

# **Priority among EPAs - Impacts of Trade Liberalization -**

**Kenichi Kawasaki**

**RIETI, Japan**

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# Overview

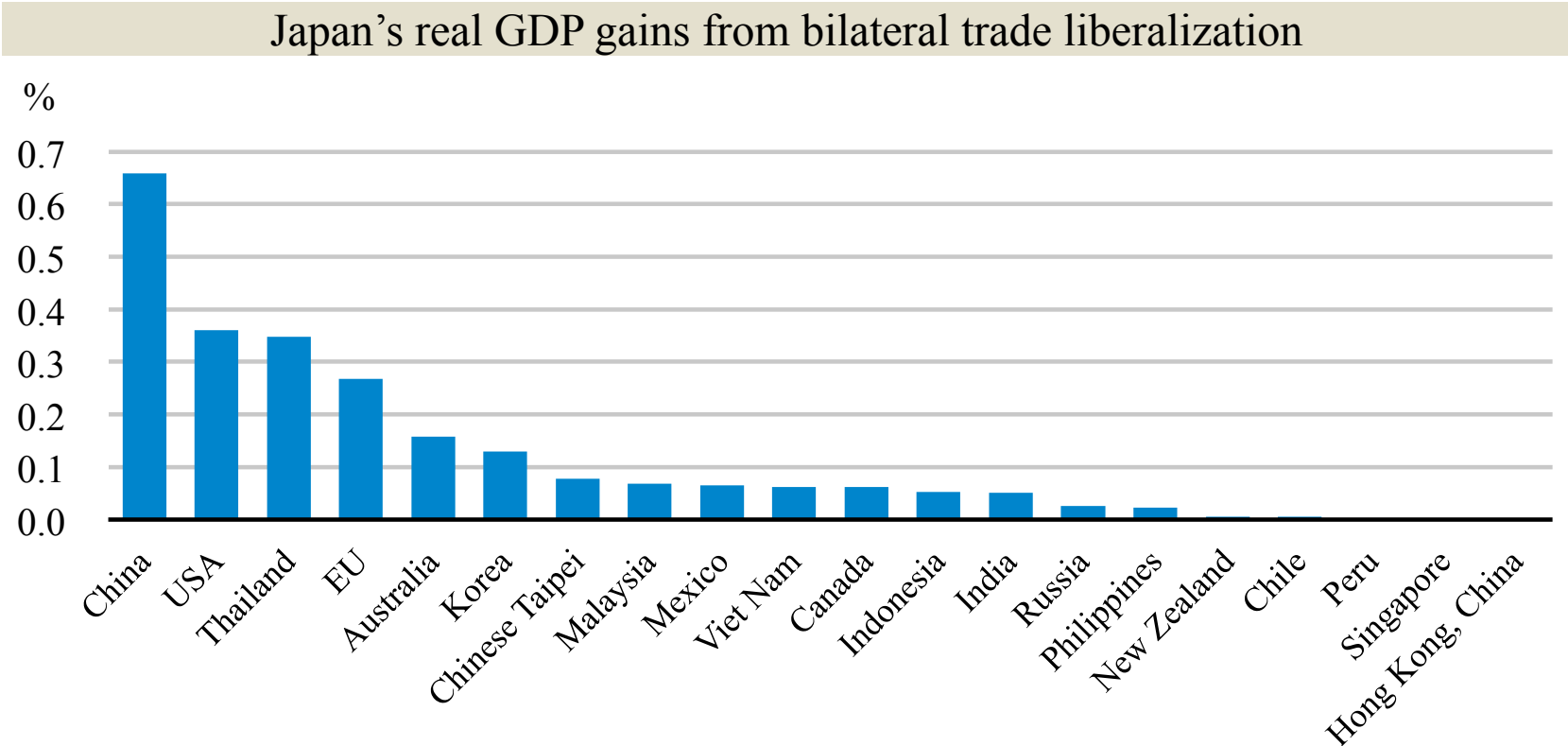
## Priority among EPAs

- Macroeconomic benefits of bilateral trade liberalization will be the largest with China, followed by EU, Japan and USA
- Relative significance of trade creation and trade diversion effects of regional trade liberalization will vary among the economies
- The wider the participants of regional trade agreements and the higher their levels of achievements, the larger their economic benefits

