

GTAP-related Activities 2011-2012

June 2012

Research Institute of Economy, Trade and Industry (RIETI)

The Research Institute of Economy, Trade and Industry (RIETI) is a policy think tank established in 2001. Its mission is to conduct theoretical and empirical research, maximize synergies with those engaged in policymaking, and to make policy proposals based on evidence derived from such research activities. The institute is highly regarded both in Japan and abroad for its activity over the past ten years.

The GTAP model simulation studies have been utilized to analyze the impacts of several structural policy measures like trade and investment liberalization, climate change and economic development. In particular, it has occasionally contributed to the studies analyzing the impacts of the Japan's bilateral FTAs and RTAs in policy arena.

1. RTAs in APEC

The Japanese government has defined two key policy tasks as participation in the Trans-Pacific Partnership (TPP) and consumption tax hikes in addition to quake recovery. Kawasaki (2011)* compared the macroeconomic impacts of several RTAs in Asia-Pacific such as a Japan-China-Korea (JCK) EPA, an East Asia FTA (EAFTA), a Comprehensive Economic Partnership in East Asia (CEPEA), the TPP, and a Free Trade Area of the Asia-Pacific (FTAAP). The estimated real GDP gain from Japan's TPP participation has widely been reported by media and frequently been cited in political debates including those at the Diet as the GTAP analysis.

* Kawasaki, Kenichi (2011), "Determining Priority among EPAs: Which trading partner has the greatest economic impact?" RIETI Column 218, 31 May 2011
http://www.rieti.go.jp/en/columns/a01_0318.html

It has also been presented at the following international conferences/seminars and discussed at one-on-one meetings with senior government officials of Japan, ASEAN and other countries.

- "Determining Priority among EPAs", Lunch Seminar, Economic Research Institute for ASEAN and East Asia (ERIA), 25 June 2011, Jakarta Indonesia
- "Impacts of Trade Liberalization: Economic Model Simulations", International Workshop, "The Future of the EU-Japan 'Free Trade Area', EU Studies Institute (EUSI) and Keio University, 29 October 2011, Tokyo, Japan
- "Impacts of Trade Liberalization: Economic Model Simulations", Global Forum on

Industrial and Economic Policy, the Future of the Global Economy and Northeast Asian Industrial Cooperation, Korean Ministry of Strategy and Finance, and Korea Development Institute (KDI), 1-2 December 2011, Jeju, Korea

- “Impacts of Trade Liberalization: Economic Model Simulations”, Economic Development Policies Seminar, Japan International Cooperation Agency (JICA), 12 June 2012, Tokyo, Japan

2. A Canada-Japan EPA

A quantitative analysis of the economic effect of a Canada-Japan EPA was conducted in the Joint Study on the Possibility of a Canada-Japan Economic Partnership Agreement. Japanese and Canadian modeling experts* carried out a joint modeling exercise. The GTAP Database Version 7 was used for this purpose. The first attempt in the Japanese government studies was made to estimate the impacts of a reduction of non-tariff barriers, including barriers to trade in services, in addition to a removal of tariffs and export subsidies. The study was concluded in March 2012 and the negotiation on a Canada-Japan EPA was launched.

* The Japanese expert is Kenichi Kawasaki, Consulting Fellow, RIETI.

The Canadian expert is Shenjie Chen, Head of the Research Projects Unit, Office of the Chief Economist, Department of Foreign Affairs and International Trade (DFAIT) Canada.

3. NTMs reduction

Trade Policy Bureau, Ministry of Economy, Trade and Industry, has expanded the scope of studies on the impacts of EPAs. The tariff equivalent rates of non-tariff measures (NTMs) have been estimated using a gravity model in comparison with earlier studies such as the Trade Restrictiveness Index (TRI) by the World Bank. The GTAP model has been employed to estimate the impacts of a reduction of those NTMs as well as a removal of tariffs.

Publication

Kawasaki, Kenichi (2011), “The economic impacts of TPP: Simulation analysis”, The KEIZAI SEMINAR No. 660, June/July 2011, pp. 31-35, NIHON HYORONSYA (in Japanese)