

European Commission
GTAP Board Report
2011

The GTAP database (but also the GTAP models) has been used for many years by European Commission services (either directly or indirectly) as part of the modelling work carried out in support of different policy initiatives. The overall interest of the European Commission remains the continuous improvement of the GTAP database in terms of coverage and quality, given the systemic benefits this could have for ongoing and future modelling projects.

1. Completed and ongoing activities since the last Board report

As part of the EU trade policy making, the GTAP database and/or GTAP models have been used for a number of studies on EU bilateral trade relations with e.g. Canada, ASEAN, Mercosur etc. as well as for trade and climate change and expanding information technology agreement. Furthermore, both the GTAP database and the GTAP models have been used by Commission officials in the internal assessment of various trade policy issues.

In addition to trade policy analyses, the GTAP database remains an important input to a number of EC or EC-sponsored projects using other modelling tools (e.g. GEM-E3, DSGE, Mirage, WorldScan, QUEST, REMO etc), in particular in the areas of the environment, climate change and energy.

The Commission has contributed with input-output tables for the EU already last year. In total 27 social accounting matrices, have been included in the GTAP database version 7.1. Joint Research Centre in Seville (Spain, part of the EC) plans to maintain on a regular basis the AgroSAMs to update constantly the GTAP database with SAMs for the EU Member States.

2. Future priorities

The European Commission is in particular interested in further developing the GTAP database in the following areas:

(i) Energy, transport and the environment

Integration of the energy volume/prices/tax and CO₂ emissions module into the latest version of the GTAP database, e.g. from GTAP-E.

(ii) Vertical integration of trade

An identification of the origin of imported intermediates would be an important qualitative improvement of the GTAP database. This would facilitate the analysis of global value chains in general as well as work on carbon leakage, competitiveness and trade impacts of climate policy, since sector-specific energy and environmental content of traded goods and services then could be identified.

(iii) Trade and productivity

Introducing sectoral R&D investments.

(iv) Other (data) issues

Better and more detailed representation of the different taxes, subsidies and transfers would enhance the public finance aspects of our analysis. For example, it would be good to have distinguished sectoral ad valorem and excise taxes on domestic purchases.

Global Bilateral Migration Data Base: Skilled Labor, Wages and Remittances would be even more valuable, if it would be available at sub-national level.

Improved services and FDI data coverage.

The expansion of regional disaggregation for a number of regions, in particular Israel, Saudi Arabia and other countries in the Middle East, would enable more and improved research on the impact on these countries of a number of policy measures.

3. Selected publications

Burrell, Ferrari, Gonzalez Mellado, Himics, Michalek, Shrestra, Van Doorslaer (2011), Potential EU-Mercosur Free Trade Agreement: Impact Assessment, EC internal report, forthcoming JRC Technical Report

Burrell, Ferrari, Gonzalez Mellado, Himics, Michalek, Shrestra, Van Doorslaer (2011), Potential EU-Mercosur Free Trade Agreement together with a DDA Agreement: Impact Assessment, EC internal report, forthcoming JRC Technical Report.

Juan-Carlos Ciscar, Ana Iglesias, Luc Feyen, László Szabó, Denise Van Regemorter, Bas Amelunge, Robert Nicholls, Paul Watkiss, Ole B. Christensen, Rutger Dankers, Luis Garrote, Clare M. Goodess, Alistair Hunt, Alvaro Moreno, Julie Richards, and Antonio Soria - *Physical and economic consequences of climate change in Europe* - PNAS January 31, 2011

Henseler, Piot-Lepetit, Gonzalez Mellado, Ferrari, Helaine (2011), On the Asynchronous approvals of GM crops: Potential Market Impacts of a Trade Disruption of EU soy Imports, EC internal report, forthcoming JRC Technical Report

Kancs, D. and P. Ciaian 'The Factor Content of Heterogeneous Firm Trade', World Economy, 2011 forthcoming. [http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1467-9701](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1467-9701)

Kancs, D. 'Structural Estimation of Variety Gains from Trade Integration in Asia', Australian Economic Review, 2010 (43): 270-288. <http://www.blackwell-synergy.com/doi/abs/10.1111/j.1467-8462.2010.00606.x>

Kancs, D. and P. Ciaian 'Factor Content of Bilateral Trade: the Role of Firm Heterogeneity and Transaction Costs' Agricultural Economics, 2010 (41): 305-317. <http://www.blackwell-synergy.com/doi/abs/10.1111/j.1574-0862.2010.00444.x>