

# FTA between EastAsia and China

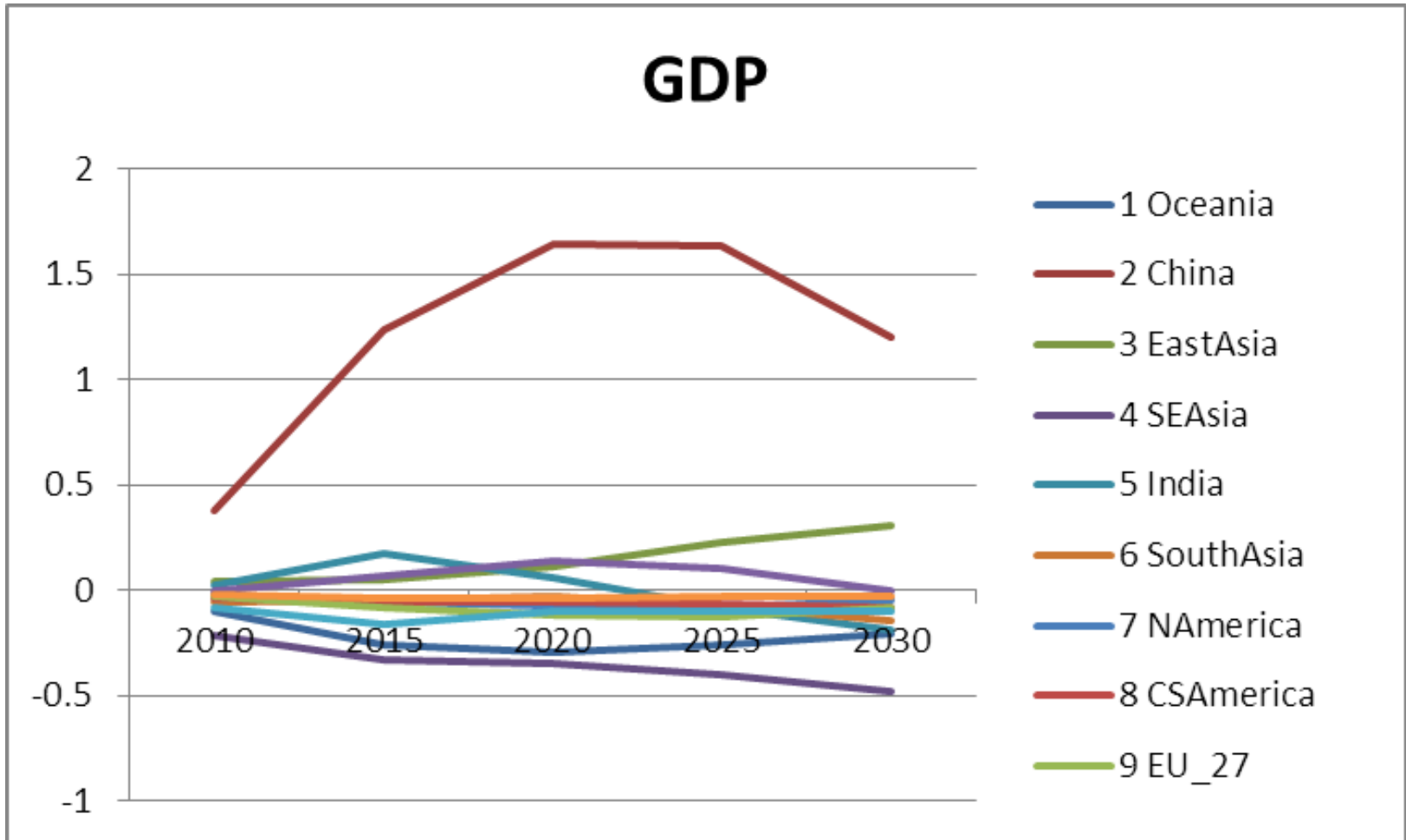
Yoji Kunimitsu(NIRE, Japan)

Yiseok Hong (Korea)