# I. Impacts of Bilateral Trade Liberalization

# Impacts of EPAs: Japan

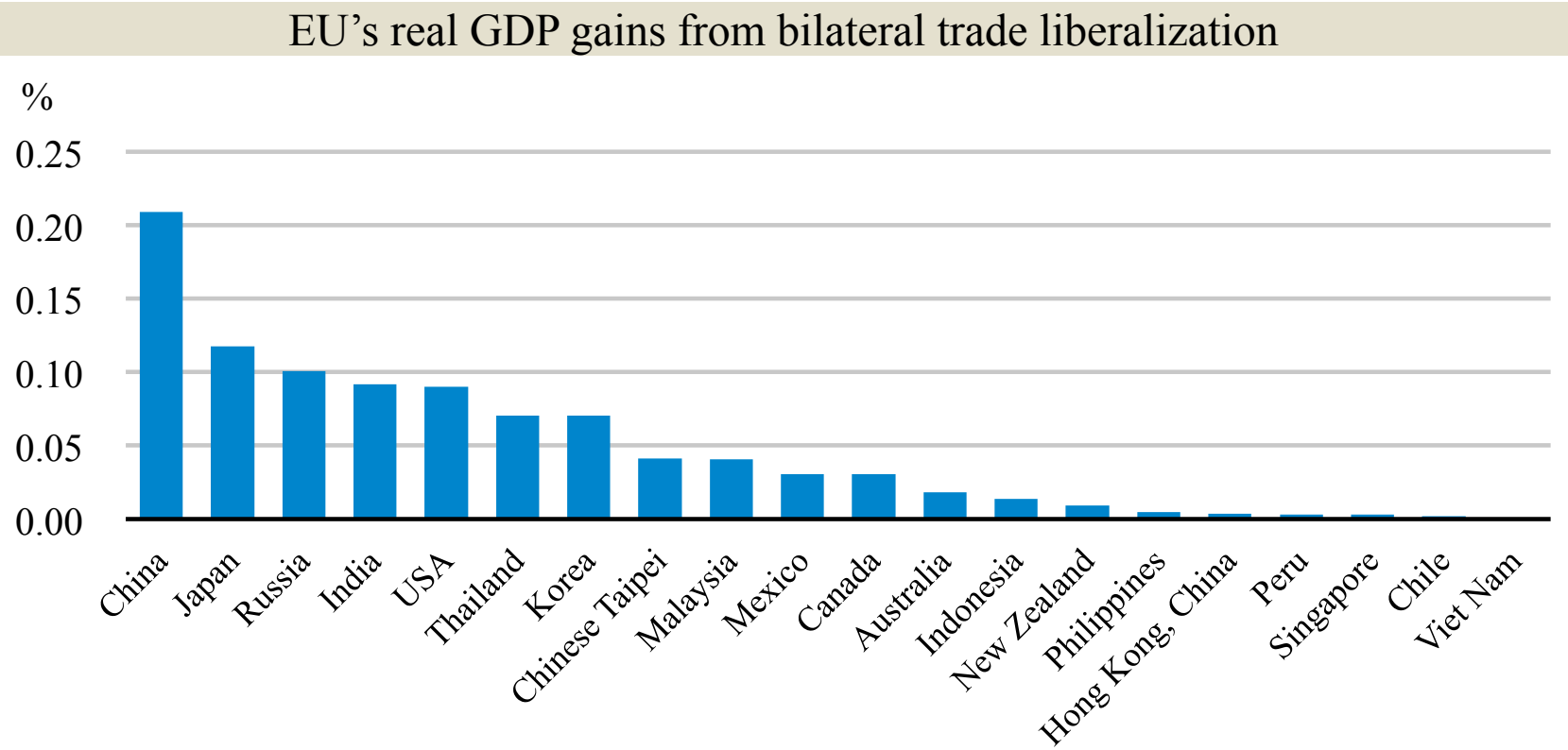
Japan's real GDP gains from bilateral trade liberalization will be the largest with China followed by USA, Thailand and EU.



Source: Kawasaki (2011), "Determining Priority among EPAs", Research Institute of Economy, Trade and Industry (RIETI), IAA

# Impacts of EPAs: EU

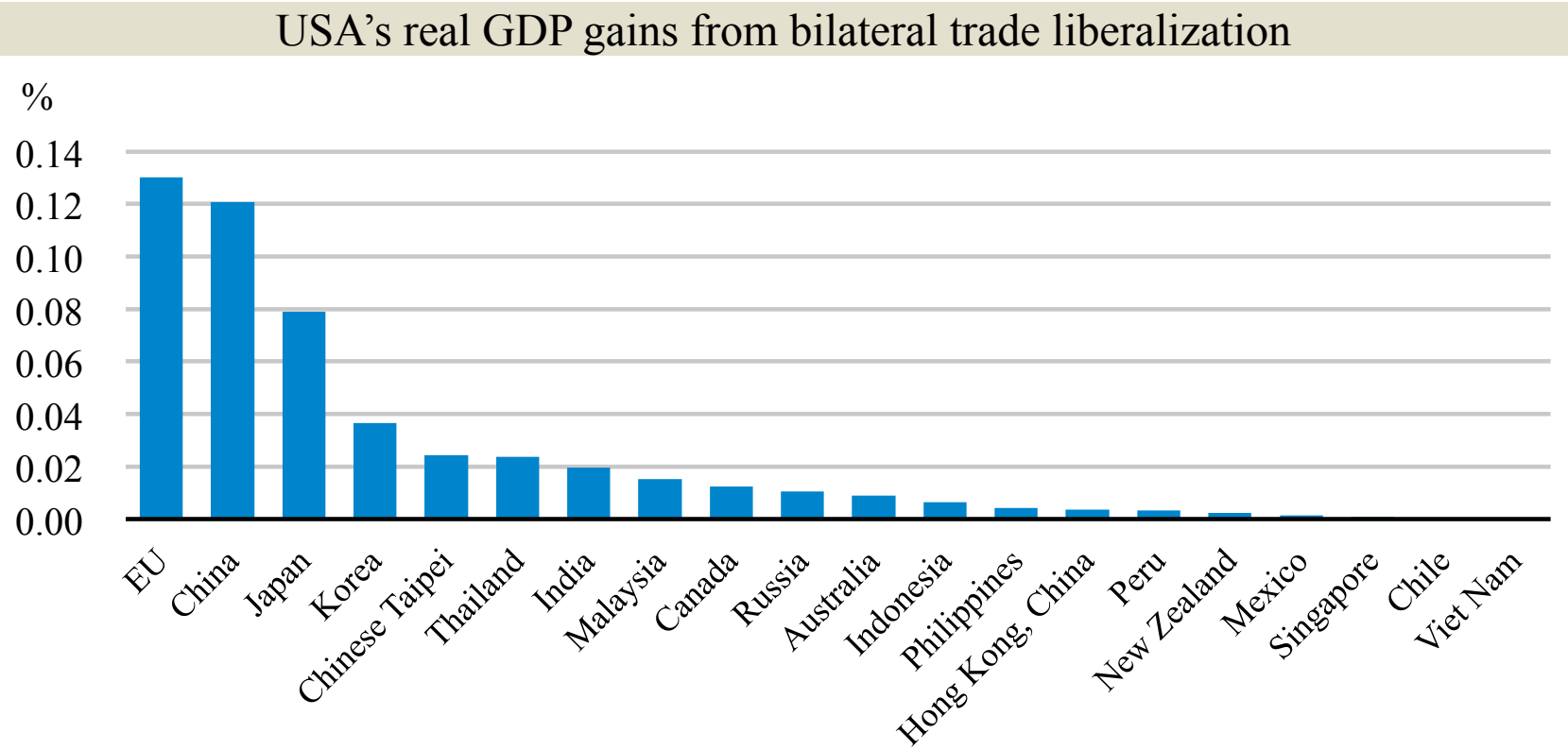
**EU' real GDP gains from bilateral trade liberalization will be the largest with China followed by Japan, Russia, India and USA.**



