

## **Economic implications of Mega Trade Agreements on South Asia – A CGE Approach**

Topic: Global value chain analysis III (Chair: Carmen Zacher, OECD)

Author: Zulekha Qadeer

Many developing countries have pursued trade liberalization policies to boost their economies. Everyone acknowledges the positive connection between trade liberalization and economic growth; however, mega-trade agreements have economic implications on non-members, especially in developing countries. With this backdrop, this research seeks to quantify the impact of mega-trade agreements such as RCEP, SAFTA, ASEAN, MERCOSUR, TTIP, CPTPP, and APEC on the South Asian economies (Pakistan, India, Bangladesh, and Sri Lanka) using a global computable general equilibrium model. Results show that all South Asian countries will likely suffer due to Trade diversion of those sectors in which they hold a comparative advantage, especially textile and wearing apparel to members of these mega-trade agreements. With India, no more part of RCEP, the highest negative impact on all South Asian countries is of RCEP, TTIP and CPTPP. This research concludes that South Asian countries will be better off economically if they try to be part of either RCEP or CPTPP trade pacts.