

## **GTAP-related Activities 2013-2014**

**June 2014**

### **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), “The Relative Significance of EPAs in Asia-Pacific”, RIETI Discussion Papers 14-E-009, RIETI, Tokyo, January 2014
- Kawasaki, Kenichi (2014), “The Relative Significance of EPAs in Asia-Pacific”, PECC Discussion Forum, Pacific Economic Cooperation Council (PECC), Singapore, 20 February 2014
- Kawasaki, Kenichi (2014), “Rise of the Mega EPAs: A comparison of economic effects”, RIETI Column: 284, RIETI, Tokyo, 4 March 2014

#### Conferences

- Seminar “Connectivity and Inclusive Growth in the Asia-Pacific”, PECC, Bali, 3 October 2013
- 2013 International Conference on Asia-Pacific Studies: Leadership Transition in Asia: New Order or New Problems?, College of Social Sciences, National Chengchi University, Taipei, 26 October 2014
- 28th Pacific Economic Community Seminar, “TPP and RCEP: Emerging Dual-Track Pathways toward FTAAP”, Taiwan Institute of Economic Research (TIER), Taipei, 13 November 2013
- Seminar, Asia Development Bank Institute (ADBI), Tokyo, 20 December 2013
- East Asia-EU Roundtable 2014, “New Developments and Challenges of Regional Trade Agreements”, Chinese Academy of Social Sciences, China; Korea Institute for International Economic Policy (KIEP), Korea; RIETI, Japan; European Centre for International Political Economy (ECIPE), Belgium; The European University Institute (Global Governance Programme), Germany; The University of Adelaide, Australia, Beijing, 9 January 2014
- Seminar, National Economist Club (NEC) and Japanese Embassy in the US, Washington DC, 30 January 2014
- Technical Workshop, “Impacts of Trilateral Conflicts between the PRC, Japan and the Republic of Korea”, ADBI, Tokyo, 25 February 2014
- ADBI-OECD Roundtable on Capital Market Reform in Asia, ADBI and Organization for Economic Co-operation and Development (OECD), Tokyo, 13 March 2014