Source: Kawasaki (2011), "Determining Priority among EPAs", Research Institute of Economy, Trade and Industry (RIETI), IAA

# Impacts of EPAs: USA

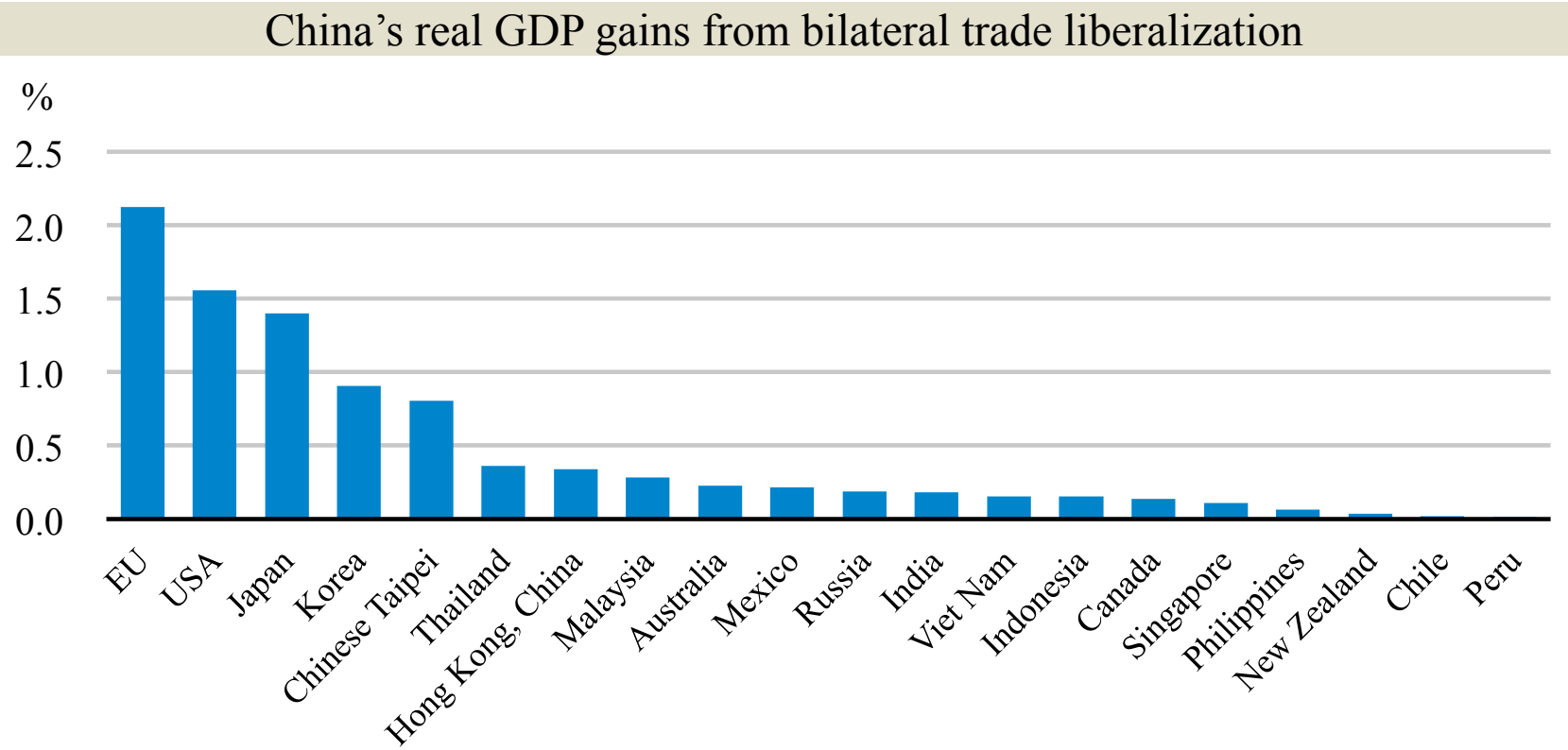
**USA's real GDP gains from bilateral trade liberalization will be the largest with EU followed by China and Japan.**



Source: Kawasaki (2011), "Determining Priority among EPAs", Research Institute of Economy, Trade and Industry (RIETI), IAA

