Foreword

ARTNeT's Gravity Modeling Initiative was started at the end of 2008 to enable integration of the research capacity-building and its research programme implementation. The initiative has been implemented by the ESCAP secretariat in collaboration with the Research and Information System for Developing Countries (RIS), New Delhi (which hosted two workshops) and the World Trade Organization secretariat (which provided resource persons for training and technical assistance). Financial support for ARTNeT as a whole has been provided by the International Development Research Centre, Canada.

The initiative includes the following components: (a) a series of training and research workshops; (b) post-workshop grants for research studies that apply the techniques learnt; (c) an online gravity modeling tool with several datasets; and (d) dissemination of policy-relevant results as inputs into evidence-based policymaking.

This Guide has been developed in response to requests from the participants who attended the workshops, institutional members of ARTNeT and other users of the ARTNeT online gravity tool for simple yet thorough reference material to complement the initiative. This Guide was prepared by Ben Shepherd who has been associated with the initiative from the beginning as an advisor to the ARTNeT secretariat and as a resource person working with ARTNeT researchers.

The purpose of the Guide is to provide a "hands-on" introduction to gravity modeling for applied policy researchers. It is designed to be used in conjunction with a dataset of bilateral trade in services available for free download, and readers are encouraged to replicate the results presented here, using the Stata code provided in the text. Although some basic knowledge of Stata is required, more advanced commands and techniques are introduced in the text as necessary. Once the basic techniques have been mastered, readers are encouraged to extend the results presented here by using alternative specifications and methodologies.

The publication of this book also marks half a century since the gravity model was first introduced to empirical trade research by Tinbergen in 1962. Despite initial scepticism and a slow uptake of this research method, today it is one of the most preferred models among applied trade researchers. It is the ARTNeT secretariat's hope that this Guide will provide useful assistance to the users of gravity modeling and contribute towards improving the quality of

research based on use of the model. Enhanced provision of a high-quality and locally produced applied research for policymaking in all trade related areas, including trade facilitation, investment and regional integration, remains one of the most important pillars of ARTNeT's operation.

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