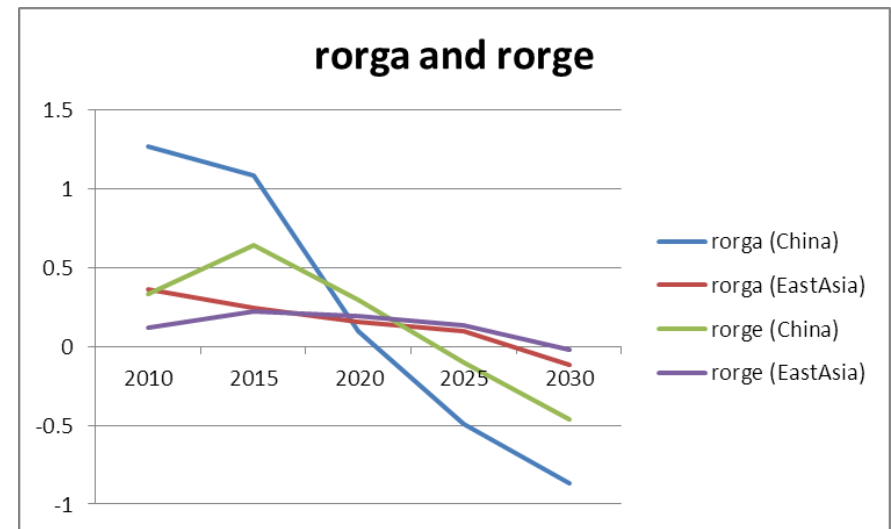
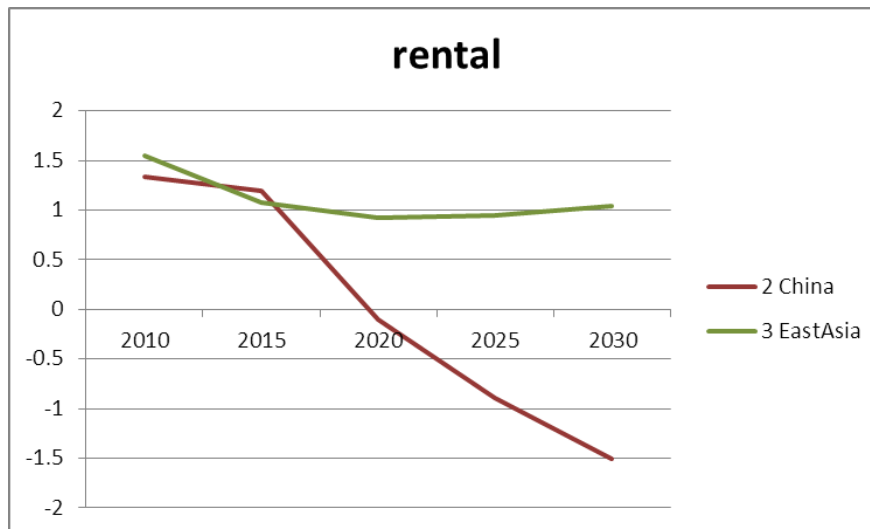
