

Understanding the research tools for answering trade policy questions

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Points to be raised

- The first stage of EBPM is understanding the needs of policymakers in terms of what policy questions they face.
- The second stage is choosing the right tool(s) from the menu.
 - Often, there is more than one alternative.
 - The choice should be dictated by policy questions.
 - Questions requiring ex-ante and ex-post analyses require different tools.
- Problems would arise if researchers choose the tools that are not appropriate to answer your questions.
 - Policymakers and researchers need to understand the advantages and disadvantages (limitations) of each tool.



Ex-ante and ex-post policy questions

Examples from the impact assessment of FTAs



Policy questions at different stages of policymaking

- Before negotiation of an FTA: An analysis of potential costs and benefits (ex-ante)
 - What a country can supply to its FTA partners? What it can source from the partners?
 - What are expected impacts on production and employment level and composition, welfare, fiscal balance, etc.
 - What are the costs of necessary adjustment policies for the adversely affected sectors?
- After its implementation: An impact assessment (ex-post)
 - Whether the impacts are within the expected range?
 - Whether the expected benefits are fully materialized?
 - Whether further adjustment policies are necessary?



Context of the questions and availability of resources dictate the choice of methodology

- Whether the focus is the impacts at macroeconomic level or industry level ?
- Whether ex-post questions or ex-ante questions are being asked?
- Whether the required data are available?
- How much time and resources (technology, human capital, and money) are available?



Which tools are available?

Examples from the impact assessment of FTAs



Available methodologies

- Simple indicators (descriptive statistics)
- (Sophisticated) econometric models
- Simulation techniques
 - A partial equilibrium model: sectoral analysis
 - A general equilibrium model: economy-wide analysis
- They are complementary with different strength/weakness and different (explicit and/or implicit) assumptions



Before start of FTA negotiation:

What are the potential effects of joining an FTA?

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_6236

