

Global EPAs Research Consortium - Progress Report 2022-2023 -

The Consortium undertakes projects directly and also coordinates and funds work in other organizations. It organizes meetings, develops online resources, and provides expert consultations to collaborating institutions. It also reviews existing research to identify critical gaps, and addresses these by funding, ideally jointly with other partners, appropriate work in qualified institutions.

The Consortium's highest initial priority is to expand information on non-tariff measures (NTMs) in international trade, especially among economies involved in major negotiations. Several institutions represented in the Consortium are making significant resource commitments to this effort.

Recent developments

- ITC has been updating a global tariff dismantling database covering EPAs in force.
- ITC has been collecting product-specific rules of origin in existing EPAs.
- UNCTAD has been updating NTMs data for several APEC economies and updated the AVEs of NTMs.

Priority projects

Some of the organizations represented in the Consortium directly undertake or finance relevant projects, while others support such work through the Consortium. In either case, the Consortium coordinates the underlying efforts in order to maximize their compatibility and accessibility. It currently manages, coordinates and/or funds the projects listed below; others will be added over time.

1. Estimating tariff concessions. The effects of new agreements should be distinguished from those agreed in the past but not yet implemented. Careful estimates are needed of the reductions already scheduled in order to create an accurate baseline for assessing future liberalization.

- Tariff reduction schedules of existing EPAs

International Trade Centre (ITC) has conducted a forward looking analysis of all the trade agreements "in force" between the 12 Trans-Pacific Partnership (TPP) countries. A related comprehensive database covering the period of 2011 to 2031 was created. ITC has also analyzed the TPP agreement and its tariff reduction schedule, which was concluded in October 2015, and incorporated it to the initial tariff database. Both datasets have been processed and aggregated in the Global Trade Analysis Project (GTAP) format for

economic simulation purposes. The data has been included in Market Access Map¹ and presented at the organized session of the 19th Annual Conference on Global Economic Analysis in Washington DC in June 2016. ITC has also completed this analytical work for the TPP members' agreements with the rest of the world.

Moreover, in 2017, ITC extended this analytical work to cover all the EPAs currently in force in the Asia-Pacific region (Regional Comprehensive Economic Partnership (RCEP) and APEC) and in the EU. It has also taken into account the reciprocal preference that tie the rest of the world to RCEP-APEC-EU economies. Furthermore, ITC has aimed to cover remaining active EPAs in the rest of the world. A global tariff dismantling database covering all EPAs in force before May 2019 was presented at the GTAP Advisory Board Meeting (virtual) in June 2020.

The current stage consists of a maintenance work to keep the database up to date with the latest information and added 12 EPAs by March 2021 and 28 EPAs by March 2022 including RCEP. Additionally, 21 EPAs entered into force by April 2022 have been added by March 2023.

- **Rules of origin in existing EPAs**

ITC has started collection of product-specific rules of origin found in texts and annexes of existing EPAs. The exercise covers extraction and conversion of diverse rules of origin into a standardized analytical format and mapping with the Market Access Map tariff databases at the national tariff line level. Additional information on regime-wide origin and certification provisions, such as cumulation and validity period of certificates of origin, is extracted and coded.

In the pilot phase, 70 EPAs and non-reciprocal preferential schemes have been analyzed and included in the database. The data has been disseminated in a searchable format through an online application launched at the end of June 2018.² The coverage has been extended to US EPAs in 2019, Japan EPAs in 2020, 20 EU EPAs in 2021, 10 Asia-Pacific EPAs in 2022 and additional 9 EU EPAs in 2023.

2. Estimating non-tariff measures. Liberalization of non-tariff measures (NTMs) and rules affecting services and investment will be important elements of future agreements. To estimate their effects, barriers with and without potential agreements need to be quantified. Better estimates of the trade costs of NTMs through ad-valorem equivalents (AVEs) are needed.

- **NTMs project for Asia-Pacific economies**

The largest initial project is the collection of “gold standard” NTMs data to support the analysis of TPP negotiations. The product-level NTMs data collection for TPP countries is being carried out by the World Bank (WB) and the United Nations Conference on Trade

¹ <https://www.macmap.org/>

² <https://findrulesoforigin.org/>

and Development (UNCTAD) as part of a broader joint (WB-UNCTAD) multi-year initiative. The broader WB-UNCTAD initiative is expected to result in policy data becoming available for the world's 25 largest trading economies, building on the template developed by UNCTAD to map legislative, regulatory, and customs information into comprehensive measures of trade barriers at the HS6 digit product-level.³

The Consortium has financially supported the project and elements of the TPP component of this data collection work. UNCTAD and its partners have completed NTMs data collection for all 12 TPP countries and ASEAN countries.