# Impacts of EPAs: China

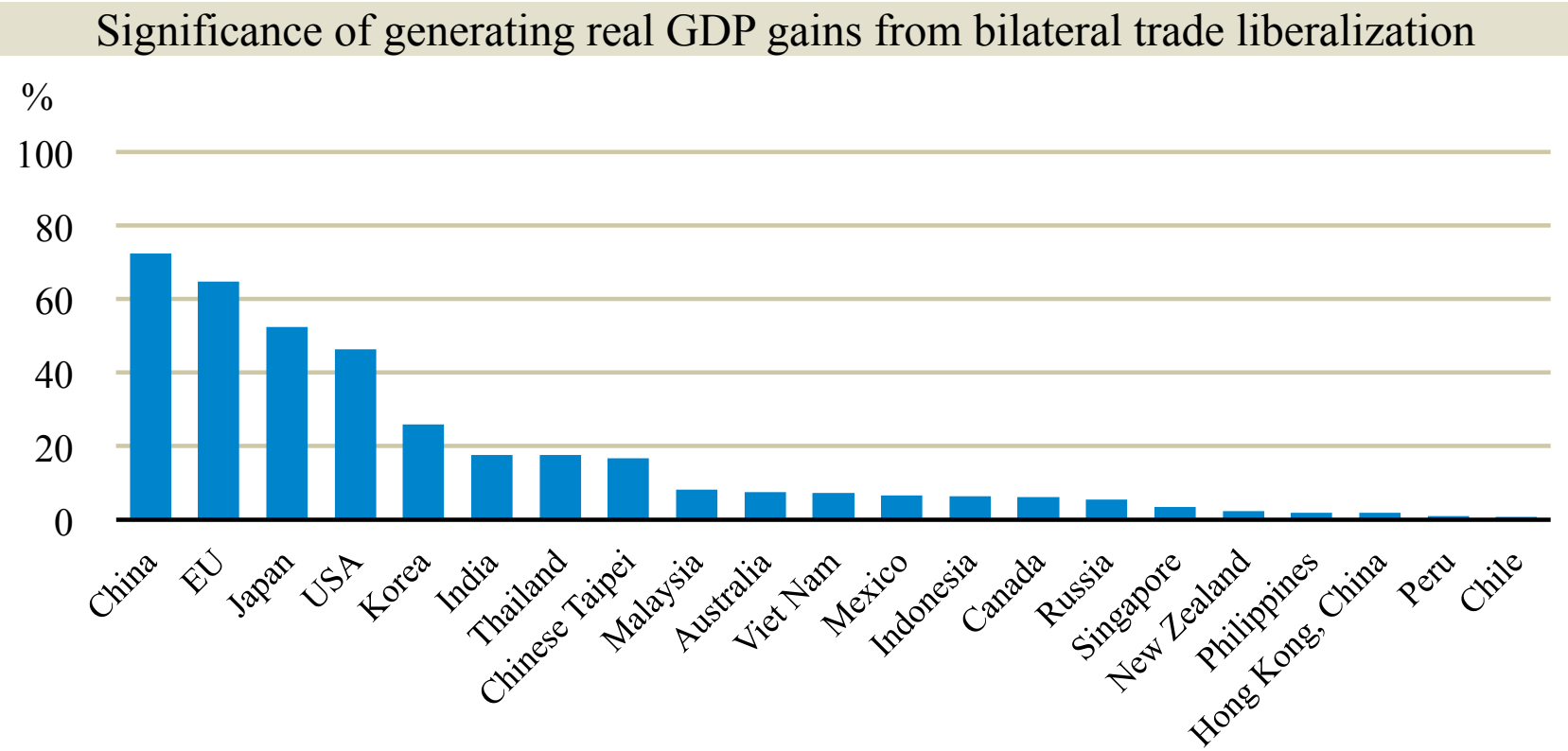
China's real GDP gains from bilateral trade liberalization will be the largest with EU followed by USA and Japan.



Source: Kawasaki (2011), "Determining Priority among EPAs", Research Institute of Economy, Trade and Industry (RIETI), IAA

# EPA Partners' Ranking

**China will generate the largest real GDP gains from bilateral trade liberalization. This position will be followed by EU, Japan and USA.**



