

# America and Asia-Pacific Trade after Donald Trump

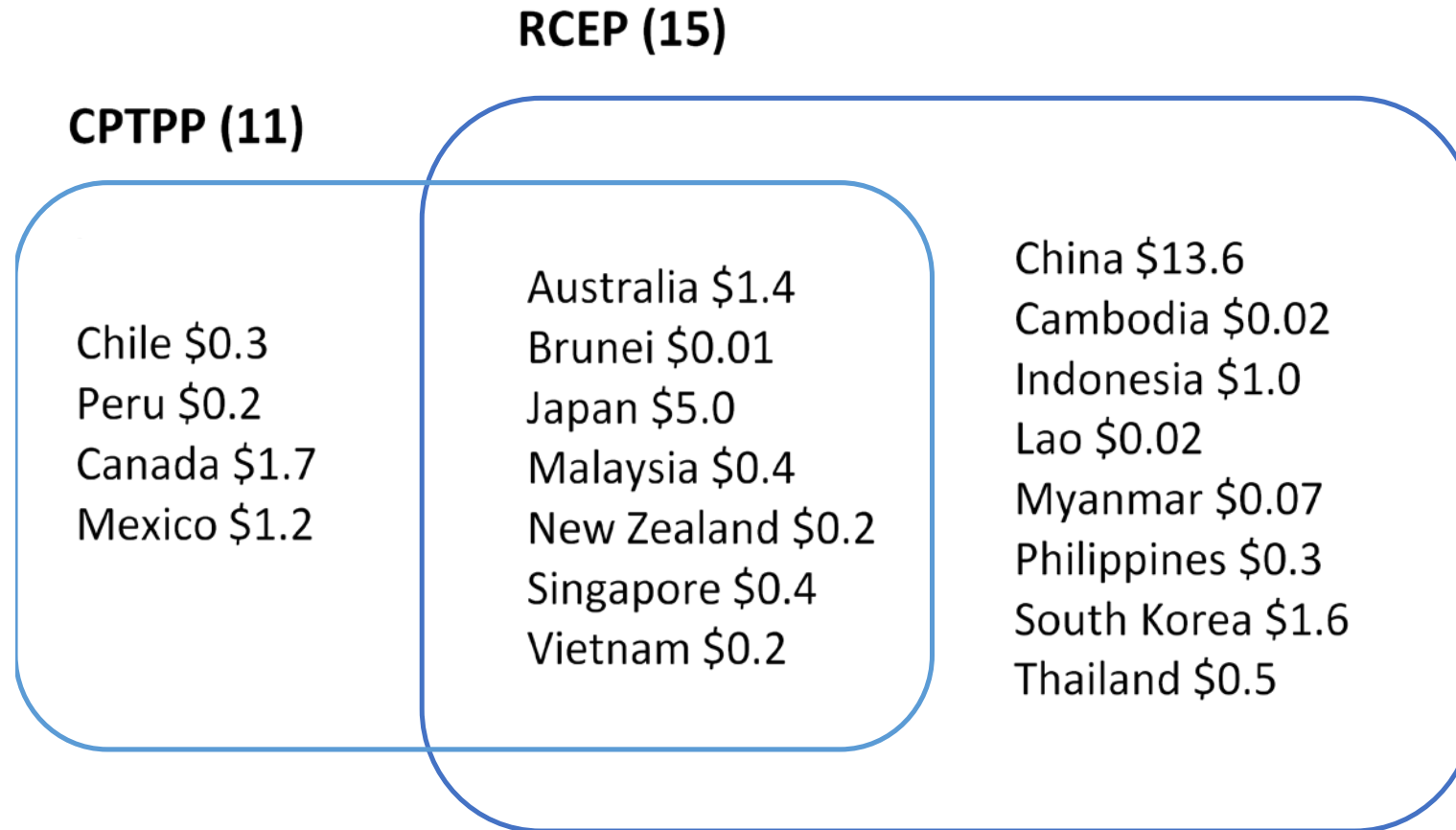
*Peter A. Petri, Brandeis University*

China and World Economy Under the Cloud of Trade Disputes  
30 November 2020 – 1 December 2020  
City University of Hong Kong, Bank of Finland, Fordham University

