



Economic Commission for Africa

**UNECA REPORT TO THE GTAP CONSORTIUM
BOARD**

BRIEFING NOTE

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ECA report to the GTAP Board

For the last 4 years, the ECA has extensively used the GTAP model and database in analyzing trade policy issues, in particular, their implications on African countries in their quest to play a bigger role in the globalisation process. This extensive use of the GTAP model and database continued in 2006-2007 period whereby the Commission undertook more empirical studies on trade and economic development issues and what the issues mean for African countries. Essentially, ECA have used the GTAP model to conduct substantive research and policy analysis to contribute to its mandate of providing technical advice to member States in the areas of multilateral and bilateral trade negotiations, forecasting and other areas related to trade and globalization.

This report to the board is structured as follow. Firstly, we highlight the contribution of ECA to the development of the GTAP model. Secondly, we list the various studies done with GTAP in order to provide technical and informed advices to African Member states and ECA stockholders. Lastly, we point out some challenges the GTAP community has to tackle in order to increase the accuracy of this tool.

Contribution of ECA to the development of GTAP

- ECA hosted the previous GTAP annual conference last year in the Addis Ababa UN Conference Center. This meeting was a major achievement for the scientific community in Africa. For the first time, many African scholars came from all over the continent to attend to this important international conference. We want to thank the GTAP board once more for the confidence and support received.
- Development of the GTAP database with respect to African countries. The ECA has continued to highlight to African scholars and policy makers the importance of their countries being part of the global database if they are to benefit from objective advise that is empirically based. This is in addition to the efforts that led to additional African countries over the last 18 months in the current database.
- The ECA publicized among African scholars through its research network, especially the AERC 5 Scholarships offered to African economists who would like to attend the GTAP Short Course as well as a follow up session on preparation of data for GTAP aimed at guiding them in the preparation of a GTAP-ready I-O table for their country. At the moment, ECA has already working with Kenya in anticipation of this country being disaggregated in a new version of the database soon and it is emphasizing this point to one of the beneficiary of the 5 scholarships.

Studies done with GTAP

To assess the impacts of the Doha Development Agenda (DDA), ECA has used the GTAP model and database to undertake some technical analyses with an African perspective. Many studies have been done and some of them have been published or in the process of being published in international refereed journal:

- **The Doha round and Non agricultural market access negotiations (NAMA)**

- 1- **“Non-agricultural market access (NAMA) negotiations in WTO: Modalities for a positive post Hong Kong African agenda”**
 - 2- **“Market Access for Non-Agricultural Products- the impact of the Doha Round on African Economies: A simulation exercise”**
 - 3- **“The implications of the NAMA negotiation for Egypt, Morocco and Tunisia”**. Study requested by Governments of Egypt, Morocco and Tunisia (2006).
- **The Doha Round and Agricultural market access negotiations**
 - 4- **“Using both Partial and General Equilibrium Analyses to Gain Insights into the Agricultural Trade Impacts of the Doha Development Agenda”**
 - 5- **“Sensitive Products in Trade Negotiations: The devils are in the number”**. This paper is going to be presented to the next GTAP annual conference.
 - 6- **“Special Products in Trade Negotiations: The Need for Africa to go beyond their Protection”**.
 - **Transversal issues analyzed with the used of the GTAP model and data base**
 - 7- **“The free trade agreement between the United States and Morocco”**.
 - 8- **“Malawi's dual membership in COMESA and SADC”**. The study was done upon the request of Malawi's Government.
 - **The way forward**
 - 1- **The regional disaggregation: An African perspective**

Significant improvements of the database have been done so far. The new regions list for Phase 1 of the Africa data project is a real progress and we would like to thank the GTAP board for this achievement. Indeed, building on the 96 regions of the GTAP 6.2 database, the further disaggregation of African regions will give us a total of 108 regions. It will also be important to disaggregate as much as possible the other regions in Africa, and more particularly central Africa, which still remain quite aggregate. In order also to avoid the question of RECs overlapping membership, COMESA countries should be disaggregated as much as possible. The ECA will continue to not only play an advocacy role here but is trying whenever possible to partner with data contributors as it hopes to do in the Kenyan case through KIPPRA.

2- Tariff data base and the GTAP interface

Given that a lot of work with GTAP is more and more being relied upon to advise developing countries, we would like to suggest that GTAP interface be improved to include a simple way

changing the closure, especially to reflect disequilibrium in the labour market, so as to reflect the high levels of unemployment or underemployment of labour for instance in Africa. While it is possible and relatively easy to modify the closure to reflect this assumption with the current interface, our suggestion is that this be made even simpler and quicker by proposing a few boxes in the closure page that one could tick to choose alternative closures that are very common. The World Bank's RMSM model has this feature, which allows a choice to be made between three different closures depending on the assumptions made.

Probably this second suggestion has been discussed in the past within the consortium, but given the challenges of analyzing global trade reforms and their implications for African countries, the binding overhang issue requires technical know-how to be captured in the use of the GTAP model. It will be useful to have the bound tariff in the database. Indeed, when we assess the likely impact of any tariff reduction, as the formula used needs to be implemented on the bound tariffs and not applied, this development will revitalize the GTAP model in the policy-making circles.

3- Policy on GTAP-E Model and the dynamic version of GTAP model

ECA requested the Center to have access to the dynamic version of GTAP. This request could not be honored due to the current policy that the version cannot be given without the ECA staff being trained during the dynamic short course. The ECA would like to propose to the Board that each GTAP board member be allowed to have access to the dynamic version. Furthermore, ECA would like also to have access to the GTAP Environment model as we have started collaboration with UNEP on environment and climate change issues.