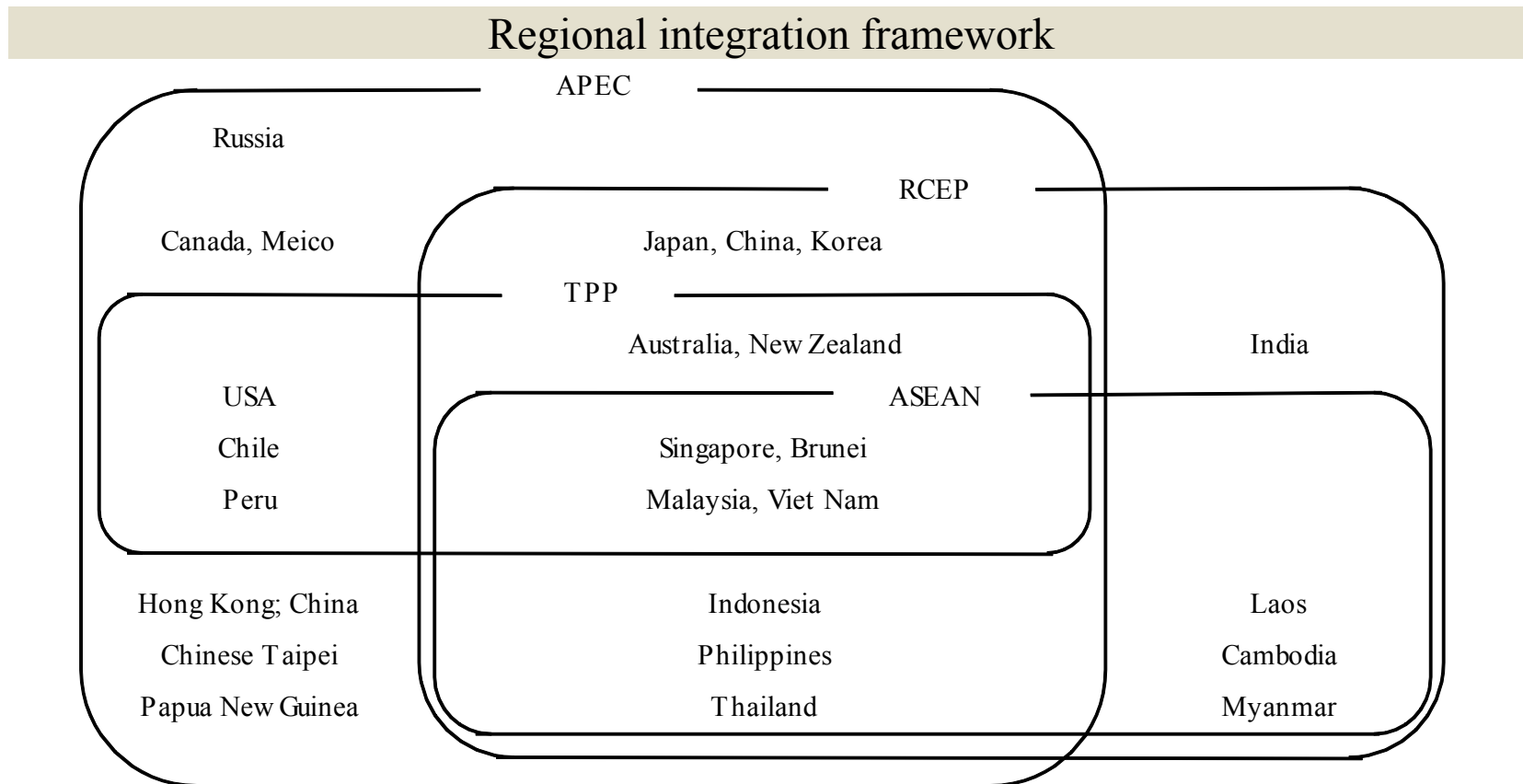
Source: Kawasaki (2011), "Determining Priority among EPAs", Research Institute of Economy, Trade and Industry (RIETI), IAA



## II. Impacts of Regional Trade Liberalization

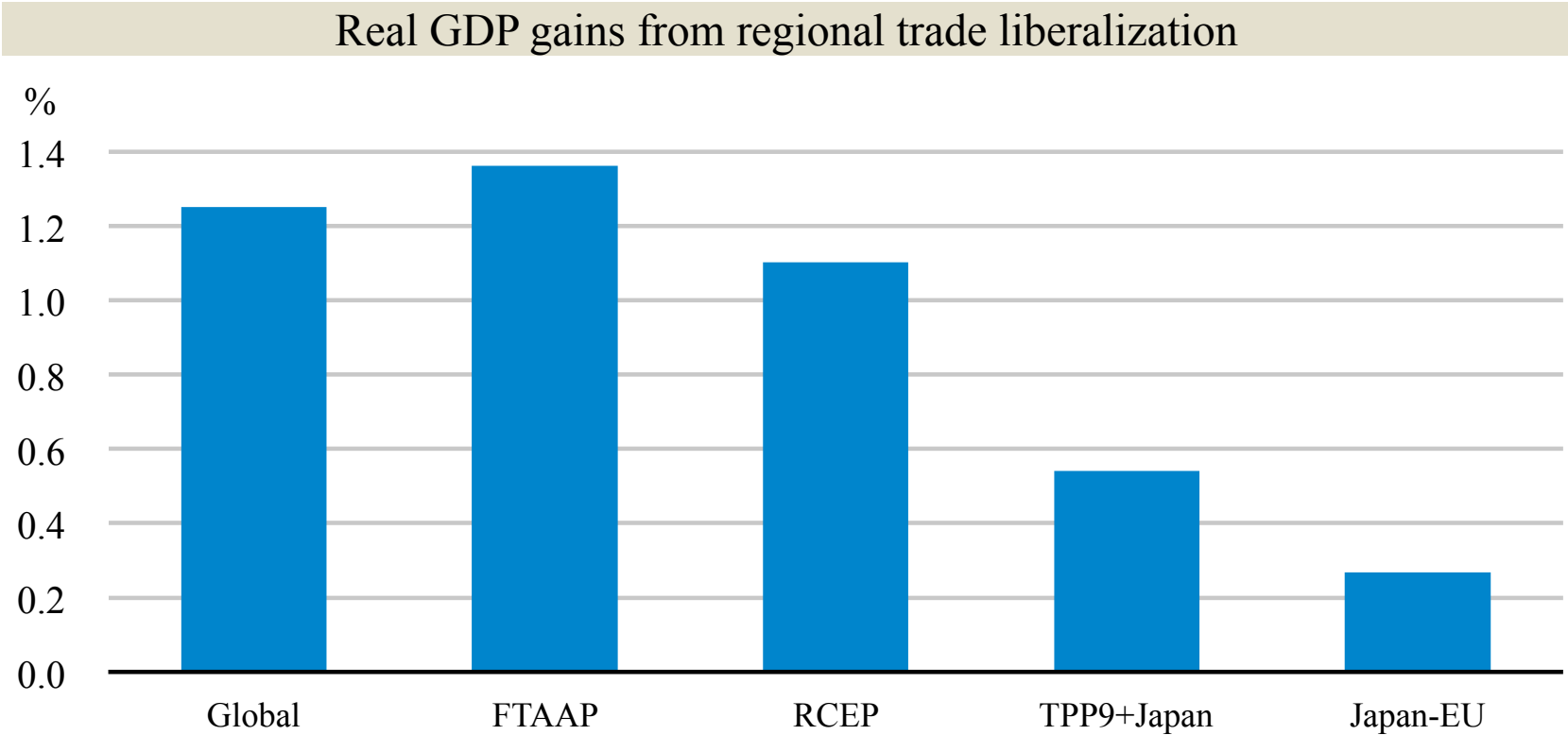
# Development of Regional Integration

Trans-Pacific Partnership (TPP) has emerged in the Asia-Pacific (APEC) region. Other agreements include Regional Comprehensive Economic Partnership (RCEP) in East Asia.