# Plan of talk

- US election and Asia-Pacific cooperation
- Analysis of Trade War, RCEP, CPTPP
- Value of deep Asia-Pacific cooperation

# RCEP and CPTPP



# CGE analysis of Trump era

(based on work with Michael Plummer)

- Events: US-China trade war, CPTPP, RCEP
- Melitz CGE model (Petri, Plummer, Zhai, 2012)
- 19 sectors, 29 countries/regions
- Uses GTAP data + special tariff/NTB data
- Updated in 2016, projections 2015-2030

# Related publications

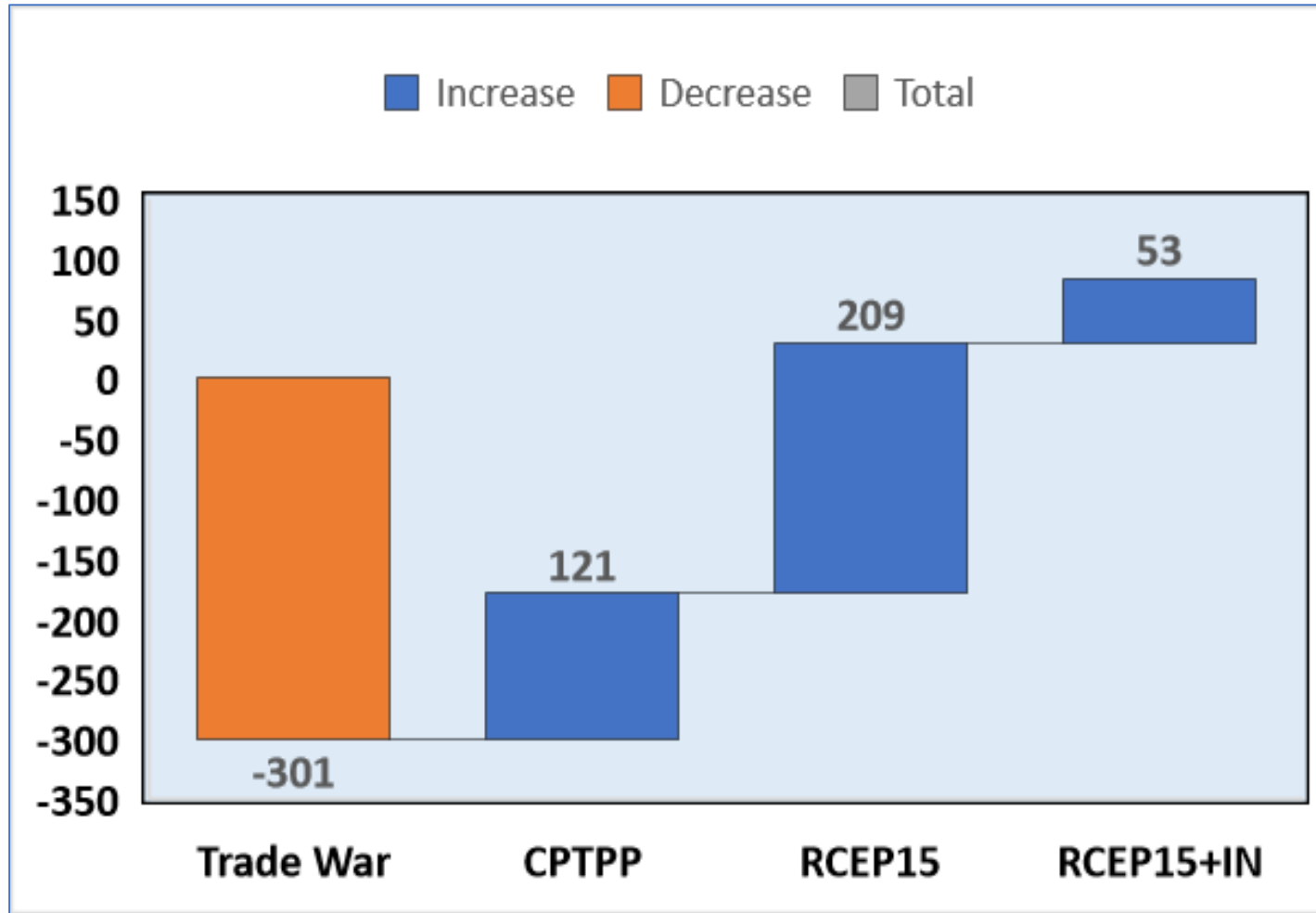
1. Website for modelling information and results: [www.asiapacifictrade.org](http://www.asiapacifictrade.org)
2. Peter A. Petri and Michael G. Plummer, 2020. "RCEP: A new trade agreement that will shape global economics and politics." *Order and Chaos*, Brookings Institution. [Accessible here](#).
3. Peter A. Petri and Michael G. Plummer, 2020. "East Asia decouples from the United States: Trade war, COVID-19, and East Asia's new trade blocs." Initially distributed as *Peterson Institute Working Paper 20-9*. [Updated here](#).
4. Peter A. Petri and Michael G. Plummer, 2020. "Should China join the new TPP?", *China & World Economy*, 28:3, 18-36. [Accessible here](#).
5. Peter A. Petri, Michael G. Plummer, Shujiro Urata and Fan Zhai. 2017. "Going it alone in the Asia-Pacific: Regional trade agreements without the United States." *Peterson Institute Working Paper 17-10*. [Accessible here](#).
6. Peter A. Petri and Michael G. Plummer, 2016. "The economic effects of the Trans-Pacific Partnership: New estimates." *Peterson Institute Working Paper 16-2*. [Accessible here](#).
7. Peter A. Petri, Michael G. Plummer and Fan Zhai. 2014. "The TPP, China and the FTAAP: The Case for Convergence" in Tang Guoqiang and Peter A. Petri, eds. *New Directions in Asia Pacific Economic Integration*. Honolulu: East-West Center, 78-92. [Accessible here](#).
8. Peter A. Petri, Michael G. Plummer, Fan Zhai, 2012. *The Trans-Pacific Partnership and Asia-Pacific Integration: A Quantitative Assessment*. Policy Analyses in International Economics No. 98. Washington: Peterson Institute for International Economics.

