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## The Welfare and Sectoral Adjustment Effects of Mega-Regional Trade Agreements on ASEAN Countries

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### Abstract

The U.S. withdrawal from the Trans-Pacific Partnership (TPP) has had an influence on the prospects of mega-regional trade agreements (MRTAs). In the Asian Pacific, negotiations for the Regional Comprehensive Economic Partnership (RCEP) might accelerate. In addition, ministers from the 11 other TPP signatories have confirmed their intention to proceed with the TPP without U.S. participation. Using a dynamic computable general equilibrium (CGE) model, we estimate welfare and sectoral output adjustment effects of alternative sequencings of MRTAs on ASEAN countries. Welfare gains for ASEAN countries under the scenario led by the RCEP, followed by RCEP + Taiwan and a Free Trade Area of the Asia-Pacific (FTAAP), are greater than or equal to those under the scenario led by TPP sans US, followed by an enlarged TPP and an FTAAP. When the two scenarios are assumed to develop at the same time, welfare gains of the RCEP and TPP-11 countries are found to be less than the sum of the gains under the first two scenarios. For a number of ASEAN countries, output expansion of textiles and apparel and/or electronic equipment is significant.

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*JEL Classification:* F13, F14, F15, F17

*Keywords:* MRTA, RCEP, TPP, FTAAP, CGE model, ASEAN

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