WB and UNCTAD have estimated the AVEs of NTMs for major trading economies. The preliminary outcomes for TPP countries were presented at the organized session of the 19th Annual Conference on Global Economic Analysis in Washington DC in June 2016. The preliminary draft report on NTMs data collections and the estimates of the AVEs of NTMs was launched on the occasion of the World Trade Organization (WTO) Eleventh Ministerial Conference (MC11) in Buenos Aires in December 2017, which was followed by the launch event for the NTMs database in June 2018. The calculated indicators of the disaggregated AVEs have been made publicly available at WB website. Meanwhile, UNCTAD has presented the estimated AVEs of NTMs at the GTAP Advisory Board Meeting (virtual) in June 2020.⁴ Moreover, AVEs of NTMs have been updated consistent with GTAP 11 Data Base and presented at the GTAP Advisory Board Meeting in Bordeaux in June 2023.

Meanwhile, UNCTAD has been collecting and updating NTMs data for most APEC economies partly supported by the Consortium through other Research Agreements. Higher-quality updated data for major trading economies such as China and India have been made available in 2018 and 2019. NTMs data for the EU and several Latin American countries such as Argentina and Brazil are updated regularly, and data collection for several Eastern Europe and Central Asian countries such as Armenia, Azerbaijan, Georgia and Kyrgyzstan has been concluded recently. NTMs data coverage for Africa is currently being widened significantly.

The Consortium has been continuing to support the transparency in NTMs data in APEC economies. UNCTAD has updated NTMs data for several APEC economies including Canada and the US. NTMs data for Australia, Russia and Viet Nam has been updated in 2021, for Canada, New Zealand and Thailand in 2022 and for Canada in 2023 in addition to Chile, Mexico and Peru in all three years. NTMs data for Japan has been being updated as well.

3. Improving computable general equilibrium (CGE) models. Models employed in trade policy simulations need to be further developed, for example by incorporating dynamic mechanisms to reflect trade and investment liberalization.

- **Developments of CGE models**

³ <https://trainsonline.unctad.org/home>

⁴ <https://unctad.org/topic/trade-analysis/data-statistics-and-trends>

Several research groups associated with the Consortium are working on the efforts of the developments of CGE models. The improvements being considered include incorporating dynamic mechanisms to reflect trade and investment liberalization, the refinement of firm heterogeneity analysis in CGE models, and refinements in the treatment of rules of origin and the utilization of preferences under trade agreements.

Organizational issues

1. The proposal first submitted to and adopted at Pacific Economic Cooperation Council (PECC) Standing Committee in June 2013 has been updated and revised based on comments from experts, and circulated in March 2014. It has been further updated and reported to PECC Standing Committee every year, and revised in October 2014, September 2015, September 2016, May 2017, May 2019 and July 2021 respectively. The extension was approved in September 2015, May 2017, May 2019 and July 2021.

2. A first organizational meeting for the Consortium was held in Washington DC in September 2013 with the generous sponsorship of the USITC. The minutes of this meeting were circulated by the USITC. The Consortium conference was held in January 2017 at GRIPS.

3. The Steering Group of the Consortium has been represented by those experts based in Australia, Canada, China, EU, France, Indonesia, Italy, Japan, Korea, Malaysia, New Zealand, Singapore, Sri Lanka, Switzerland, Chinese Taipei, US and Viet Nam as well as those at international organizations including Asian Development Bank (ADB), ADB Institute (ADBI), Economic Research Institute for ASEAN and East Asia (ERIA), GTAP, ITC, Organization for Economic Co-operation and Development (OECD), UNCTAD, WB, World Customs Organization (WCO) and WTO.

4. The Secretariat of the Consortium started operation at GRIPS in October 2013.

(Reference) Key events

2013

Jun	Initial proposal accepted (PECC, Vancouver)
Sep	Expert meeting on NTMs (USITC, Washington DC)
Oct	Secretariat started operation (GRIPS, Tokyo)

2014

Jun	Organized tariff data session at the GTAP annual conference (IFPRI, Dakar)
Dec	TPP tariffs analysis project launched (ITC, Geneva)

2015

Apr	Research Agreement to fund NTMs data collection (UNCTAD, Geneva)
May	Administrative Agreement to fund NTMs research (WB, Washington DC)

Jun Organized tariff data session at the GTAP annual conference (CoPS, Melbourne)

2016

Jun Organized TPP session at the GTAP annual conference (WB, Washington DC)

2017

Jan Consortium conference (GRIPS, Tokyo)

2020

Jun Trade protection data session at the GTAP advisory board meeting (virtual)