# Impacts of RTAs: Japan

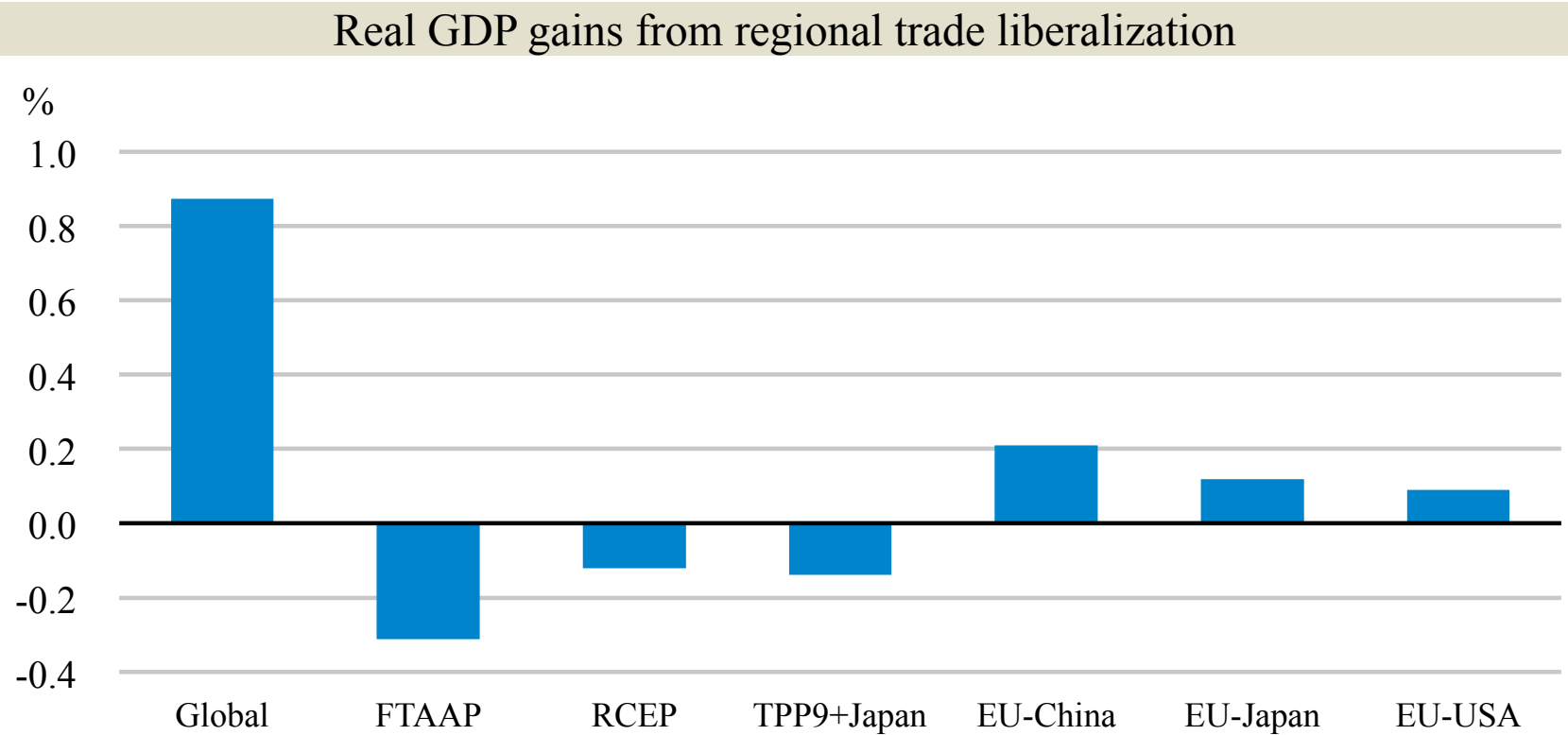
Japan's real GDP gains from East Asia trade liberalization is estimated to be larger than TPP and a Japan-EU EIA. But...



Source: Kawasaki (2011), "Determining Priority among EPAs", Research Institute of Economy, Trade and Industry (RIETI), IAA

