The Effect of Trans-Pacific Partnership on the economic growth of China

Topic: CGE and econometric input-output modelling 2
Author: Zhaoyuan Xu
Co-Authors: Jianwu He, Shantong Li

The Effect of Trans-Pacific Partnership on the economic growth of China

Nine Trans-Pacific Partnership countries – Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, and the United States,are now promoting the ambitious, 21st-century Trans-Pacific Partnership (TPP) agreement. It is widely accepted that TPP will enhance trade and investment among the TPP partner countries, promote economic growth and development, and support the creation and retention of jobs.

As a country which was surrounded by theseTrans-Pacific Partnership countries, China has now not been the proposed TPP members. Since most of the TPP countries, such as USA,and the likely jointed countries includ Japan and Korea, are China's important trade parterns, the FDI to china and international trade may be seriously affected by TPP agreement if China stay outside the TPP.

This paper uses DRCCGE model based on 2004 GTAP data to simulate the effect of TPP on China's economic growth in the future. It will be include by three scenarios, one is the bechmark scenarios assume that China stay outside the TPP while Japan and Korea has been a member of TPP, the other assumes that Japan and Korea also not be include in TPP, the Last assumes that although Korea and Japan are include in TPP, China and Korea and Japan reached a FTA agreements.

According to the simmulation results, some policy implications such as the speedup of the China, Korea and Japans FTA and continuous of reforms in the marketing system in China will be reached.

Key Words: TPP, economic growth, CGE model