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**WTO CHAIRS SPECIAL SESSION**

Organised by the WTO Chairs Programme (Nassim Oulmane), Institute for Training and Technical cooperation, WTO

**Chair:** Maarten Smeets, WTO

**Discussant**: Mustapha Sadni-Jallab

**Panellists**:

**South Africa's Chair:**

**"****Determining the impact of utilizing the realistic export opportunities of China to the BRI (Belt and Road Initiative) countries using TRADE-DSM and GTAP"**

Author(s): Martin Cameron and Wilma Viviers, TRADE, North-West University, South Africa

**Abstract** Globally the US-China trade war poses a challenge to economic growth and development and various authors have written extensively on the topic. Most of the analysis focuses on the potential negative consequences of these escalating trade tensions between the world's two biggest economies. The UN e.g. postulates that as a result of this challenge the Asia-Pacific trade growth will slow down, reducing export growth in 2019 compared to 2018.

While this bilateral development is focused on in the headlines, we are interested in better understanding, from a trade perspective, the potential for positive economic growth opportunities associated with China’s BRI initiative. By focusing on enhanced economic connectivity between Asia, Europe and Africa (which accounts for 64% of world population and 30% of world GDP), we postulate that the turbulent relationships between these two economic super-powers, combined with the deliberate strategic nature and parallel developments of the BRI, could potentially lead to some targeted trade diversion developments. From an international trade and economic growth perspective, the BRI countries could potentially stand to gain. In order to analyse this hypothesis, we approach the question by making use of two different but related approaches to construct a quantitative set of scenarios and to evaluate the potential outcomes of such scenarios. Firstly we identify realistic export opportunities from China to the BRI countries based on the innovative yet pragmatic Decision Support Model (DSM) approach. The analysis is informed by a DSM for China that was recently constructed (2018). The DSM is purpose-built to assist policy-makers and export promotion and investment organisations with the identification of realistic export opportunities (at the HS 6-digit detail level). However, the DSM approach does not lend itself to inform on the question of the economic and trade related implications of the implementation and realisation of such identified export opportunities. To this end we then secondly employ a dynamic GTAP model to further investigate the potential implications for the BRI group of countries if the BRI export drive is also pursued through the dimension of potential diverted trade from the USA.

While this paper informs around the core hypothesis, it also serves to demonstrate how the DSM approach can be combined with that of GTAP modelling to provide a richer set of insights for decision-making by policy makers and other relevant stakeholders.

**China's Chair**

"**Servitization and Global Value Chain Upgrading in China -- Based on the perspective of Export Sophistication and Products Quality"**

Author: Dr. Siyu Wang.

**Abstract：**servitization is not only an important means to achieve industrial upgrading, but also a powerful booster to enhance international competitiveness and increase the high-level position in the value chain. This paper uses Eora-2018 version dataset to estimate the servitization degree among 189 countries from 1990 to 2015.From the vertical and horizontal dimensions, the paper also utilizes the empirical methodology to evaluate the impact of servitization on value chain upgrading by country level from the perspective of export quality and technical complexity. The results show that: in the first place, servitization for manufactures will significantly improve the quality and complexity of domestic export products. Second, from the viewpoint of differentiating service factors, the input of domestic service factors can significantly improve the upgrading of the value chain of one country, while the foreign service factors have little significant effect on the upgrading of the domestic value chain products, even a disincentive to the quality of its export products. Finally, from the perspective of differentiated service input, it is found that the value chain product upgrade of post and telecommunication service is the most important, financial service is second, and the impact of transportation service comes to the last.

Key Words: Servitization; Global Value Chain; Product Upgrading; Export Product Quality; Export Technical Complexity

**Oman's Chair**

**"Regionalism Beyond Regions: The Case of Oman and the Indian Ocean Rim Association"**

Author(s): Abdallah Akintola (PhD student, Sultan Qaboos University, Oman)

and Houcine Boughanmi (WTO Chair, Sultan Qaboos University, Oman)

**Abstract:** Apart from traditional and cultural linkages between Oman and the MENA/ Arab region, the Indian Ocean represents a source of potential trade expansion and economic growth for Oman. In recent years there has been an inclination of Oman’s trade towards the Indian Ocean Rim Association (IORA) countries, but no empirical evidence exists on such trade pattern change or its determinants. The objective of this study is to investigate the patterns of trade in the IORA and determine the trade potential for Oman within the context of its broader traditional geographical space. The Poisson Quasi maximum likelihood estimator (PPML) was applied to a 10 year trade Panel data to estimate a structural gravity model for the IQRA countries. The results confirm the trade potential between Oman and IORA; the formation of IORA has increased total trade by 55 percent and makes it a trade creating association. It is estimated that the IORA formation is equivalent to a tariff drop (tariff equivalent) of 10.3 percent. Results also show the importance of proximity and historic linkages that Oman can leverage to expand its market base and benefit from its strategic location in the Indian Ocean.

**Benin's Chair**

**"Trade Policies and Welfare: case studies of ECOWAS countries"**

Author(s): Alastaire Alisento, Charlemagne Igue, and Laurent Oloukoi

**Abstract:** This study raises a fundamental question: have trade policy measures within ECOWAS improved the well-being of citizens in member countries? Hence the objective of the study, which is to evaluate the effects of the liberalization of duties and taxes in the context of various trade policy scenarios, and to examine what this implies in terms of welfare for the countries. To achieve this, we use GTAP modelling framework with elements of imperfect competition (differentiation of products by varieties and by quality ranges). The model is dynamic and recursive. The main result is that a policy of total trade liberalization (removal of tariff barriers for goods within ECOWAS) has a differentiated effect in non-member countries. While for some countries (Nigeria, Ghana, Ivory Coast, Senegal), the effect on welfare is largely positive, for others (Benin, Burkina-Faso, Guinea, Togo), gains liberalization of import duties and taxes are very modest.