# Impacts of RTAs: EU

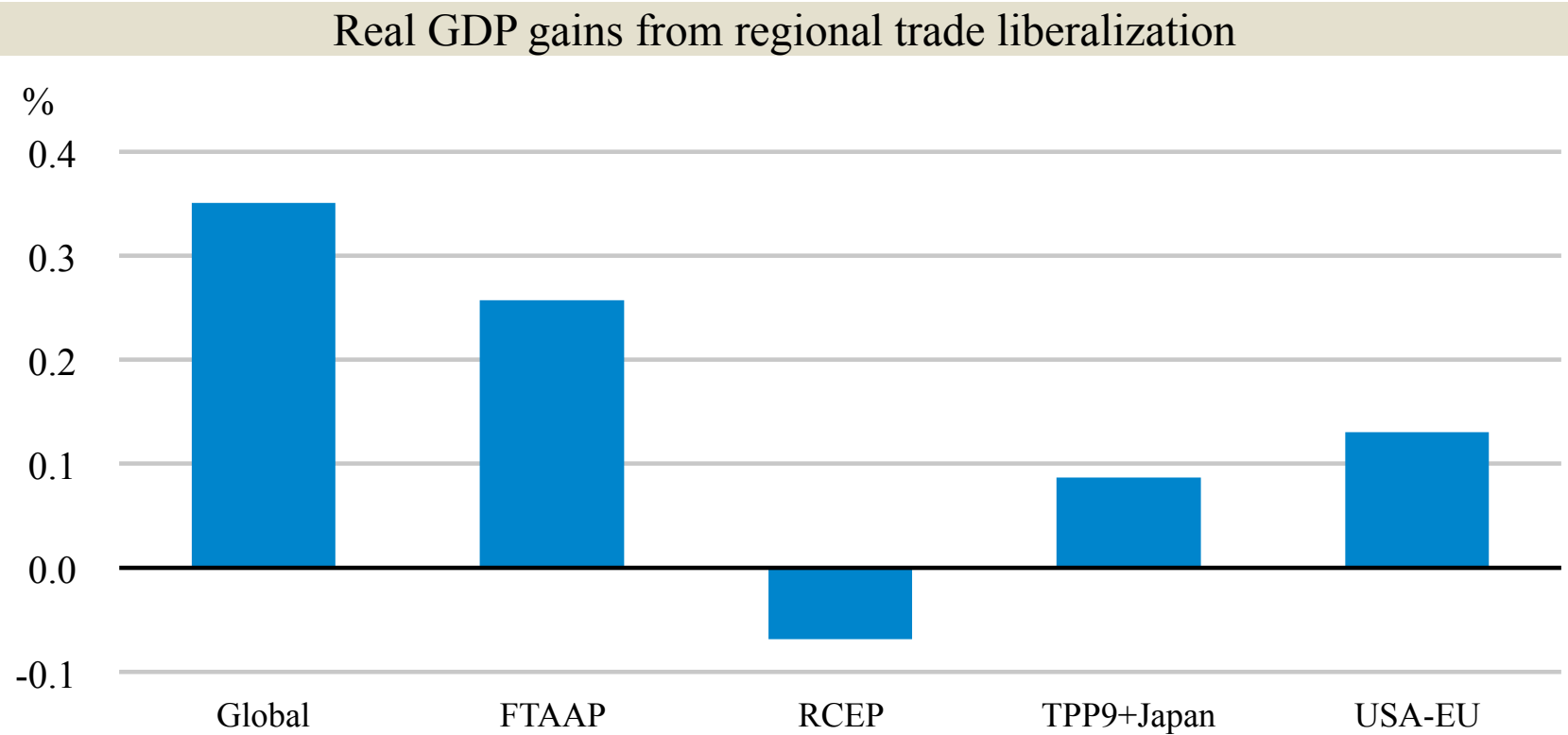
**EU's trade diversion effects of Asia-Pacific trade liberalization will be sizable in comparison with the benefits of bilateral trade liberalization with China, Japan and USA**



Source: Kawasaki (2011), "Determining Priority among EPAs", Research Institute of Economy, Trade and Industry (RIETI), IAA

# Impacts of RTAs: USA

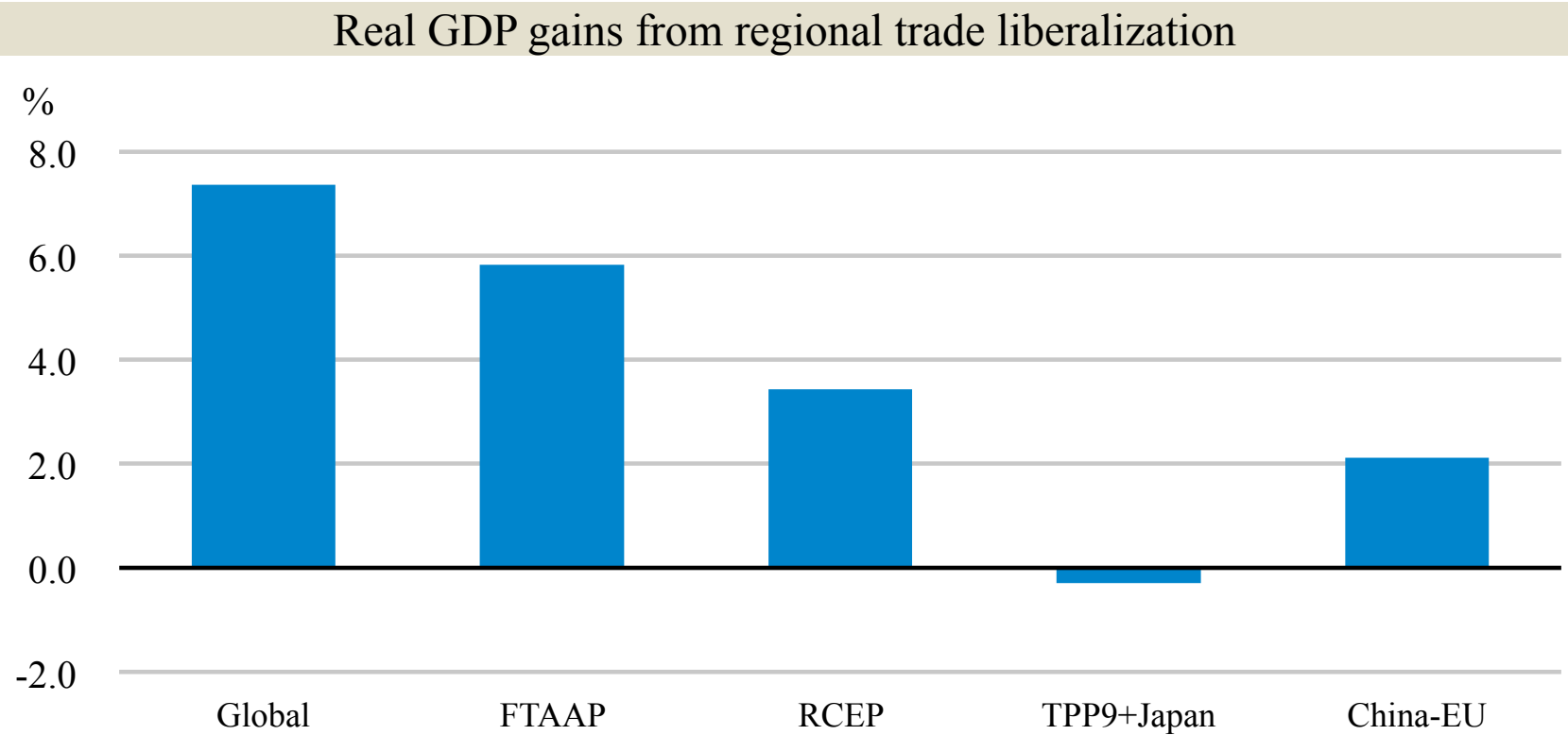
**USA's real GDP gains from global trade liberalization will be larger than Trans-Pacific and Trans-Atlantic Partnerships.**



