

NOTE ON ALTERNATIVE ASIAN TRACK SCENARIOS

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This note describes simulations of Asia-Pacific integration scenarios. Our earlier published work distinguished between a “TPP track” and “Asian track” agreements, and used the ASEAN+3 membership assumption for the “Asian Track.” Here that assumption is compared with the larger membership of the Regional Comprehensive Economic Partnership (RCEP) negotiation that was launched in Phnom Penh in November 2012. A parallel note describes new scenarios calculated for the TPP track.

The results suggest that adding countries to the smaller agreement increases the gains substantially, although much of the incremental benefits accrue to the new countries—in this case primarily India. Detailed results are on our website, www.asiapacifictrade.org. The scenarios are defined in the table below.

Table 1. Scenario assumptions

Scenario	Membership
ASEAN+3*	2013: agreement among China, Japan and Korea (CJK) 2016: agreement among CJK and 10 ASEAN members
RCEP	2013: agreement among China, Japan and Korea (CJK) 2016: agreement among CJK, 10 ASEAN members plus Australia, India and New Zealand

* Scenario reported in Petri, Plummer and Zhai (2012) and identified as “Asian Track.” The template is assumed to be an average of recent ASEAN templates.

HIGHLIGHTS OF ASEAN+3 AND RCEP COMPARISONS

- Expanding the Asian track from 13 to 16 (by including Australia, India and New Zealand) increases global benefits from \$500 to \$644 billion per year. These and other values discussed below are for 2025, expressed in 2007 dollars.
- Expanding ASEAN+3 into RCEP benefits all members except for Japan and Korea, and sharply benefits the new members Australia and India.
- Comparing ASEAN+3 with RCEP, the countries added—Australia, India and New Zealand—capture \$120.4 billion of total global gains of \$144.5 billion, or 83 percent. Nearly \$100 billion of these gains go to India.
- The largest absolute beneficiaries under ASEAN+3 are China, Japan and Korea (the three account for 83 percent of global gains). Under RCEP, they are joined by India (the four

account for 81 percent of global gains). The importance of these countries in total benefits is explained not only by their size, but also by the fact that they do not yet have trade agreements with each other. Since all four do have trade agreements with ASEAN, and sometimes also bilateral agreements with particular ASEAN members, ASEAN gains from the conclusion of RCEP are more limited.

- Estimated export increases are approximately twice as high, in dollar terms, as income gains, but follow similar patterns. The largest absolute gains are estimated for China in both scenarios. In the RCEP scenario India becomes the second largest export gainer. Percentage gains are highest for India, Korea and Hong Kong under the RCEP scenario.
- Comparing TPP16 (an extended TPP-track scenario) with RCEP (the most inclusive Asian-track scenario) suggests that RCEP would generate greater gains than the TPP for Australia, China, Hong Kong, India, Japan and Korea, but the TPP would generate greater gains for other APEC members. Of course, this comparison is of limited consequence because countries may participate in both tracks of agreements.
- Benefits for all countries would be dominated by a consolidated FTAAP, which would generate global gains of \$1.9 trillion.

