



**Asia-Pacific  
Economic Cooperation**

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## **Economic Impacts of Regional Trade Agreements and Free Trade Agreements**

Submitted by: National Graduate Institute for Policy Studies



**Dialogue on Regional Trade Agreements and Free  
Trade Agreements  
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# **Economic Impacts of RTAs/FTAs**

**27 August 2017**

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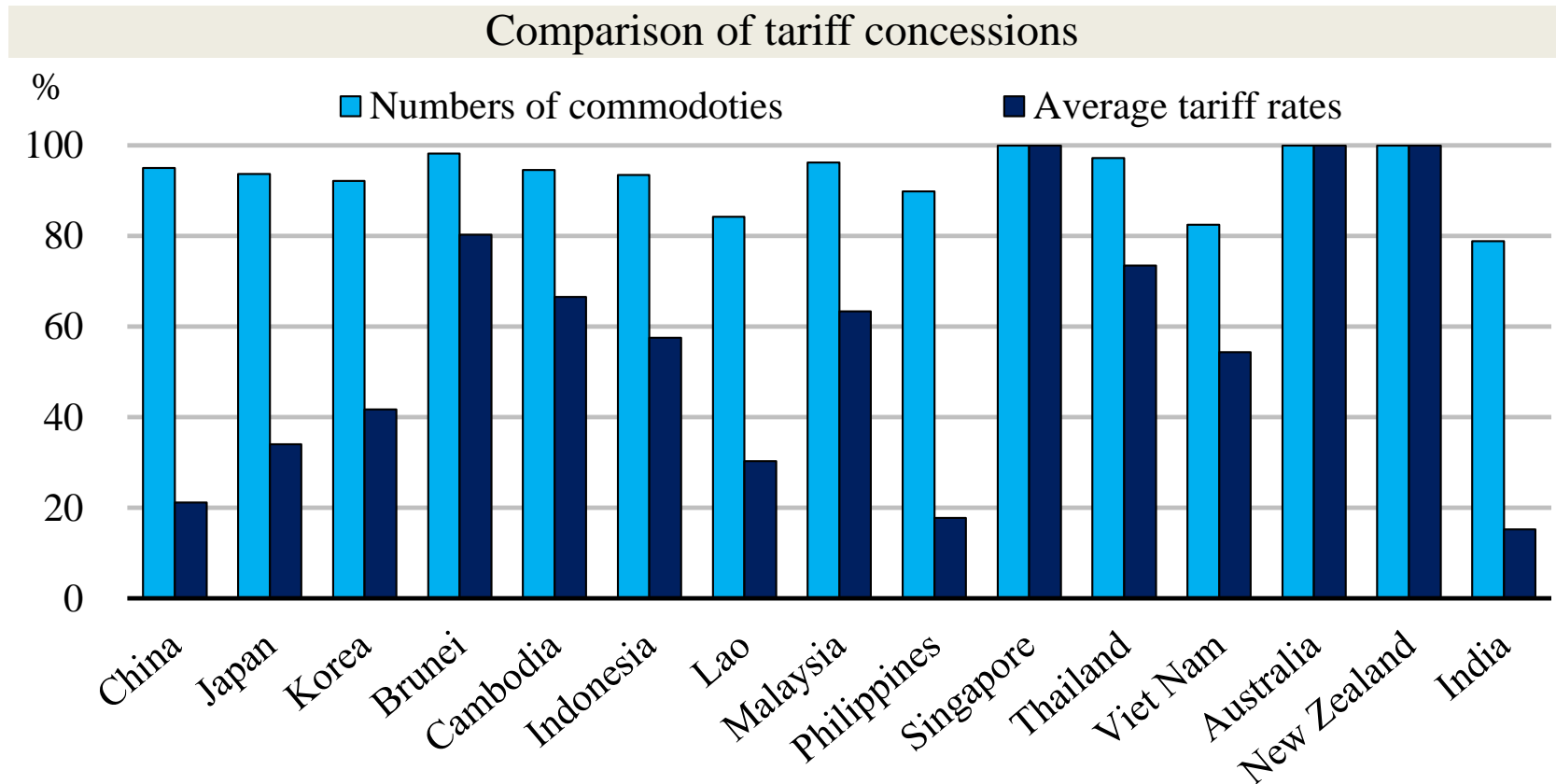
**National Graduate Institute for Policy Studies (GRIPS)**

# Overview

- Tariff concessions in East Asian RTAs/FTAs have not substantially been high enough in effect.
- The benefits of TPP could still be large even the US withdraws from TPP.
- TPP and RCEP are shown to complement each other rather than be competitors toward the establishment of FTAAP.
- Larger economic benefits are expected from NTM reductions in addition to tariff removals.
- ASEAN economies and others will primarily benefit from their own RTAs/FTAs policy measures.

