

## SA – TERM model of the University of Pretoria

- Prof Jan van Heerden

## TERM

- “TERM” is an acronym for “The enormous regional model” of the Australian economy which treats each region as a separate economy.
- A South African version of TERM has been built recently, modelling all 9 provinces and their interactions.
- It is not enormous, but it is possible to split provinces into regions and regions into districts. There is no limit to the number of economic units and their interactions to be modelled

## TERM

- The potentially high degree of regional detail makes TERM a useful tool for examining the regional impacts of shocks (especially supply side shocks) that may be region-specific.
- Most regional CGE models are “top-down” and could only simulate the effects of national policy on the regions, but not how regions affect each other.
- TERM is a “bottom-up” model, which means that the model could calculate the impact on the Free State of an economic shock in Limpopo, or even the impacts on the Food industry in the Western Cape of a strike in the Eastern Cape motor industry.

## TERM

- Peterson, Dwyer, Appels & Fry(2005), *Water Trade in the Southern Murray-Darling Basin*, *The Economic Record* 81
- Horridge, J.M., Madden, J.R. and G. Wittwer (2005), "The impact of the 2002-03 drought on Australia", *Journal of Policy Modeling*.
- Horridge, J.M. and G. Wittwer (2008), "The economic impacts of a construction project, using SinoTERM, a multi-regional CGE model of China", *China Economic Review*.
- Horridge, J.M. and G. Wittwer (2009), "A multi-regional representation of China's agricultural sectors", *China Agricultural Economic Review*.
- Horridge, J.M. and G. Wittwer (2010), "Bringing regional detail to a CGE model using census data", *Spatial Economic Analysis*.

## Training Course

- Prof Mark Horridge from Australia will present a course on TERM in Stellenbosch from 24-28 January 2011. An introductory course in CGE modelling is a prerequisite.
- Speak to me if you are interested.