cgemod ANARRES

ANARRES_t: Trade Policy Experiments

1

cgemod

Context

1. **Objective**: full bilateral liberalization of trade between OECD and Africa.
2. **Restrictions**: OECD seek to exclude liberalisation of agricultural trade **but** insist that if Africa wants the liberalisation of other trade Africa must reduce barriers on **ALL** trade with OECD.
3. **Tax replacement**: **ALL** regions must maintain fixed internal balances; regions prefer income tax (*TYH*) as tax replacement instrument **BUT** Africa might have to use the production taxes (*TX*).
4. **Policy advice**: Africa lacks policy analysis expertise and hence needs (impartial) advice on the implications of the free trade agreement.

2

cgemod

cgemod

Tasks

- Run the model (s=save)
- Run the shocks (r=save)
- Verify the shocks have been implemented
- Verify the closures have been implemented
- Answer some questions

3

cgemod

Questions

- What are the implications for Africa and the OECD?
- What are the implications of the OECD not liberalizing agriculture?
- What are the implications for Africa of not being able to use income taxes, TYH, as a tax replacement instrument?
- What causes the welfare effects experienced by Africa?
- What additional simulations would you recommend?

4

cgemod

ANARRES

ANARRES_t: Trade Policy Experiments

The End

5

cgemod