Source: Kawasaki (2011), "Determining Priority among EPAs", Research Institute of Economy, Trade and Industry (RIETI), IAA

# Impacts of RTAs: China

China's real GDP gains from Asia-Pacific wide, and moreover, global trade liberalization will be far larger than East Asia trade liberalization.



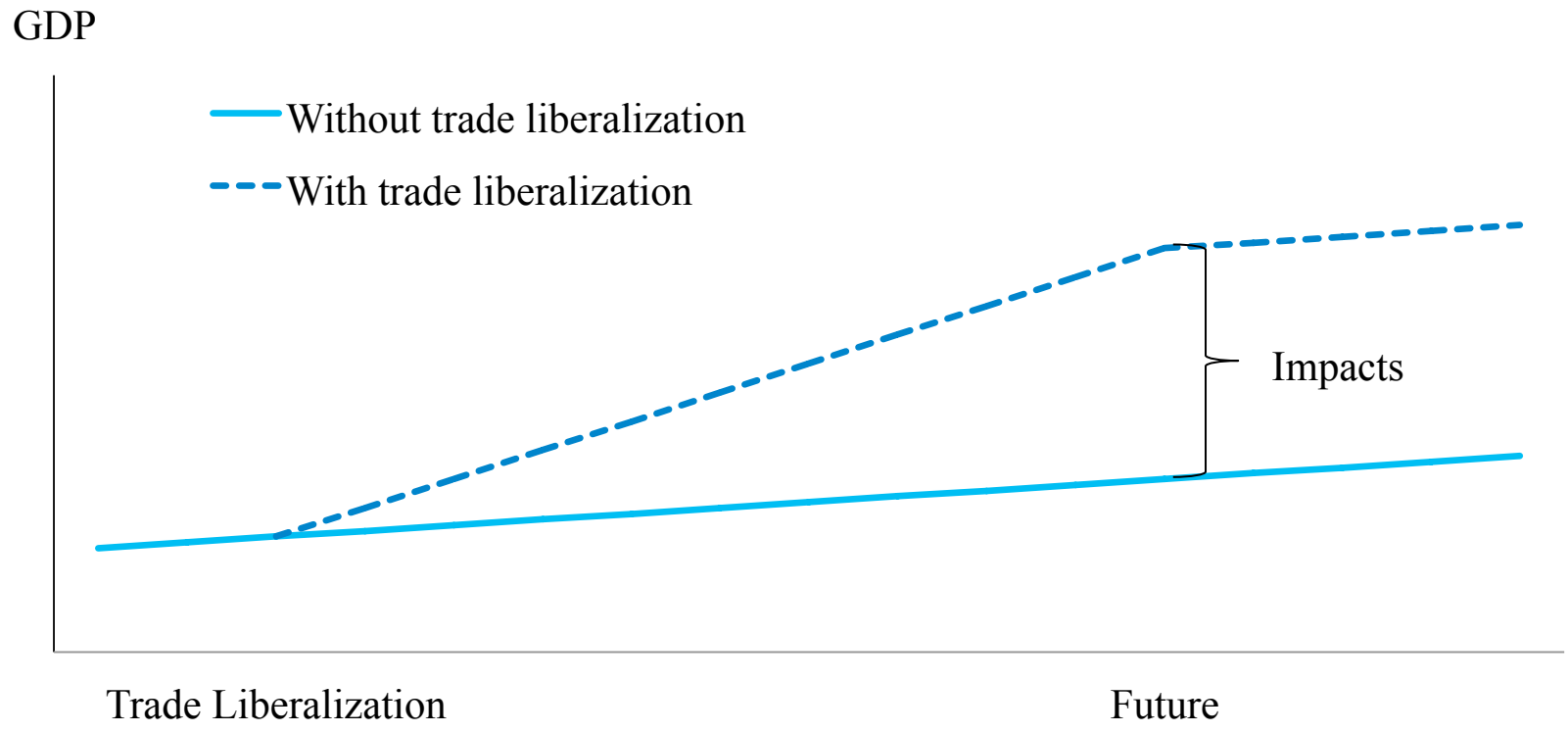
Source: Kawasaki (2011), "Determining Priority among EPAs", Research Institute of Economy, Trade and Industry (RIETI), IAA

(Reference)

# CGE Model Estimates

CGE model estimates compare two equilibrium states, one without trade liberalization and two with trade liberalization, at some time in the future.

Estimated economic impacts of trade liberalization



Source: Author