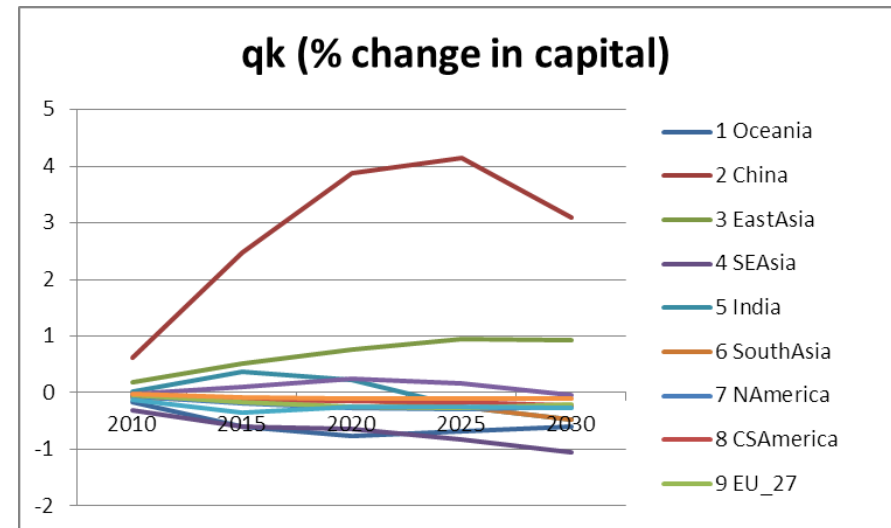
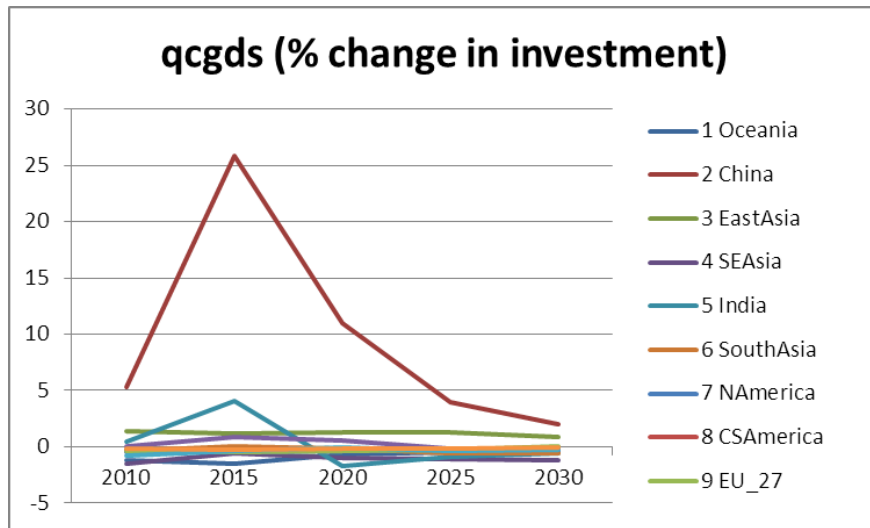
# Policy Simulation

