The Debate on “the ‘Gains’ from Preferential Trade Liberalization in the CGE Models”
– Evidence from a CGE Model and its Recent Applications

MOTIVATION

• Inform CGE modellers

Specific Objectives
Theoretical View points

The ambiguity of the welfare implications of RTAs

Revisit the Debate
Panagariya and Duttagupta (2001)
have strongly criticised

(2) CGE models generate benefits to a country from its own preferential trade liberalisation due to a number of reasons
Panagariya and Duttagupta (2001)

CGE Modellers Response
Why the critiques are irrelevant?

GTAP and Its Applications

GTAP and Its Applications
The GTAP applications: what are the welfare results?

Conclusion