

## **GTAP-related Activities 2014-2015**

**June 2015**

### **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.

Under the third medium-term plan (fiscal 2011 to fiscal 2015), RIETI makes it its mission to undertake theoretical and empirical research to create a grand design for putting the Japanese economy on a growth path and solidifying sustainable growth in the future. To this end, nine Research Programs have been established.

The growth of Japan's economy is inseparable from changes in the global economy. "International Trade and Investment" program among above nine programs, focusing on the relationship between the globalization of firms (i.e., exports and overseas production) and growth of the Japanese economy, will study R&D and innovation of globalizing firms, international technology transfer, employment, and industrial clusters from theoretical and empirical perspectives, together with studying international trade and investment rules (i.e., the WTO and regional trade agreements) empirically and from both legal and institutional perspectives. Furthermore, it also will study the impacts on firms and industries of the external shock of the Great East Japan Earthquake, changes in production networks and the structure of trade following recovery, and the effects of restrictive energy and material supply on structural changes in the Japanese economy.

The objective of the research on "Economic Impacts of Free Trade Agreements (FTAs): The case of Japan," which is one active project of "International Trade and Investment" program, is to investigate the impacts of Japan's FTAs on the Japanese economy, in order to provide the Japanese government with useful information in formulating trade policy. The analyses will take the form of ex-ante and ex-post. The ex-ante analysis is to examine the possible impacts of FTAs, which are still in negotiation or under study, by conducting simulation analyses using the computable general equilibrium models. Specifically, we intend to analyze the impacts of various FTAs including the Trans-Pacific Economic Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP).

The ex-post analysis is conducted by using the observed data after the FTAs are enacted. This analysis is implemented in two steps. First, we investigate the impacts of

FTAs on the level of liberalization in goods and service trade. Second, we examine the impacts of the change in the level of trade liberalization—the result of the first stage—on trade flows in goods and services.

The GTAP database and models simulations have been employed for the ex-ante studies to estimate the economic impacts of FTAs, in particular, in Asia-Pacific, and presented and discussed in the various occasions; those include following publications and conferences.

#### Publications

- Kawasaki, Kenichi (2014), “TPP vs RCEP: Trade creations and diversions”, Conference Paper, The 29th Pacific Economic Community Seminar, “Improving Supply Chain Connectivity towards a Seamless Regional Community”, Taiwan Institute of Economic Research (TIER), October 7 and 8, 2014, Taipei
- Kawasaki, Kenichi (2015), “The Relative Significance of EPAs in Asia-Pacific”, Journal of Asian Economics, Volume 39, Elsevier, August 2015

#### Conferences

- Asia-Pacific Economic Cooperation (APEC) Dialogue on Information Sharing on RTAs/FTAs in the Asia-Pacific Region, APEC, Qingdao, May 8, 2014
- EU-Japan Policy Seminar, “Mega-FTAs, globalization and technological change: An assessment of the EU and Japan’s role in setting the Trade rules for the 21st Century”, EU-Japan Centre for Industrial Cooperation and Delegation of the European Union to Japan, June 3, 2014, Tokyo
- The Seventeenth Annual Conference on Global Economic Analysis, Center for Global Trade Analysis, Purdue University, Dakar, June 18-20, 2014
- International Symposium, “Economic Integration in East Asia and the roles of Japan and Taiwan”, The Asia Affairs Research Council, Tokyo, July 10, 2014
- TPP/EPAs Seminar, Qingdao University, Qingdao, July 28, 2014
- The third EU-Asia Roundtable, EU Centre for Global Affairs, The University of Adelaide, Adelaide, August 22, 2014
- High Level Roundtable Discussion, “Free Trade in the Asia-Pacific”, Pacific Economic Cooperation Council (PECC), Beijing, September 8, 2014
- The 29th Pacific Economic Community Seminar, “Improving Supply Chain Connectivity towards a Seamless Regional Community”, TIER, Taipei, October 7, 2014
- The 4th Asia Research Forum, “TPP and RCEP: Competing or Complementary”, Institute of World Economics and Politics (IWEP), Chinese Academy of Social Science (CASS), Beijing, November 10, 2014
- 2014 Seoul Conference on Trade & Industry, “Korea - At the next frontier of FTAs and beyond”, Korea Ministry of Trade, Industry & Energy (MOTIE), Seoul, December 8, 2014

- FY2014 China-Japan International Symposium, “Economic Integration, Economic Cooperation between China and Japan, and Formation of Free Trade Area”, Center for Japanese Economic Studies, Shanghai Institute of Foreign Trade, Shanghai, December 21, 2014
- Lunch Seminar, Australian National University (ANU) , Canberra, February 10, 2015
- Japan International Cooperation Agency (JICA) Seminar, Thailand National Economic and Social Development Board (NESDB), Bangkok, March 25, 2015
- Workshop, “TPP and ‘One Belt And One Road (OBAOR)’”, Qingdao University, Qingdao, April 6, 2015
- Asia-Pacific EPAs Seminar, Canada Department of Foreign Affairs, Trade and Development (DFATD), Ottawa, May 1, 2015