- Policy simulation
  - Mutual tariff reduction in EastAsia and China
  - Shock
    - 2006-2010
      - **tshock** *tms*(TRAD\_COMM, "*China*", "*EastAsia*") = **select from file** taxshks.har **header** "RTMS";
      - **tshock** *tms*(TRAD\_COMM, "*EastAsia*", "*China*") = **select from file** taxshks.har **header** "RTMS";

# GDP results

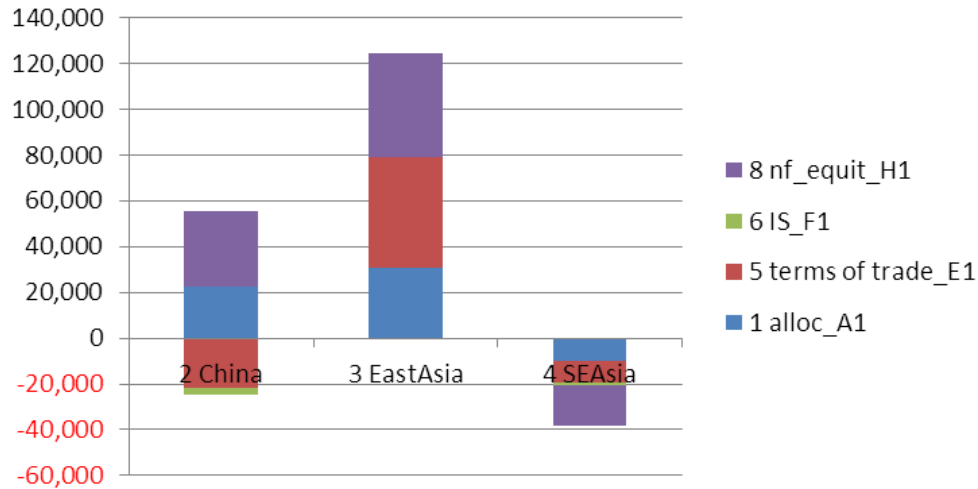


