should be representation of the GTAP Board involved in energy and the environment. Individuals will serve two years. Next year the 3 board members from this year will be replaced by three other board members. These individuals will be nominated and approved at the board meeting. Minutes of the Research committee and CVs of the research fellows are available on the web site.

[https://www.gtap.agecon.purdue.edu/access\\_board/committees/research%20fellows/default.asp](https://www.gtap.agecon.purdue.edu/access_board/committees/research%20fellows/default.asp)

## **G. Conferences**

### **2006 Conference**

Patrick Osakwe presented the plans for the 2006 conference in Addis Ababa and presented a video of the UN meeting rooms where the conference will be held. The conference will be held June 15-17, 2006. Preparations for the conference are proceeding well. A number of plenary speakers have been approached and the preparations for logistics are underway.

### **2007 Conference**

Thomas Hertel presented the case for the 10<sup>th</sup> Annual Conference to be held at Purdue. The idea was accepted and a full proposal, including budget, is to be circulated.