Case Analysis II

Material #2

A Guideline for GTAP Simulation

EE 459 – Semester 2 / 2017

GTAP – Data Preparation and Simulation

(1) Use GTAPAgg to **create the new global trade database**. Specifically this database is composed of :

- **7 regions** (US, EU, China, Thailand, Malaysia, RoTPP, RoW)
- **10 groups of commodities**

Then, run these simulations:

Scenario 1 (Existing TPP members): Imposing the zero import tax for all commodities traded among TPP members.

Scenario 2 (US joins TPP): Imposing the zero import tax for all commodities traded among TPP members + US.

Scenario 3 (US and Thailand join TPP): Imposing zero import tax for all commodities traded among TPP members + US + Thailand.

Research Tasks

(2) For each scenario, please examine impacts of zero import-tax policies on the following variables :

- **GDP** ("qgdp" on GTAP) of 7 regions
- **Inflation** ("pgdp" on GTAP) of 7 regions
- **Change on Trade Balance** ("DTBAL") of 7 regions

(3) For each simulation, please examine these country-specific impacts:

- Please rank **Malaysia's exporting sectors** that will gain their export volumes according to TPP (ranked by % change in export as shown in **qxw [*,Malaysia]**)
- Rank **Malaysia's importing sectors** that will increase their import volumes caused by joining TPP (ranked by % change in imports as indicated by **qim[*, Malaysia]**)
- Similarly please rank **US's exporting sectors** that will be benefited from TPP (ranked by % change in export as shown in **qxw [*,US]**)
- List the **US's importing sectors** that will increase their imports induced by the TPP (ranked by % change in imports as indicated by **qim[*,US]**)
- Please rank **Thailand's exporting sectors** that will gain benefits from joining TPP (ranked by % change in export as shown in **qxw [*,Thailand]**)
- List the **Thailand's importing sectors** that will increase their imports due to TPP (ranked by % change in imports as indicated by **qim[*,Thailand]**)

Research Tasks

(4) Compare main findings obtained from 3 simulations

- Compare positive and negative impacts on 3 main macro indictors (Real GDP, CPI and Trade Balance) of Thailand and those of other countries.
- Compare positive and negative impacts on 10 groups of commodities of Thailand and those of other countries.
- Other data sources and methods of analyses are welcome.

(5) Propose policy recommendations that would lead to the highest benefit of Thailand and that of the US.

- Should President Trump rethink about joining TPP?
- Should Thailand join TPP?
- How should Thailand deal with the export-declining sectors and the import-rising industries?

Suggestions on the 2nd Assignment

(1)Written report : the format typically used by consulting companies (PowerPoint with texts and graphs/diagrams)

(2) Submit the **hardcopy** in the box attached to my office's door **(April 19, 2018**) and also email the **PowerPoint file** to nattapong@econ.tu.ac.th (by 5.00pm)

(3) Presentation date : **April 20, 2018**(time slot : **15 minutes** for each group)

(4) Sequence of presentation : from draw

Suggestions on the 2nd Assignment

(5) Length of presentation: 15-20 slides

(6) Structure of the report

- **Part 1 – Background of TTP**
- **Part 2 - Analytical methodologies and results**

    - Results from GTAP simulations

- **Part 3 - Policy recommendations**

    - Other related info/data are welcome

(7) **Dress code:** university's uniform

Grading Criteria

Quality of report (60%)

- appropriate methodologies (20%)
- critical reasoning in result analysis and policy recommendation (20%)
- format of report (comprehensive graphical communication and concise text explanation) (10%)
- on-time submission (10%)

Quality of presentation (40%)

- convincing verbal explanation (30%)
- comprehensive Q&A (10%)