U. S. International Trade Commission
Report on GTAP Related Activities

For

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Center for Global Trade Analysis

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The United States International Trade Commission (USITC) uses the GTAP database and model to analyze global trade issues and to evaluate the potential impacts of prospective trade policy changes, in response to requests from the United States Trade Representative (USTR) and Congress. The following reports outline key aspects of GTAP-related work by different economists at the USITC during June 2013-May 2014:

USITC, "AGOA: Trade and Investment Performance Overview," Publication No. 4461, April 2014, http://www.usitc.gov/publications/332/pub4461.pdf.
Abstract: This report describes, reviews, and analyzes the trade and investment performance of beneficiary countries under the African Growth and Opportunity Act (AGOA) from 2000 to 2013. It also examines potential products for export to the United States or for integration into regional and global supply chains and examines changes in the business and investment climate in sub-Saharan Africa (SSA), as well as reciprocal trade agreements between SSA and non-SSA partners and the relationship of these agreements to the objectives of AGOA.

USITC, "Trade Barriers That U.S. Small and Medium-sized Enterprises Perceive as Affecting Exports to the European Union," Publication No. 4455, March 2014, http://www.usitc.gov/publications/332/pub4455.pdf
Abstract: This report catalogs trade-related barriers that U.S. small and medium-sized enterprises (SMEs) perceive as disproportionately affecting their exports to the European Union (EU) relative to large exporters to the EU. Various approaches were used to gather information directly from SMEs and other interested parties ("respondents") for this report.

Justino De La Cruz, David Riker, and Bennet Voorhees, "Econometric Estimates of the Effects of NAFTA: A Review of the Literature," Working Paper No. 2013-12-A, Office of Economics, USITC, Dec. 2013, http://www.usitc.gov/publications/332/working_papers/EC201312A.pdf.
Abstract: This paper reviews a series of econometric studies of the impact of the North American Free Trade Agreement on the economies of Mexico, Canada, and the United States. It highlights eleven papers from the last decade that vary in the economic outcomes analyzed (trade flows, wages, employment, productivity, investment, and income in one or more of the countries) and in the statistical methodologies and types of data that are utilized.

USITC, "The economic effects of significant U.S. import restraints, eighth update 2013, Special topic: Services' contribution to manufacturing," Publication No. 4440, Dec. 2013, http://www.usitc.gov/publications/332/pub4440.pdf.
Abstract: The U.S. International Trade Commission's latest update in this series of reports presents results on the economic effects on the U.S. economy of removing significant U.S. import restraints, including U.S. tariffs and tariff-rate quotas on certain agricultural products, textiles and apparel, and other manufactured products. The Commission estimates that liberalization of all significant import restraints

quantified in this update would increase annual U.S. welfare by $1.1 billion by 2017.The eighth update also features a special topic chapter on the role of services in manufacturing, which explores trends in U.S. manufacturers' use of services and the contribution of services to manufacturing output and productivity.

Martha Lawless and Tani Fukui, "The Role of Services in Manufacturing, Special Chapter in Significant U.S. Import Restrains, Eighth Update 2013," Presentation to the ITAC 10 (Services and Finance Industries), 2014, forthcoming.

Csilla Lakatos (Chief Economist Unit, DG Trade, European Commission) and Tani Fukui (Office of Economics, USITC), "EU-U.S. Economic Linkages: The Role of Multinationals and Intra-Firm Trade," Working Paper RN-2013-11B, Office of Economics, USITC, Nov. 2013, http://www.usitc.gov/publications/332/working_papers/RN201311B.pdf.
Abstract: EU-US economic relations go beyond that of traditional trade ties. Multinational companies and their affiliates abroad do not only represent vital elements of each other's domestic economy but are also major determinants of the movement of goods and capital across borders. In the light of the ongoing Transatlantic Trade and Investment Partnership (TTIP) negotiations it becomes increasingly important to consider the impact of a given trade policy change on traditionally over-looked economic variables such as foreign affiliate output, value added and intra-firm trade. The goal of this paper is two-fold. First, we provide a comparative overview of multinational companies on the two sides of the Atlantic exploring data on production, value added, employment and intra-firm trade. Second, we consider the determinants of arm's length versus related party EU-US trade. Our findings suggest that EU-US arm's length trade is found to be relatively more supply driven (GDP of the exporter matters more) while conversely related party trade is relatively more demand driven (GDP of the importer matters more). Surprisingly, our results also show that related party trade is more sensitive to changes in tariffs than arm's length trade.

Jeffrey Horowitz and David Riker, "Measuring Shifts in Brazil's Trade Using International Input-Output Tables," Working Paper No. 2013-11-A, Office of Economics, USITC, Nov. 2013, http://www.usitc.gov/publications/332/working_papers/EC201311A.pdf.
Abstract: In this paper, we use information from the World Input-Output Database (WIOD) and a method for decomposing the value-added contributions of each country in international trade flows to measure shifts in Brazil's exports between 1995 and 2009. The database allows us to separate gross trade flows into intermediate and final products and to trace all of Brazil's value added to the country of final use. Over the fifteen year period covered by WIOD, there was a shift in Brazil's exports of intermediate and final goods toward greater specialization in the country's traditional areas of comparative advantage, agricultural and mineral products. There was also a shift in Brazil's exports toward East Asia and developing countries. However, the redirection of Brazil's exports to East Asia does not reflect a significant shift in the ultimate destination of Brazil's value added from its traditional markets. According to our calculations of trade in value added, Brazil's exports to East Asia have been increasingly incorporated into East Asia's exports to the United States and the European Union.