# Tariff concessions in East Asia

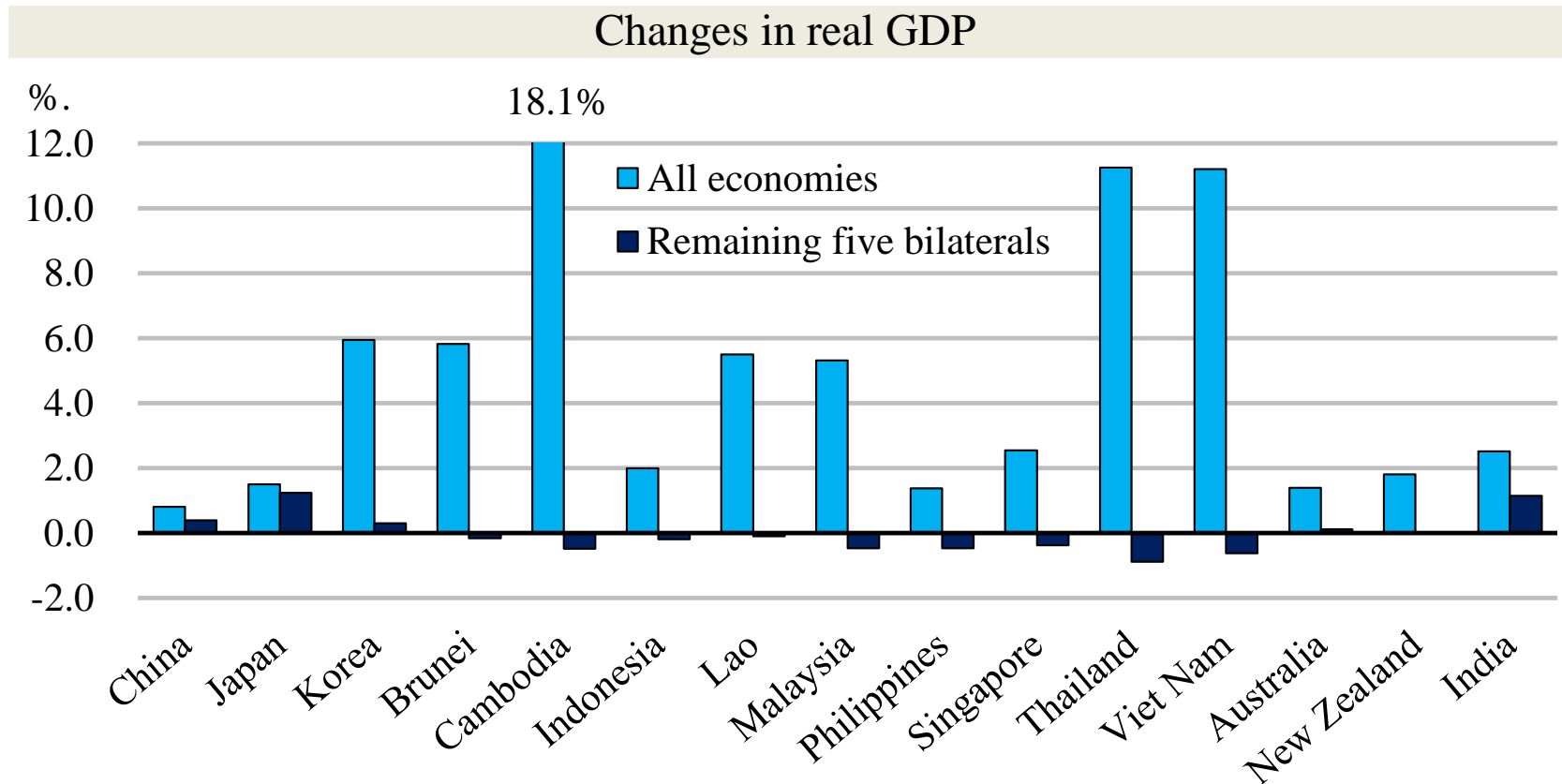
Tariff concessions in East Asian RTAs/FTAs have not substantially been high enough in effect.



Source: Kawasaki et al. (2016), "Analysis of the Role of Tariff Concessions in East Asia", GRIPS Discussion Paper 16-21

# Impacts of RCEP: Tariff reductions

Benefits of RCEP tariff reductions would be dependent on further agreements beyond existing RTAs/FTAs in East Asia.



