

GE mechanisms

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1 Start RunGTAP. Open the 3x3x3 database

2 Inspect the protection matrix w baserate.har

- What are the most protected products in EU?
- What are the most protected products in Poland?
- What are the most protected products in RoW
- Simulation: unilateral liberalization in RoW trade with Poland.

3 Calculation of shocks: the power of a tax

- The tariff rate is $x\%$. The target rate is 0% . How to calculate the shock to the power of tax?
- Answer: $(1 + x\%) * y = 1 + 0\%$ thus: $y = 1/(1 + x\%)$. The required shock is $(1 - y) * 100\%$
- Lets ask Valerie.

4 Run the simulation

- Unilateral reduction of tariff rates on manufactures of RoW wrt. Poland
- Analyse results in RunGTAP:
 - what happened to output levels?
 - what happened to international trade aggregates?

4.1 Analiza wyników w AnalyzeGE

- Analysis of *tms* shocks on the economies of Poland and RoW.
- Effects in RoW: Look for *tms*. Gloss!
 - Analyze goods prices in RoW: MKTPRICES: domestic prices and CIF prices.
 - IMPORTDEMAND: analyze the impact on RoW imports. Relative regions size!
 - DPRICEIMP: Effect on import price aggregate. Relative regions size again!
- Effects in Poland: Look for *tms*. Gloss!
 - Equation FOBCIF: effects on FOB price.
 - EXPRICES: Effects on exporter prices and domestic prices in Poland.
 - Look for *qxs*. Equation IMPORTDEMAND. Equation MKTCLTRD_MARG. Decompose.
 - Effects on total Polish exports. Effects on direction of exports. Effects on output.
 - Domestic prices and factor prices.
 - Effects on GDP: Equation QGDP_r