

Impact of E-commerce Agreements on Global Economy: A Dynamic CGE Analysis

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Abstract

As digitalization of economy has rapidly grown for recent decades, cross-border policies for digitally enhanced transactions such as electronic commerce (e-commerce) have been adopted or under negotiation by group of countries. This study explores the economy-wide impact of e-commerce agreement by utilizing a recursively dynamic computable general equilibrium (CGE) model of global trade featuring global value chains structure. We empirically estimate trade effect of e-commerce agreements with a gravity model, and then apply the estimates to the policy simulations implemented with the global CGE model. The policy scenarios explore potential economic impact of the ASEAN e-commerce agreement and the WTO Joint Initiative on e-commerce. Our results show that the ASEAN e-commerce agreement raises the real GDP of ASEAN by 1.6%, and the WTO Joint Initiative increases the world's real GDP by 2.1% higher than the baseline.

Keywords: E-commerce agreement, CGE model, Gravity model, ASEAN, WTO

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