

The Effects of China-US Free Trade Agreement (CHUSFTA)

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China and the US are the world's two largest economies, which account for about one third of the value of total world economy. They are not only the world's largest traders but also the destinations for most foreign direct investment. China-US trade volume grows rapidly, and the US has become China's largest trading partner and largest investor, while China has grown into the second largest trading partner and the largest source of imports for the US. It will impose a huge economic impact on the two countries and even the world economy if a free trade agreement (CHUSFTA) can be reached between the two countries. Therefore, the two countries propose the establishment of "CHUSFTA" strategic vision at the academic level. This study uses the improved dynamic GTAP model (GTAP-Dyn with considering GVC revision) to estimate the potential impact of CHUSFTA on macro economy, sector trade, output and employment of the US and China, summarizes and analyzes the "gains" and "losses" CHUSFTA brings to the two countries, thereby supporting the development of CHUSFTA.