Table 1. Income gains under alternative scenarios, 2025

Economy	GDP 2025 (bill. 2007 dollars)	Income gains (bill. 2007 dollars)		Percent change from baseline	
		ASEAN+3	RCEP	ASEAN+3	RCEP
TPP track economies	26,502	7.8	24.2	0.0	0.1
United States	20,273	2.5	-0.1	0.0	0.0
Australia	1,433	0.2	19.8	0.0	1.4
Canada	1,978	0.4	-0.1	0.0	0.0
Chile	292	0.1	0.0	0.0	0.0
Mexico	2,004	4.2	2.8	0.2	0.1
New Zealand	201	0.3	1.9	0.1	0.9
Peru	320	0.1	0.0	0.0	0.0
Asian track economies	20,084	304.2	337.3	1.5	1.7
China	17,249	233.3	249.7	1.4	1.4
Hong Kong	406	42.7	46.8	10.5	11.5
Indonesia	1,549	12.8	17.7	0.8	1.1
Philippines	322	5.5	7.6	1.7	2.3
Thailand	558	9.9	15.5	1.8	2.8
Two-track economies	8,660	210.7	212.9	2.4	2.5
Brunei	20	0.6	1.2	2.8	5.8
Japan	5,338	103.1	95.8	1.9	1.8
Korea	2,117	87.2	82.0	4.1	3.9
Malaysia	431	8.3	14.2	1.9	3.3
Singapore	415	-2.0	2.4	-0.5	0.6
Vietnam	340	13.5	17.3	4.0	5.1
Others	47,977	-22.9	70.0	0.0	0.1
Russia	2,865	-2.6	-5.3	-0.1	-0.2
Chinese Taipei	840	-15.9	-16.1	-1.9	-1.9
Europe	22,714	4.7	5.1	0.0	0.0
India	5,233	-7.9	91.3	-0.2	1.7
Other ASEAN	83	1.0	1.6	1.1	1.9
Rest of world	16,241	-2.0	-6.6	0.0	0.0
World	103,223	499.9	644.4	0.5	0.6
<i>Memorandum</i>					
TPP9	23,725	218.5	237.1	0.6	0.7
ASEAN+3	28,828	515.9	551.8	1.8	1.9
APEC	58,951	504.2	553.0	0.9	0.9

Note: Solutions include both trade and FDI effects. The table follows definitions explained in Petri, Plummer and Zhai (2012).

Table 2. Export increases under alternative scenarios, 2025

Economy	Exports, 2025 (bill. 2007 dollars)	Export increase (bill. 2007 dollars)		Percent change from baseline	
		ASEAN+3	RCEP	ASEAN+3	RCEP
TPP track economies	4,555	0.5	37.4	0.0	0.8
United States	2,813	2.1	-3.7	0.1	-0.1
Australia	332	0.2	42.8	0.1	12.9
Canada	597	-1.4	-2.4	-0.2	-0.4
Chile	151	-0.9	-1.3	-0.6	-0.8
Mexico	507	0.4	-0.5	0.1	-0.1
New Zealand	60	0.1	2.7	0.1	4.4
Peru	95	0.0	-0.2	0.0	-0.3
Asian track economies	5,971	618.4	776.2	10.4	13.0
China	4,597	516.3	638.3	11.2	13.9
Hong Kong	235	35.3	39.9	15.0	17.0
Indonesia	501	32.6	52.6	6.5	10.5
Philippines	163	8.8	10.8	5.4	6.6
Thailand	476	25.3	34.7	5.3	7.3
Two-track economies	2,817	416.7	444.0	14.8	15.8
Brunei	9	0.3	0.9	3.5	10.5
Japan	1,252	220.7	225.1	17.6	18.0
Korea	718	168.3	173.6	23.4	24.2
Malaysia	336	12.4	20.2	3.7	6.0
Singapore	263	-9.0	-5.7	-3.4	-2.2
Vietnam	239	24.0	29.9	10.1	12.5
Others	15,072	-90.2	126.1	-0.6	0.8
Russia	1,071	-4.0	-6.2	-0.4	-0.6
Chinese Taipei	712	-37.7	-40.3	-5.3	-5.7
Europe	7,431	-28.3	-41.6	-0.4	-0.6
India	869	-7.5	237.9	-0.9	27.4
Other ASEAN	34	1.4	2.1	4.3	6.2
Rest of world	4,955	-14.2	-25.9	-0.3	-0.5
World	28,415	945.4	1383.7	3.3	4.9
<i>Memorandum</i>					
TPP9	4,298	417.2	481.4	5.7	6.5
ASEAN+3	8,822	1036.5	1222.4	11.7	13.9
APEC	15,126	993.9	1211.2	6.6	8.0

Note: The table follows definitions explained in Petri, Plummer and Zhai (2012).