# Major events of Trump era

Event	Start	Policy changes
US-China trade war	2018	Tariffs in Phase I Tech NTBs: up 50% Other NTBs: up 10%
CPTPP	2018	Tariff cuts negotiated in TPP (99%) NTBs as recent US FTAs
RCEP	2021	Tariff cuts estimated (85-90%) NTBs as recent ASEAN+1 FTAs Strong ROO

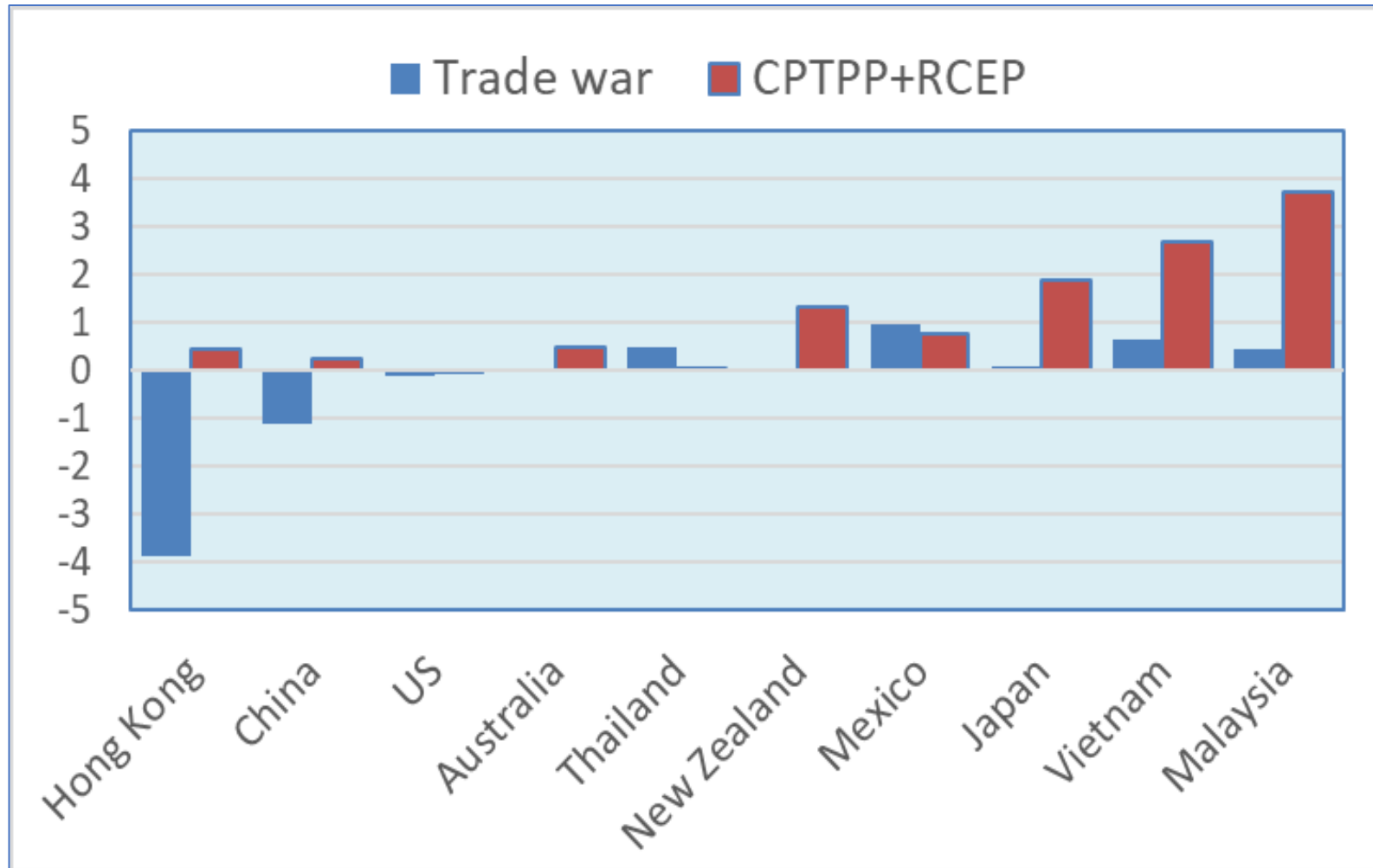
# Global effects of events

(world income gains in 2030, \$billions)



# Country effects of events

(percent gain in country income)





# Trade war diverts and destroys trade

(changes in bilateral exports in 2030, \$billions)

Importer Exporter	Importer					
	US	China	Japan, Korea	RCEP other	ROW	World
US	0	-193	-26	-22	-154	-396
China	-723	0	34	38	188	-463
Japan, Korea	62	-46	-1	-4	-12	-1
RCEP other	59	-44	-5	-8	-15	-14
ROW	223	-143	-12	-22	-168	-123
World	-379	-426	-11	-18	-162	-996

Red cells: decline due to US-China trade war.

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# RCEP creates trade especially for East Asia

(changes in bilateral exports in 2030, \$billions)

Importer Exporter	Importer					
	US	China	Japan, Korea	RCEP other	ROW	World
US	0	19	2	-3	-5	12
China	31	0	96	53	68	248
Japan, Korea	-10	178	51	2	-30	191
RCEP other	2	30	13	5	7	57
ROW	-8	13	24	-3	-34	-8
World	14	240	186	55	6	500

Green cells: increase due to RCEP.