Source: Kawasaki (2017), "Emergent Uncertainty in Regional Integration", GRIPS Discussion Paper 16-28

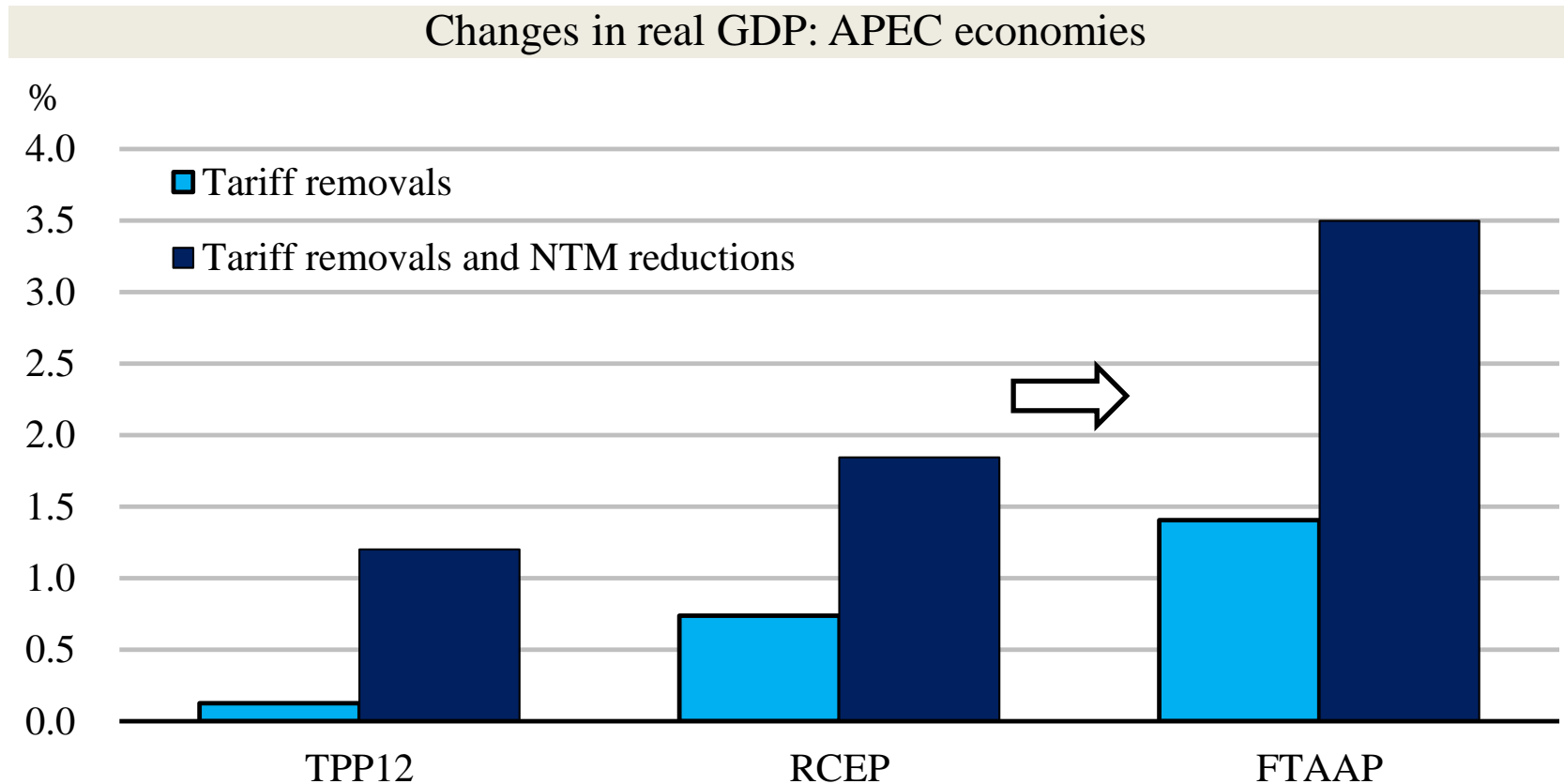
# Real GDP gains by alternative TPP (%)

	Tariff reductions		NTM reductions		Total	
	TPP	TPP11	TPP	TPP11	TPP	TPP11
Japan	0.24	0.07	1.13	1.04	1.37	1.11
Brunei	-0.23	0.06	7.97	7.97	7.74	8.03
Malaysia	0.91	0.24	22.57	20.41	23.47	20.65
Singapore	0.04	0.13	15.93	14.58	15.96	14.72
Viet Nam	6.79	1.10	10.90	9.29	17.70	10.39
Australia	-0.03	0.07	1.11	1.11	1.08	1.18
New Zealand	0.71	0.89	3.56	3.41	4.27	4.29
US	0.05	-0.01	0.03	0.72	0.77	0.14
Canada	0.50	0.25	1.48	0.80	1.97	1.06
Mexico	-0.19	0.16	9.19	5.47	9.00	5.63
Chile	-0.12	0.06	0.89	0.86	0.77	0.92
Peru	-0.05	0.01	0.85	0.72	0.80	0.73

