



Singapore Centre for Applied and Policy Economics (SCAPE)

Policy Forum

Title	Overlapping Free Trade Agreements of Singapore
Speakers	Dr. Hur Jung Department of Economics, NUS Mr. Chong Soo Yuen SCAPE, Department of Economics, NUS
Date	11 September 2007
Time	4:30 – 6:00pm
Venue	AS2, Seminar Room 03-12 Faculty of Arts and Social Sciences, NUS 1 Arts Link, Singapore 117570
Chairperson	Assoc. Prof. Tilak Abeysinghe Deputy Director, SCAPE Department of Economics, NUS

Abstract

The proliferation of overlapping free trade agreements (FTA) has led to hub-and-spokes (HAS) configurations throughout the world. Being avid subscribers to FTAs, many countries have become trade hubs to their partners who in turn take on spoke status.

In this paper, we question whether being a hub is welfare-optimal for a small and open economy like Singapore, compared to membership in a single bilateral FTA or a multi-member free trade zone. We use a computable general equilibrium (CGE) model to examine the welfare implications of the triangular trade relationship of the USA, Singapore and Japan. This is facilitated by the Japan-Singapore Economic Partnership Agreement (JSEPA), the USA-Singapore Free Trade Agreement (USSFTA), and a hypothetical USA-Japan Economic Partnership Agreement. The analysis is extended to incorporate “super-hub” effects; that is, the spoke countries can be trade hubs in other HAS systems. The experiment reveals that hub status generates positive welfare gain and is the highest Singapore can get from the trade configurations considered. Meanwhile, Japan loses more than the USA when both take on spoke status. These findings prove robust under different assumptions regarding market structures and production technologies, deeper economic integration, “super-hub” effects, as well as uncertainty in the key model parameters and the extent of trade liberalisation shocks.

About the Speakers

Dr. Hur teaches international trade and finance and microeconomics at the Department of Economics, NUS. His research interests include international trade, industrial organisation, applied microeconomics and applied econometrics. Dr. Hur has published articles in journals such as *Applied Economics*, *World Development*, *Oxford Economic Papers*, *Hitotsubashi Journal of Economics*, *International Economics and Finance Journal*, *Open Economies Review*, *Economics Bulletin*, *Journal of Institutional and Theoretical Economics*, and the *Journal of Economic Integration*. He has also contributed a chapter to *Korea's International Trade Policy: Past, Present and Future* published by the Korea Economy Research Institute.

Mr. Chong is a Research Associate with SCAPE. His current research interests include international trade and retirement issues.

Seating is on a first-come-first-served basis and admission is free.

Please indicate your attendance with:

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