TTIP: Don’t believe the hype – but don’t panic either!

Dr. Ulrich Schoof
Global Economic Dynamics (GED)
E-Mail: ulrich.schoof@bertelsmann-stiftung.de

ETUI, Brussels, November 2013
Our work on TTIP in a nutshell…

• Global Economic Dynamics (GED) Project
  • Study on macroeconomic effects of TTIP for 128 countries
  • Study on microeconomic effects of TTIP for Germany (sectors & regions)
    => Pure economic perspective.

• Transatlantic Relations Project (Washington DC)
  • TTIP feasibility expert & practitioner opinion survey
  • Microeconomic effects of TTIP for the USA (sectors & states/districts)

• Future Challenges Project (FC.org)
  • Critical and open blogger platform and online platform and
  • Collab Initiative / taftattipwatch.tumblr.com
Some Q&A‘s from the economic perspective...

1. Will TTIP foster or weaken the regional (economic) integration & cohesion process in Europe?
2. What about other, third country effects in the short and long run?
3. Will TTIP only help „big business“ or also SMEs?
4. Will only a few sectors of industry benefit from it?
5. What might be particular effects on different employee and skill groups?
Some Q&A’s from the economic perspective...

1. Will TTIP foster or weaken the regional (economic) integration & cohesion process in Europe?
Both the USA and the EU would economically benefit from TTIP - particularly if a comprehensive deal is reached!
All EU member states will economically benefit from TTIP.
TTIP will unlikely increase economic disparities between EU-27!
…weaken trade ties of the domestic market?

<table>
<thead>
<tr>
<th>Exporter</th>
<th>Importer</th>
<th>Trade Volume in 2010 (in millions of US dollars)</th>
<th>Liberalization Scenario (change in trade flows as a %)</th>
<th>Tariff Scenario (change in trade flows as a %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>United States</td>
<td>83,553</td>
<td>93.54</td>
<td>1.13</td>
</tr>
<tr>
<td>United States</td>
<td>Germany</td>
<td>51,645</td>
<td>93.56</td>
<td>1.65</td>
</tr>
<tr>
<td>Germany</td>
<td>United Kingdom</td>
<td>72,052</td>
<td>-40.91</td>
<td>-0.70</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Germany</td>
<td>43,583</td>
<td>-40.93</td>
<td>-0.57</td>
</tr>
<tr>
<td>Germany</td>
<td>France</td>
<td>109,223</td>
<td>-23.34</td>
<td>-0.38</td>
</tr>
<tr>
<td>France</td>
<td>Germany</td>
<td>76,518</td>
<td>-23.34</td>
<td>-0.24</td>
</tr>
<tr>
<td>Germany</td>
<td>Italy</td>
<td>74,245</td>
<td>-29.45</td>
<td>-0.37</td>
</tr>
<tr>
<td>Italy</td>
<td>Germany</td>
<td>52,687</td>
<td>-29.45</td>
<td>-0.55</td>
</tr>
<tr>
<td>Germany</td>
<td>Japan</td>
<td>17,487</td>
<td>4.81</td>
<td>2.40</td>
</tr>
<tr>
<td>Japan</td>
<td>Germany</td>
<td>24,891</td>
<td>4.76</td>
<td>1.68</td>
</tr>
<tr>
<td>Germany</td>
<td>China</td>
<td>67,728</td>
<td>-12.68</td>
<td>2.19</td>
</tr>
<tr>
<td>China</td>
<td>Germany</td>
<td>92,536</td>
<td>-12.71</td>
<td>2.94</td>
</tr>
<tr>
<td>Germany</td>
<td>Brazil</td>
<td>12,951</td>
<td>-7.58</td>
<td>2.41</td>
</tr>
<tr>
<td>Brazil</td>
<td>Germany</td>
<td>8,844</td>
<td>-7.92</td>
<td>3.67</td>
</tr>
</tbody>
</table>

Source: ifo Institute.
Some Q&A’s from the economic perspective...

1. Will TTIP foster or weaken the regional (economic) integration & cohesion process in Europe?

2. What about other, third country effects in the short and long run?
Change in real income per capita under a liberalization scenario

Figures in %

Source: ifo Institute.
Some Q&A‘s from the economic perspective...

1. Will TTIP foster or weaken the regional (economic) integration & cohesion process in Europe?

2. What about other, third country effects in the short and long run?

3. Will TTIP only help „big business“ or also SMEs?
Reduction of NTBs especially useful for small and medium enterprises

Source: Felbermary/Larch in CESifo Forum 2/2013 (June), page 54.
1. Will TTIP foster or weaken the regional (economic) integration & cohesion process in Europe?

2. What about other, third country effects in the short and long run?

3. Will TTIP only help „big business“ or also SMEs?

4. Will only a few sectors of industry benefit from it?
Growth in trade will be seen in almost all German branches of industry. This would indirectly benefit non-exporting branches to the same extent.
Some Q&A‘s from the economic perspective...

1. Will TTIP foster or weaken the regional (economic) integration & cohesion process in Europe?

2. What about other, third country effects in the short and long run?

3. Will TTIP only help „big business“ or also SMEs?

4. Will only a few sectors of industry benefit from it?

5. What might be particular effects on different employee and skill groups?
TTIP - Effects on different skill groups in Germany

- Additional jobs would be created for all skill levels - also for low-skilled workers who have not completed secondary school or a vocational training program, as trade creation effects would be particularly strong in manufacturing sectors in Germany with high percentages of low skilled workers.

- We neither expect stronger income growth differences between skill groups.

- However, as we will see increased competition and restructuring within (not between) industries unemployment risk for low skilled workers might grow though we do not have hard evidence for this.
Thank you for your attention!