Lin Jones, William Powers, and Ravinder Ubee, "Making Global Value Chain Research More Accessible," Working Paper No. 2013-10-01A, Office of Economics, USITC, Oct. 2013, http://www.usitc.gov/publications/332/working_papers/EC201310A.pdf.
Abstract: Global value chains research has generated a resurgence in Leontief-style input-output analysis, since the introduction of publicly available international input-output (IIO) tables. This paper is designed to clearly present Leontief concepts and applications for international economists who may be largely unaware of these techniques. We present an overview of the structure of IIO tables and related analysis of the sources of value flowing through global production networks. We also provide the methodology to calculate flows to and from specific sectors and regions, with results and code for several examples.

William Powers and David Riker, “The Effect of Exchange Rates on the Costs of Exporters when Inputs are Denominated in Foreign Currencies,” Working Paper No. 2013-09A, Office of Economics, USITC, Sept. 2013, http://www.usitc.gov/publications/332/working_papers/EC201309A.pdf.

Alexander Hammer, Lin Jones and Zhi Wang, “Methodology of U.S.-China-Hong Kong Triangular Merchandise Trade Statistic Reconciliation?” Working Paper No. RN-2013-08-A, Office of Economics, USITC, Aug. 2013, http://www.usitc.gov/publications/332/working_papers/RN201308A.pdf .
Abstract: This research note documents the methodology of U.S.-China-Hong Kong triangular merchandise trade statistic reconciliation. Instead of directly comparing the official trade statistics from the United States and China and calculating the discrepancies, the U.S-China-Hong Kong triangular reconciliation methodology takes into account of re-exports and transshipment via Hong Kong. This research note also documents the application of this methodology to advance technology product trade between the United States and China.

USITC, “Olive Oil: Conditions of Competition between U.S. and Major Foreign Supplier Industries,” Publication No. 4419, Aug. 2013, http://www.usitc.gov/publications/332/re_pub4419.pdf.
Abstract: U.S. olive oil production has risen quickly in recent years in response to higher global demand, but recent investment has slowed, in part because of concern among U.S. producers that their competitive position in the U.S. market is threatened by a lack of regulatory oversight. The report provides information on production, consumption, and trade, with an overview of the international market for olive oil; overviews of the commercial olive oil industries in the United States and other major supplying countries; analysis of the factors that affect the competitiveness of the major olive oil-producing countries; and an assessment of the role of imports and other factors, such as standards and pricing, on consumption in the United States.

USITC, “Digital Trade in the U.S. and Global Economies, Part 1,” Publication No. 4415, July 2013, http://www.usitc.gov/publications/332/pub4415.pdf .
Abstract: Digital trade -- products and services delivered via the Internet -- makes up a growing segment of the U.S. economy and is increasing globally as well. The report provides information on the role of digital trade in both U.S. domestic commerce and international trade. It describes notable barriers and impediments to digital trade and outlines potential approaches for further assessing the role of digital trade in the economy.

Michael Ferrantino and Marinos Tsigas, “Enabling Trade in Ukraine,” Working Paper RN-2013-07-A, Office of Economics, USITC, July 2013,
http://www.usitc.gov/publications/332/working_papers/RN201307A.pdf.
Abstract: This note contains estimates for the effects of unilaterally improved trade facilitation in Ukraine, using the same methods and data as those in the World Economic Forum’s report “Enabling Trade: Valuing Growth Opportunities.” The estimates show that improved trade facilitation could lead to gains in Ukraine’s GDP of 5.2 percent to 37.1 percent, and in Ukraine’s exports of 15.9 percent to 52.8 percent, depending on the extent and depth of the reforms.

Michael Ferrantino, Darren Sheets, Danielle Trachtenberg, “Heterogeneity of Goods and Methods of Trade: Wholesalers, Intra Firm, or at Arms-Length,” Working Paper No. 2013-06A, Office of Economics, USITC, June 2013, http://www.usitc.gov/publications/332/working_papers/EC201306A.pdf.
Abstract: We examine the empirical determinants of modes of U.S. exporting, using a unique dataset that identifies whether exports are sold through wholesalers, at arms-length, or intrafirm. Exports of wholesalers are more likely to be reference-priced goods, while related-party exports are more likely to be R&D-intensive differentiated products, and arms-length exports are most common for homogeneous goods in unconcentrated industries.

Reisman, Matthew and Danielle Vu, "Nontariff Measures in the Global Retailing Industry," Paper No. ID-30, Office of Industries, USITC, May 2012, http://www.usitc.gov/publications/332/working_papers/nontariff_measures_in_the_global_retailing_industryWP_NoID-30.pdf.
Abstract: This paper introduces a new measure of policies and regulations affecting the retailing industry. Our retail restrictiveness index addresses 13 categories of nontariff measures (NTMs), including market entry restrictions and operational regulations. We produce index scores for 75 countries. Southeast Asian countries including Indonesia, Malaysia, and Thailand are among the most restrictive retail markets as measured by our index, while the United States is one of the world's most open. We use econometric "gravity" models to examine how restrictiveness affects sales of multinational retailers' foreign affiliates, and find that high (restrictive) scores on our index are associated with decreased affiliate sales.