

**GTAP Board Report**  
**International Food Policy Research Institute**  
**July 2008 – June 2009**

The Globalization and Markets (GRP2) theme at IFPRI's Markets, Trade and Institution Division (MTID) relies on the GTAP database for its research on global trade-related issues. The theme studies the policies and institutions needed to manage the globalization of the food system in a pro-poor fashion. The research emphasizes global agricultural trade negotiations, linkages between domestic policies and globalization, the impact of developed-country policies on developing-country food security, and pro-poor policies along the entire food chain, given the growing importance of consumers and retail industries as food system drivers. The potential impact of programs supporting biofuels development in rich countries on trade and food security in developing countries and on CO2 emissions are also investigated under this theme. The globalization and markets team is currently composed of: Befekadu Behute, Valdete Berisha, Antoine Bouet, Erwin Corong, Betina Dimaranan, Belay Fekadu, David Laborde, Sam Morley, David Orden, Shahidur Rashid, Devesh Roy, and Marcelle Thomas.

At IFPRI's Development Strategy and Governance Division (DSGD) Xinshen Diao, Shenggen Fan, Guylain Ngeleza, Alejandro Nin-Pratt, and James Thurlow, also work on CGE studies using the GTAP database.

#### **Contributions to the GTAP Database in 2008-2009**

- Erwin Corong contributed the input-output table for the Philippines
- Betina Dimaranan provided data quality checks on agricultural sectoral sales shares
- David Laborde contributed the following:
  - development of the TASTE software,
  - data contribution on sectoral export subsidies for the EU countries,
  - quality checks (agricultural production, IO coefficients, trade) on the pre-release and final candidate databases, and
  - in collaboration with CEPPII, has began updating the 2007 HS6 MAcMap database for the GTAP 8 database

#### **Selected Trade-Related Projects in 2008-2009**

- ***Improving WTO Transparency: Shadow Domestic Support Notifications***

One of the fundamental achievements of the WTO in 1994 was to create the first multilateral framework for disciplines on domestic farm support, but unfortunately, the process of providing compliance notifications has been lax. Given the dearth of formal notification reports, and the controversies that surround the classification of certain subsidies or assessment of their effects, a major objective of this project has been to develop an up-to-date set of estimated subsidy notifications to add transparency to international agricultural policy deliberations.

- ***What Can Least Developed Countries Really Expect from the Doha Development Agenda?***

In November 2001, a new round of multilateral trade negotiations was launched in Doha, Qatar, with a key objective of development. Although the initiative was politically laudable, doubts arise on the economic impacts of the negotiations, in particular on the Least Developed Countries (LDCs). LDCs have very specific economic features: they have been granted numerous trade preferences, their exports are characterized by a high product concentration and many of them are net food importers. Several measures such as the Aid-For-Trade initiative and the Duty Free Quota Free (DFQF) regime have been proposed during the negotiations in order to compensate LDCs for potential losses that the multilateral trade liberalization could imply. Using the CGE model, MIRAGE, the current proposals as well as more beneficial options for LDCs are examined. All of the implemented scenarios are based on detailed elements of the proposals and are designed at a much disaggregated level using the MAcMap-HS6 v.2 database. As expected, the Doha Development Agenda as defined by May 2008 does not bring significant economic benefits for LDCs and it even hurts most of them in terms of total exports and real income. Therefore, the introduction of a DFQF regime would lead to a better situation for LDCs only if the preferential access is extended to LDCs not only by the OECD members but also by major emerging economies for a very high number of products. LDCs are very diverse and have different interests in terms of sectoral and geographic extension of the DFQF access.

- ***Assessing the Potential Cost of a Failed Doha Round***

This study offers new conclusions on the economic cost of a failed Doha Round. A first section is devoted to the analysis of how trade policies evolve in the long and medium run. We show that even in normal economic conditions, policymakers modify tariffs to cope with the evolution of world markets. We then assess potential outcome of the Doha Round as well as four protectionist scenarios using the MIRAGE Computable General Equilibrium Model. In a scenario where applied tariffs of major economies would go up all the way to currently bound tariff rates, world trade would decrease by 7.7 percent and world welfare by USD353 billion. Another point of view is to compare a resort to protectionism when the DDA is implemented with a resort to protectionism when the DDA is not implemented. The findings show that this trade agreement could prevent the potential loss of US\$ 809 bn of trade and, therefore, acts as an efficient multilateral insurance scheme against the adverse consequences of trade “beggar-thy-neighbour” policies.

- ***The Impact of Biofuels Mandate on Agricultural Markets and the Environment***

The key objectives of this project are to study the impacts of an EU biofuels mandate. Included in these impacts are the global agricultural production effects; the global environmental impact; the likelihood and extent of substitution effects between different crops, and between different outputs (agricultural products for food, fuel and petrochemical products, and the effects on trade. Many of these impacts are interlinked. This report in particular seeks to address the key question of the impact of direct and indirect land use change effects induced by global (not only EU) demand for biofuels and their impact on the carbon emissions attributed to biofuels.

- ***The Rise of World Agricultural Prices and their Consequences for Sub-Saharan Africa***

The key objectives of this project are to identify the causes of the rise of world agricultural prices and its impact on African countries. A review of literature on the effects of economic and demographic growth has been carried out. A simple modeling of the effects of biofuels support on world agricultural prices has been done and finally a characterization of African countries in terms of trade and trade – related infrastructure has been undertaken.

- ***Trade Protection and Tax Evasion***

The objective of this project is to examine the effect of tariff policies on evasion using the case of Kenya, Mauritius, and Nigeria. The analysis was motivated by the relative ordering of these three African countries in terms of their perceived institutional quality and the fact that in these countries tariff revenues constitute a very important component of the government budget. The methodological contribution of this project has been to better identify the effect of tariffs on evasion using the variations in trade protection measures across three dimensions (time, product and trading partner).

### **GTAP- and trade-related publications**

#### ARTICLES IN PEER-REVIEWED JOURNALS & CHAPTERS IN COLLECTIVE BOOKS

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- Thomas, M., A. Bouet, M.H. Bchir, and B. Dimaranan, 2008, Evaluation of trade integration using the MIRAGE model, in Hufbauer G. and C. Brunel, eds., *Maghreb Regional and Global Integration: A Dream to be Fulfilled*, Peterson Institute for International Economics, Policy Analyses in International Economics, 86, October 2008 Washington DC.

#### BOOKS, MONOGRAPHS AND RESEARCH REPORTS

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## OTHERS

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