ARTNeT/RIS Capacity Building Workshop on Use of Gravity Modeling

9-11 November 2011

Venue:
Research and Information System for Developing Countries (RIS)
India Habitat Centre
New Delhi, India

PROGRAMME

This workshop aims to provide participants with the following:

1. A solid understanding of the gravity model of bilateral trade, including its theoretical basis;
2. Practical skills in applying basic gravity econometrics using the ARTNeT online gravity interface, and Stata;
3. An appreciation of data and estimation issues involved in the use of gravity models in a range of applied trade policy topics.

In light of these objectives, the structure of the workshop will alternate between presentations by the trainer based on the existing literature, and “hands on” applications in which participants will be invited to explore concrete applications using real data. Empirical examples will focus on economies in the Asia-Pacific region, and on sectors of particular interest to them. In addition, participants will be required to work in groups to conduct an exercise tracing through all aspects of the gravity modeling process, from research design to presentation and interpretation of results.

9 November 2011: The “Traditional” Gravity Model

08:45-09:00: Registration

09:00-09:15: Opening Remarks

09:15-10:30: Session 1

• Introduction to the workshop and its objectives; overview of methods and approach.
• The stylized facts of gravity.

10:30-10:45: Break

Note: The Asia-Pacific Research and Training Network on Trade (ARTNeT), an initiative of United Nations ESCAP and the International Development Research Centre (IDRC), Canada is an open regional network of research and academic institutions specializing in international trade policy and facilitation issues. Network members currently include 27 leading national trade research and academic institutions from as many developing countries from East, South and South-East Asia and the Pacific. The Trade and Investment Division of United Nations ESCAP is the Secretariat of ARTNeT, and operates through a grant from IDRC. WTO, as a core network partner, provides substantive and financial support to the network. Visit www.artnetontrade.org for details.
10:45 – 12:00: Session 2
- The traditional gravity model: form, estimation, and interpretation of results.
- Identifying above- and below- average trade relationships (“trade potentials”).

12:00 – 13:30: Lunch Break

13:30-14:45: Session 3
- Estimating the traditional gravity model using the ARTNeT online interface.
- Using the ARTNeT online gravity interface to assemble datasets for additional modeling.

14:45-15:00: Break

15:00-16:30: Session 4
- Empirical exercise 1—Using the ARTNeT online gravity interface.
- Above- and below- average trade performance.

10 November 2011: The “New” Gravity Model

09:00-10:30: Session 1
- Overview of new, theory-based gravity models.

10:30-10:45: Break

10:45-12:00: Session 2 (10:45 – 12:00)
- Estimating new gravity models using fixed and/or random effects, and interpreting results.

12:00-13:30: Lunch Break

13:30-14:30: Session 3
- Implementation of new gravity models in the ARTNeT online gravity interface and Stata.

14:30-14:45: Break

14:45-16:00: Session 4
- Empirical exercise 2—Using Stata.

16:00-16:30: Session 5
- ARTNeT research using the tools
11 November 2011: Complements to the Gravity Model

09:00-10:30: Session 1

- Performing counterfactual simulations with the gravity model.
- Empirical exercise 3—Counterfactuals.

10:45-12:00: Session 2

- Creating gravity model indicators: aggregation of data using principal components analysis.

12:00-13:30: Lunch Break

13:30-14:45: Session 3

- Empirical exercise 7—Consolidation.
  - Trade facilitation and logistics.
  - Trade in services.
  - South-South trade.
  - Regional trade agreements.

14:45-15:00: Break

15:00-16:15: Session 4

- Empirical exercise 7 (continued).

16:15 – 16:30: Closing

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