# Capital accumulation effects

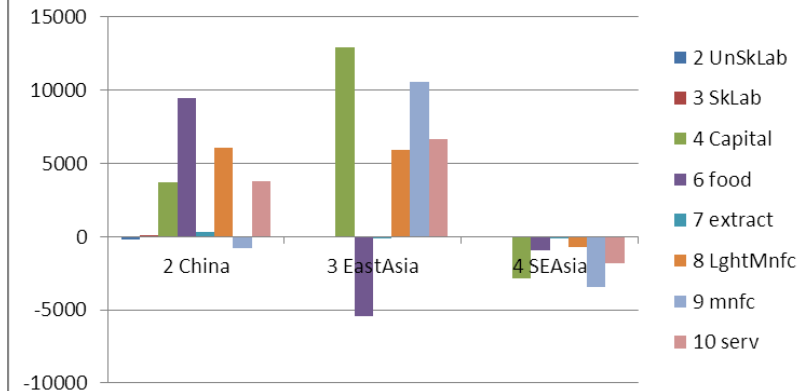


# EV decomposition

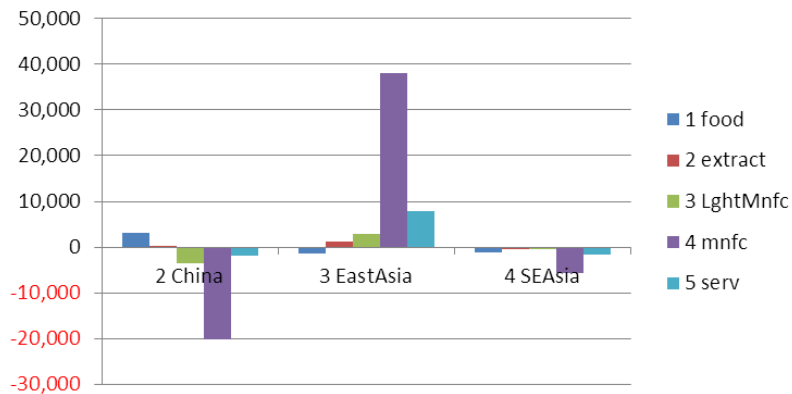
## EV by components



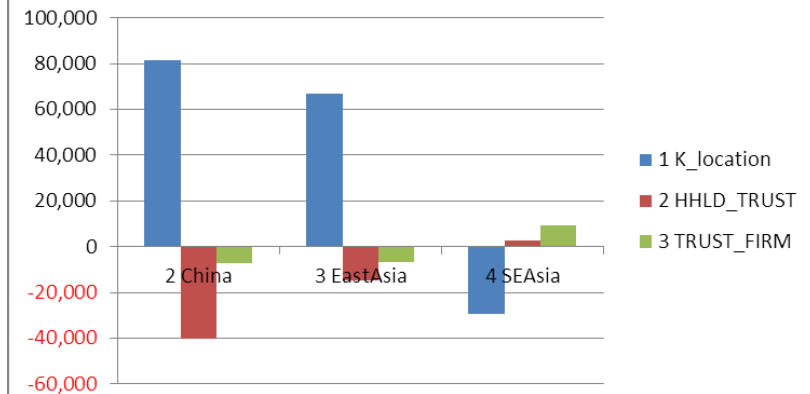
## Allocation effect of EV



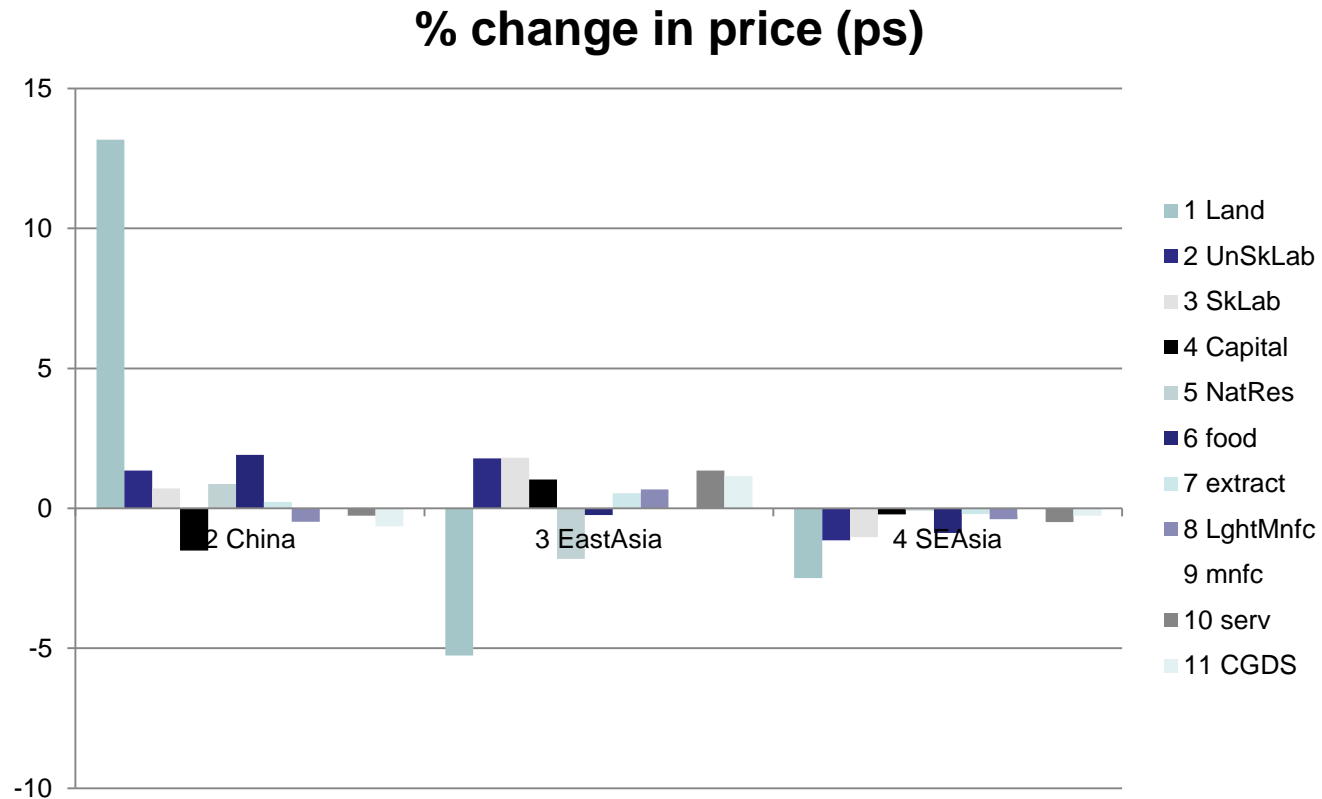
## Trade effect of EV by sectors



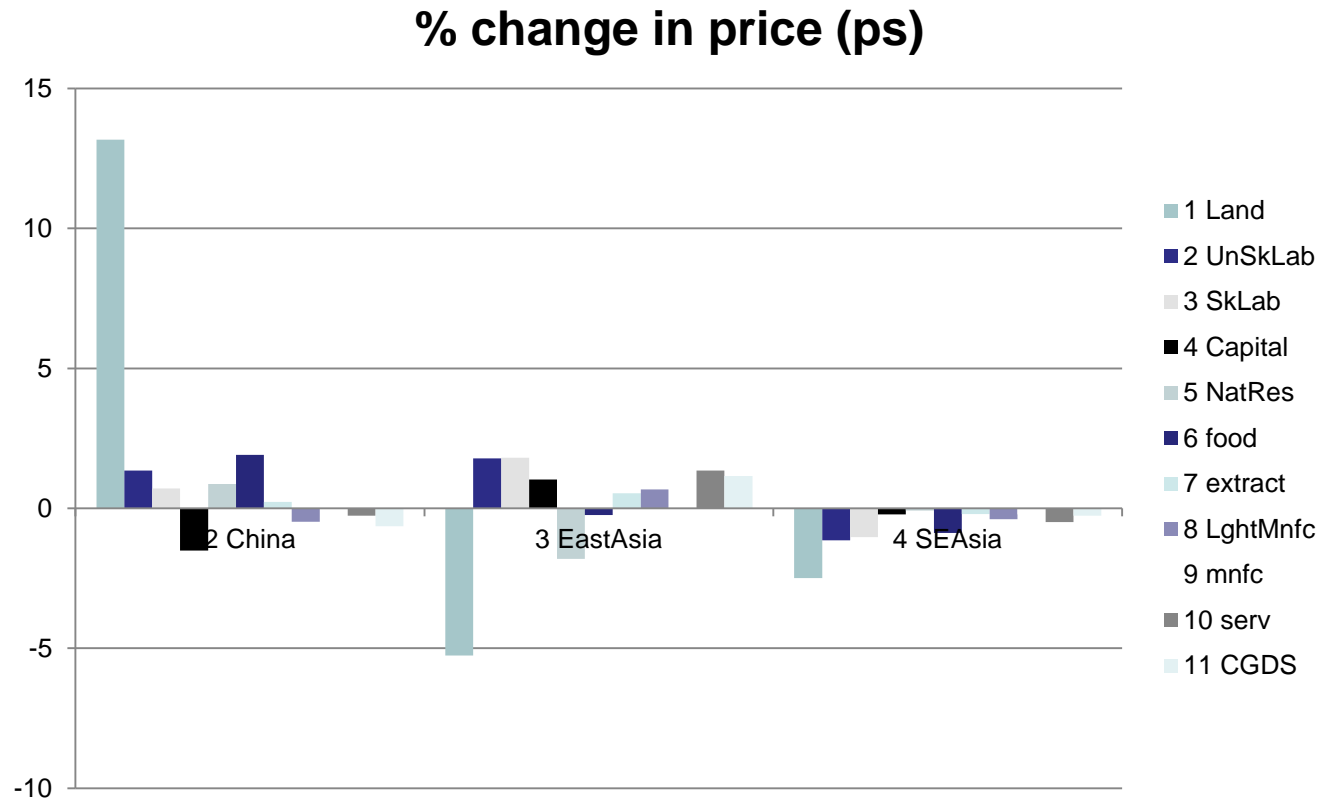
## net flow of equity



# Some problems about FTA



# Some problems about FTA



## Region Aggregation

Oceania	EU_27
China	Turkey
EastAsia	Africa
SEAsia	ROW
India	
South Asia	
Namerica	
CSAmerica	



# Sector Aggregation

food

extract

LghtMnfc

mnfc

serv

- China's Accession to WTO  
November 10, 2001
- Korea-ASEAN FTA  
goods August 26, 2006  
services November 21, 2007
- Japan-ASEAN FTA  
December 1 2008
- China-ASEAN FTA  
January 1 2010

