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Methodological Options for Preparing Merchandise Trade in the GTAP Data Base: Lessons from Past Experiences and Current Approach

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Abstract

The merchandise trade component of the GTAP database has in the past been constructed using multiple methods varying by year. One reason for this is that there are differences in reporting conventions leading to highly discrepant bilateral trade flows. The treatment for re-exporting countries has been highly irregular and focused on few countries. This paper outlines a unified and comprehensive approach applied consistently across time. The approach is applied to a set of 231 countries. More than 50 re-exporting countries are treated the same converting total exports to domestic exports and by converting total imports to retained imports. All imported goods at *cif* values are converted to *fob* basis prior to the reconciliation step. Results of this approach demonstrate improvement in the stability across years.

Keywords: Merchandise Trade Data, GTAP Database, Asymmetries, Bilateral trade