# RCEP creates trade especially for East Asia

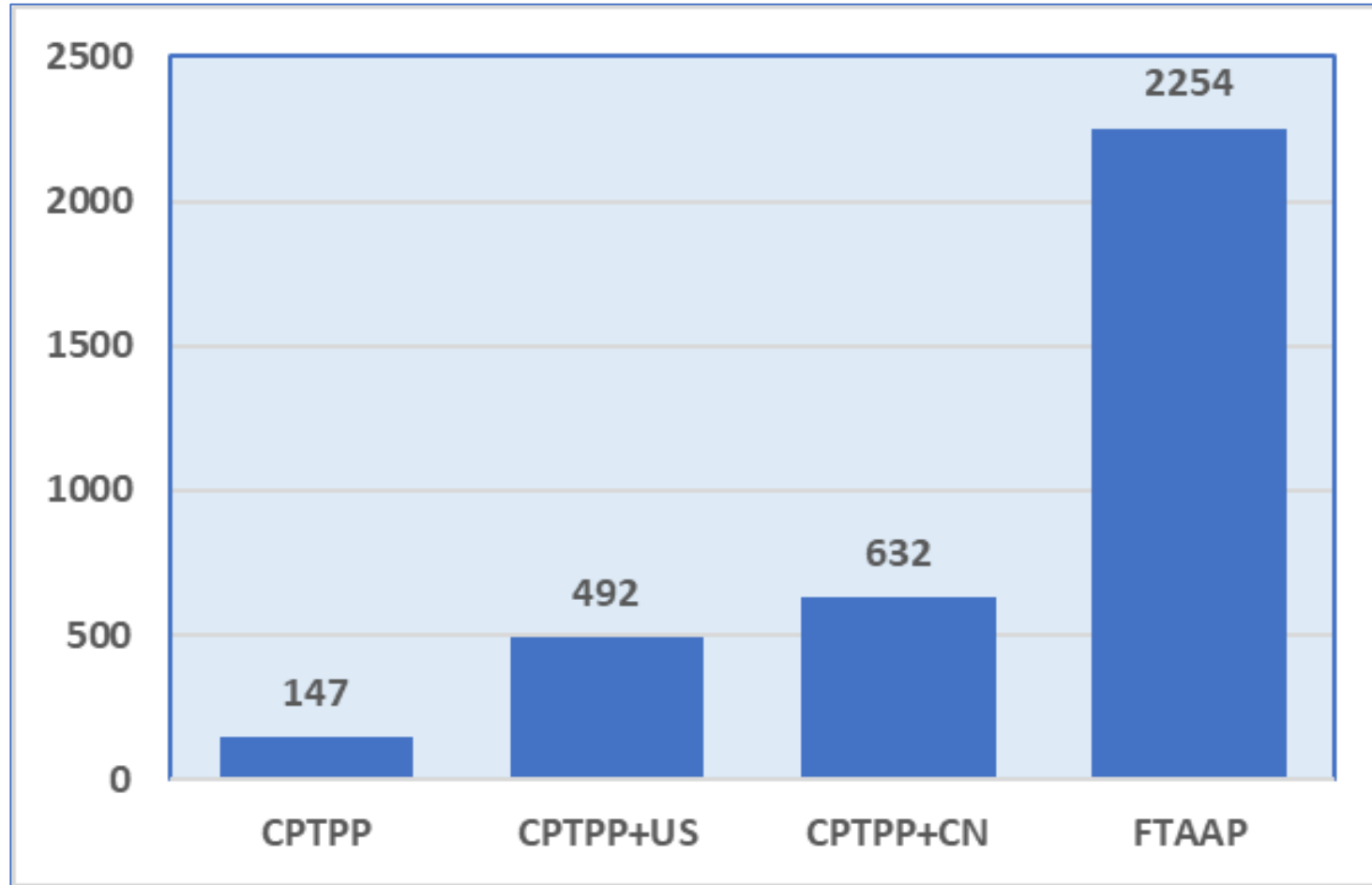
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# Income effects of an expanding CPTPP

(global income gains in 2030, \$billions)



Note: FTAAP simulation not fully comparable to others.

# Conclusions

- Trump era: biggest trade shocks since Bill Clinton
- US-China trade war will have large, long-lived costs
- CPTPP/RCEP gains will partly offset trade war losses
- Trump era has strengthened East Asian integration
- China and US joining CPTPP individually, and especially together (~FTAAP) would generate huge benefits!