Source: Kawasaki (2017), "Emergent Uncertainty in Regional Integration", GRIPS Discussion Paper 16-28

# Impacts of Asia-Pacific RTAs

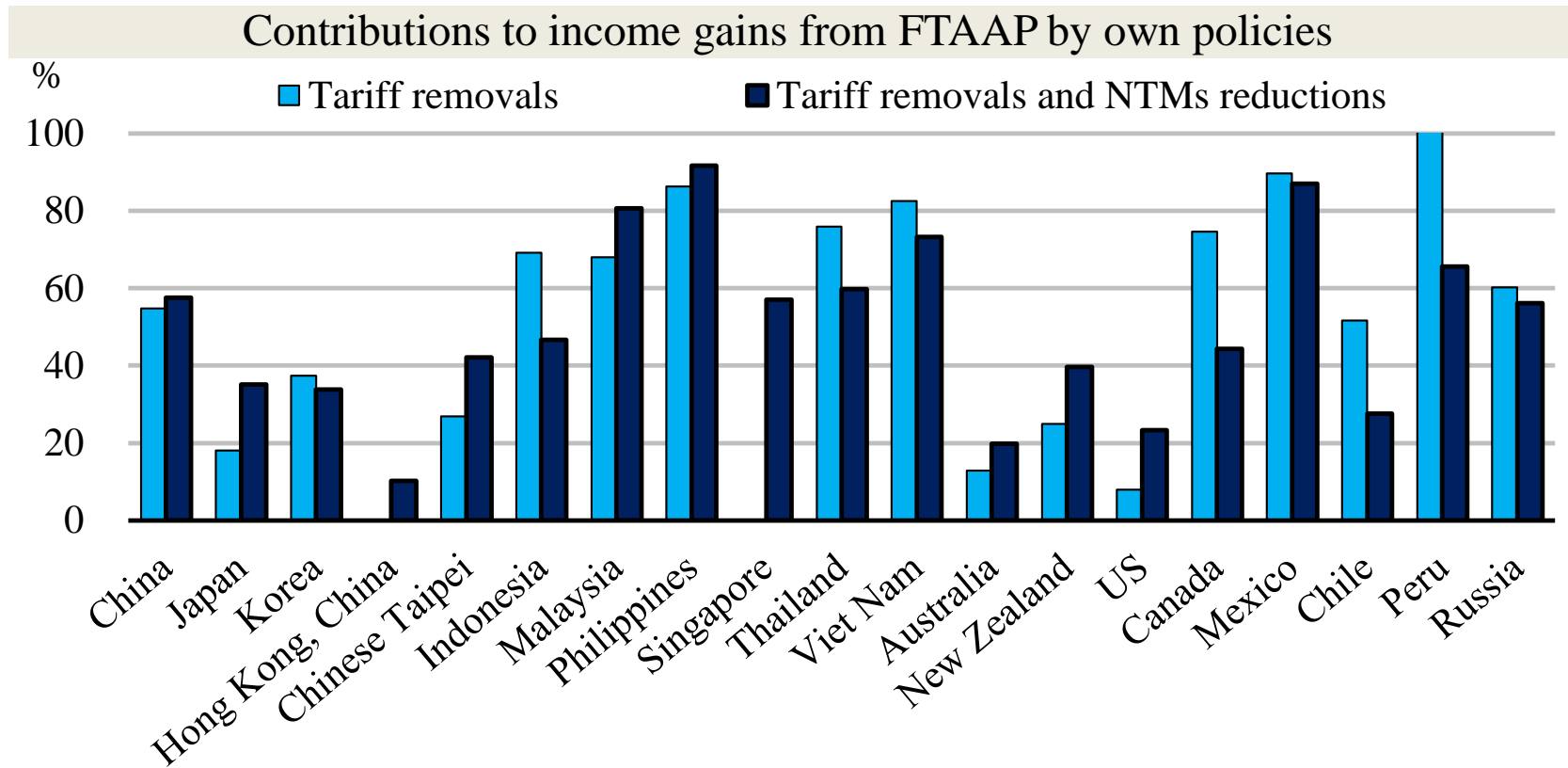
TPP and RCEP are shown to complement each other rather than be competitors towards the establishment of FTAAP.



Source: Kawasaki (2017), "Emergent Uncertainty in Regional Integration", GRIPS Discussion Paper 16-28

# Significance of domestic reforms in FTAAP

In ASEAN economies and others, contributions from their own initiatives will be much larger than those by partners in FTAAP.



Sources: Kawasaki (2015), "The Relative Significance of EPAs in Asia-Pacific", *Journal of Asian Economics* 39



# Impacts of RTAs/FTAs

The impacts of structural reforms measures including RTAs/FTAs will be achieved over medium-term and contributing to sustainable growth.

## Economic impacts of RTAs/FTAs

GDP

