

Protection dataset for GTAP8

Miscellaneous Issues

GTAP Board Meeting 2009 ~ Santiago, Chile

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Overview

- ▶ Oddities in GTAP7, Travelers' expenditures and Protection rate in GTAP
- ▶ TASTE and the construction of the GTAP dataset
- ▶ Tariff Rate Quotas and GTAP
- ▶ TASTE – New developments



Oddities in GTAP 7, Travelers' expenditures

Processed Rice - Japan

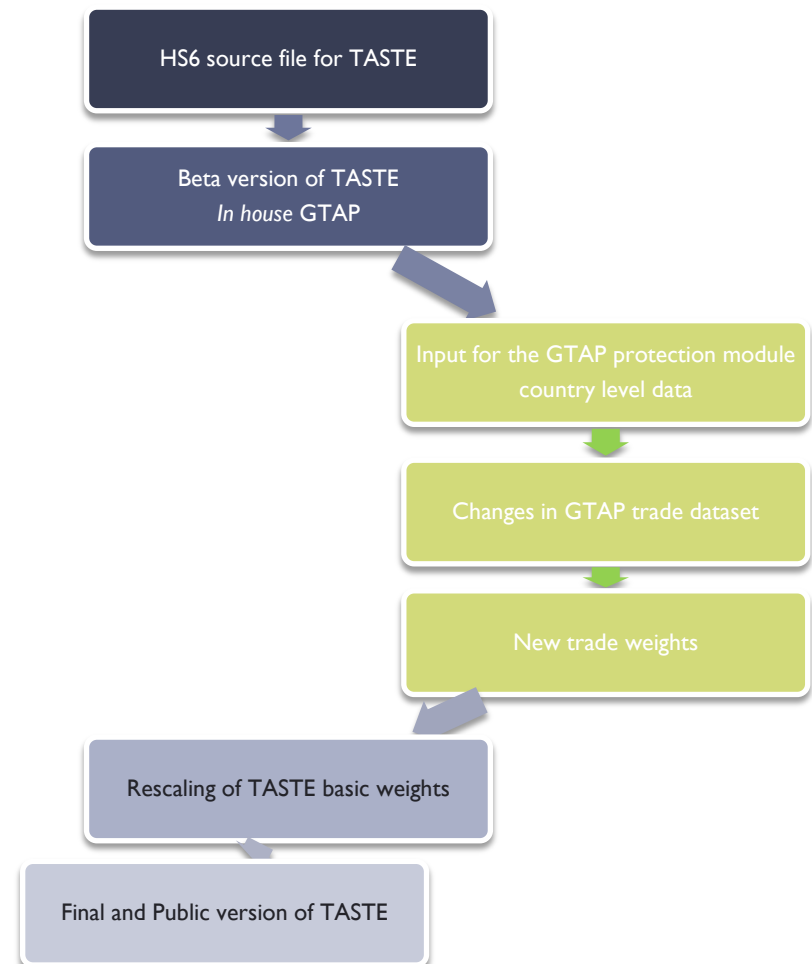
Exporter	MG-Trade	VIWS	Tariff - Taste	Tariff - GTAP7
1 AUS	45.4	45.5	340%	340%
2 NZL	0.000	0.001	331%	0%
4 CHN	70.9	80.3	581%	581%
12 LAO	0.000	0.280	578%	0%
21 IND	0.069	2.228	415%	414%
23 LKA	0.002	0.175	574%	575%
92 EGY	0.146	1.030	639%	639%

Consequences for GTAP8

- ▶ Management of “0” initial trade flows
- ▶ Management of travelers' expenditures
 - ▶ Applying tariffs only on “real” trade
 - ▶ Why do not treat them as an export of services?

TASTE and the construction of the GTAP dataset

- ▶ Integrated generation of GTAP protection dataset and TASTE
- ▶ Advantages:
 - ▶ One unified dataset
 - ▶ Technical simplicity → HAR files
 - ▶ More flexibility to add new countries



Tariff Rate Quotas and GTAP

- ▶ **New proposal**
 - ▶ Detailed information in the TRQ-GTAP_proposal.pdf file
 - ▶ No resource requested at this stage. Co-funding by direct contribution (efforts) of involved Board members. In the future, resources may be needed for external collaborators.
- ▶ **Using the marginal rate of protection from MAcMapHS6 leads to strange results when people do not model TRQ (most GTAP users)**
 - ▶ Information on TRQ rents are currently discarded
 - ▶ Double counting for rents embedded in existing trade flows → bad measurement of imports at domestic prices
- ▶ **Needs for an improved treatment for TRQs in the GTAP database framework**



Why TRQs matter?

Average protection in Agriculture

Country	In-quota rate always applied	MAcMapS S6 treatment	Out-of-quota rate always applied
Canada	5.7	15.9	17.3
China	10.6	11.1	25.9
European Union	16.1	21.3	24.2
Japan	20.0	28.2	31.6
Panama	13.1	15.8	17.7
South Africa	12.6	15.1	18.0
South Korea	23.8	36.8	55.0
Switzerland	30.1	54	83.6
United States	3.8	8.9	9.9
All countries with TRQ	14.7	18.8	22.0

TRQ rent values. Millions of USD.

	Assumption: Rents captured by the importer			Assumption: Rents captured by the exporter		
	Rents	Real tariff revenue	Imports at domestic prices	Rents	Real tariff revenue	Imports at domestic prices
Canada	364	663	2754	203	634	2847
China	344	0	5544	249	0	5544
Japan	1907	1059	5941	794	948	6409
South Korea	428	1693	5876	192	1626	6925
Panama	5	5	36	3	5	40
Switzerland	960	726	3599	356	700	3836
United States	1547	475	10616	1050	465	11071
European Union	1693	4353	17682	871	4235	21137
All countries with TRQs	7679	10120	56187	3928	9710	63606

Source: Laborde (2008), MMHS6v2

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Solutions

- ▶ Used the MFA existing framework
- ▶ Translate TRQ in a combination of import duties and export taxes
- ▶ To capture the relevant trade and welfare effects:
 - ▶ What is the good marginal protection?
 - ▶ Where are the rents?
- ▶ Analysis based on:
 - ▶ Unit values
 - ▶ Trade pattern
 - ▶ Administration methods
 - ▶ Commodity experts and other studies (e.g. Kym Anderson's project)
- ▶ Give clear instructions about how to implement liberalization scenarios
- ▶ Team: David Laborde (IFPRI), Will Martin (World Bank), Priscila Ramos, De Gorter & Kliauga...



TASTE – New developments

- ▶ New proposal by Mark Horridge & David Laborde
 - ▶ Detailed information in the Taste_proposal.pdf file
 - ▶ Budget: \$40,000.
 - ▶ IFPRI co-funding: \$20,000 → David Laborde
- ▶ Main Issues at stake:
 - ▶ Sensitive products management
 - ▶ New rule definition
 - ▶ Embedded criterion selection: Highest tariffs, Tariff Revenue, Political Economy criterion (Jean, Laborde and Martin, 2008)
 - ▶ Easy modification of generated lists in Excel
 - ▶ New aggregators
 - ▶ MTRI, Anderson & Neary (1994), Feenstra (1995)
 - ▶ Consistent Policy Aggregator, Anderson (2008), Laborde, Martin and Van Dermensbugghe (2009)
 - ▶ Detailed information on TRQs
 - ▶ Dynamic Tariff Scenario implementation
 - ▶ Prerelease of new protection dataset for GTAP8

