

The United States International Trade Commission (USITC) continues to use GTAP on requests from the United States Trade Representative and Congress to evaluate the potential impacts of prospective trade policy changes. These requests include both long-term statutory investigations and short-term technical assistance.

In collaboration with Monash University, the USITC continues work on a new, highly detailed dynamic U.S. model—the USAGE-ITC model—with updated parameters, state level components, and greater labor detail. The initial phase of the project was completed and presented at the 2002 Taiwan GTAP Conference. This fall, phase two will be completed for a Fall 2003 conference on Trade Policy Analysis being organized by USTR. Peter Dixon of Monash University has proposed a paper on USAGE-ITC that extends the results of a national U.S. model by add-on programs, and includes the regional effects of tariff changes. This paper will present the USAGE model and show how it can be modified with add-on programs to show regional (state-level) effects, as well occupational employment, effects on different types of households, and effects on highly specific industries below the level of the model's aggregation. The final phase is planned for 2004, where more types of labor are specified within the model. The USAGE-ITC model will be easily linkable to the GTAP model and will offer interested parties an alternative U.S. model with enhanced capabilities.

The USITC has completed two other long-term projects aimed at expanding its CGE capabilities that are relevant to GTAP. These projects include assisting in the construction of a Russia data set for GTAP and continuation of a project to improve NTM measurements for possible inclusion in CGE analyses. Collaborative efforts with economists from Moscow State University to build a database for inclusion in GTAP and to build a stand alone model of the Russian economy were completed in January 2003. A demonstration of the Russian component is being presented to the Russian Ministry of Economic Development and Trade in early June, 2003.

The NTM Project has generated a global database of countries, sectors and products for which NTMs in the goods markets have been notified or alleged, using a variety of sources. This database is being used in econometric analysis of international goods price dispersion using the EIU CityData database. The resulting estimates will be calibrated to make appropriate new GTAP-compatible price wedges for NTMs, and the results demonstrated in one or more GTAP experiments on broad liberalizations of general interest. The project will culminate with results being presented at the APEC Capacity Building Workshop in September 2003 (Bangkok).

Of interest to the GTAP board is a new database and model constructed by Ed Balistreri and Alan Fox called TSCAPE (Time Series Consistent Accounts for Policy Evaluation.) The database is at the 2 digit commodity level covering 1978 to 2001 for the U.S. economy and the model structure

A number of possible projects have been mentioned by our customers in the press and may be forthcoming. We expect to participate in an environmental review of the FTAA in conjunction with the U.S. Environmental Protection Agency and U.S. Department of Agriculture's Economic Research Service. In addition requests for analysis of potential FTA's with Morocco, South Africa, Australia, and a number of middle eastern countries are expected soon.

Publications

The following USITC public studies completed during the past year contain research based on, or relevant to, the GTAP model and database:

Monographs

USITC U.S.-Chile Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects, Investigation TA-2104-5 (June 9, 2003)

USITC, U.S.-Singapore: Potential Economy-wide and Selected Sectoral Effects, Investigation TA-2104-5 (June 2, 2003)

USITC, Technical Assistance to the Office of the U.S. Trade Representative: "A Detailed Report of the Commission's Analysis of the U.S.-Chile FTA And Issues Regarding of Income and Welfare Effects from FTAs in Economy-Wide Models" (March 2003) Confidential USITC, U.S.-Taiwan FTA: Likely Economic Impact of a Free Trade Agreement Between the United States and Taiwan, Investigation 332-438 (October 2002)

Manuscripts

Edward Balistreri and Alan Fox "TSCAPE: A Time Series of Consistent Accounts for Policy Evaluation," USITC/OE Working Paper No. 2003-05-A, Washington, DC (May 2003)

Alan K. Fox "Comparing the Relative Impacts of Trade Policy in the TSCAPE Framework," selected paper, Sixth Annual Conference on Global Economic Analysis, The Hague, The Netherlands (June 2003).

Alan K. Fox, Joseph Francois and Pilar Londono Kent "Measuring Border Costs and their Impact on Trade Flows: The United States Mexican Trucking Case," selected paper, Sixth Annual Conference on Global Economic Analysis, The Hague, The Netherlands (June 2003)

Michael P. Gallaway, Christine A. McDaniel and Sandra A. Rivera "Short-run and long-run industry-level estimates of U.S. Armington Elasticities" North American Journal of Economics and Finance 14 (March 2003) 49-68.

Sandra A. Rivera, Laurie-Ann Agama, and Judith Dean "Africa beyond 2005: Understanding the Impact of Eliminating NTBs and tariffs on Textiles and Clothing," selected paper, Sixth Annual Conference on Global Economic Analysis, The Hague, The Netherlands (June 2003)

Marinos E. Tsigas and Devry S. Boughner "The U.S. sugar program versus bilateral, regional, and multilateral trade liberalization," selected paper for the American Agricultural Economics Association Annual Meeting, Long Beach, CA (July 28-31, 2002)