- Baseline Shock

China's Accession to WTO

2001-2005 30% reduction of Tariff

East Asia – ASEAN FTA

2006-2010

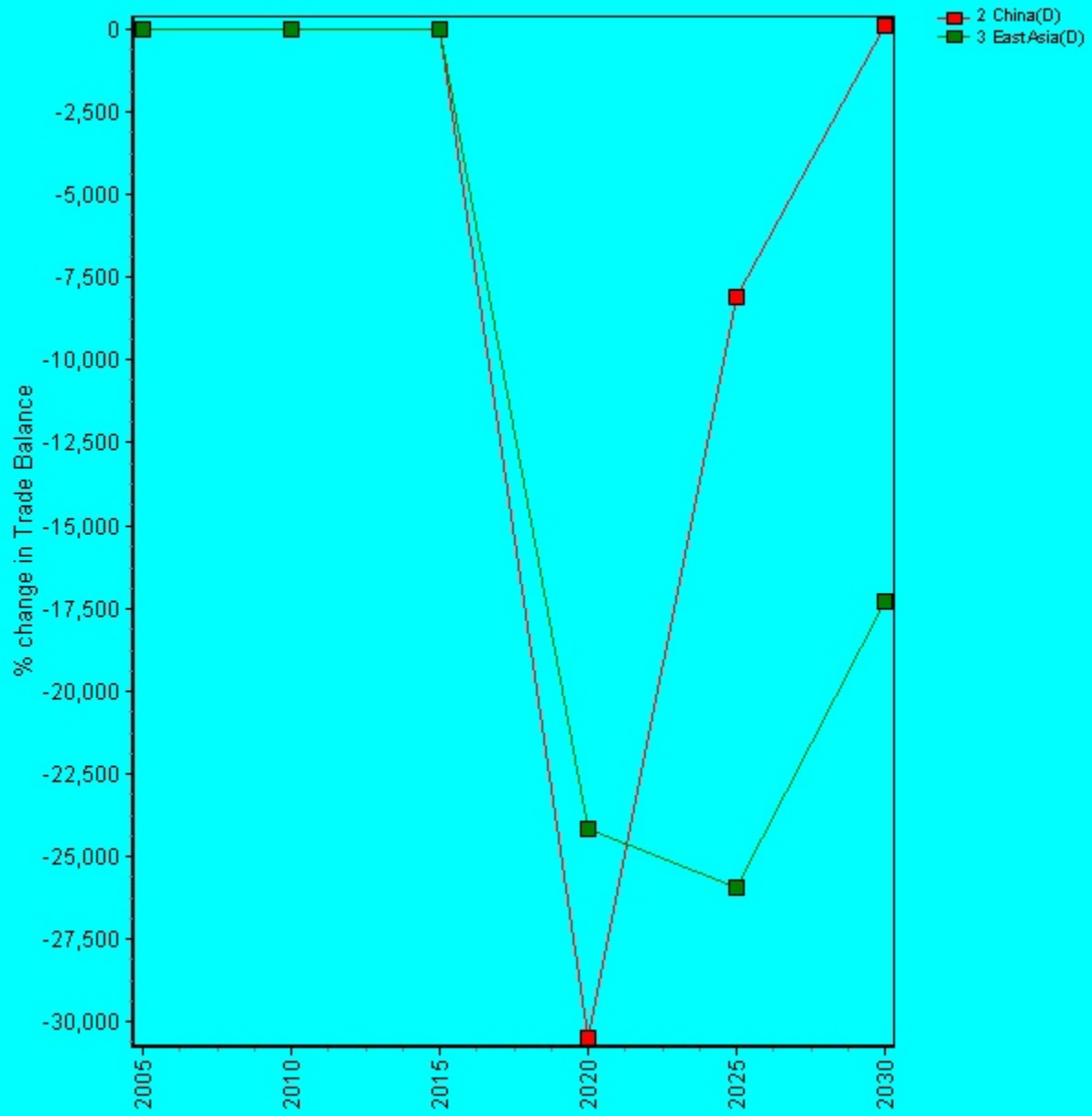
China – ASEAN FTA

2006-2010

- Policy Shock

East Asia – China FTA 2016-2020

Welfare	Allocative Efficiency	Terms of Trade	Capital Goods Price	Net Foreign Equity	Total
Oceania	-826	-1268	-44	-552	-2691
China	6076	1345	2594	8316	18332
EastAsia	17566	20128	4259	4191	46144
SEAsia	-1988	-5521	468	-1280	-8321
India	-57	-849	263	2.99	-641
SouthAsia	-252	-282	-61.1	-38.8	-635
NAmerica	-3155	-2270	-1700	-791	-7916
CSAmerica	-1633	24.7	-708	-474	-2790
EU_27	-5447	362	-1547	-1380	-8012
Turkey	97.4	171	-35.8	6.82	239
Africa	-1802	-6483	-167	-818	-9270
ROW	-596	-5471	807	-28.4	-5288
Total	7983	-115	4129	7155	19152



Thank you for your attention!

and

We really appreciate the help of  
all instructors!