

The economic impact of TTIP

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Scenario design

Baseline

- Implementation of the EU-Korea FTA, in this case East Asia
- Updates in respect to GDP, population and skilled and unskilled labor

Policy

- Elimination of tariffs between the EU and the USA
- NTBs cuts according to ECORYS (2009) ambitious scenario (25% of total NTBs are eliminated)

Simulation period 2001-2025

Modelling the impact of NTBs

Ecorys (2009) study found that:

- about 60 per cent of the price impact of NTBs is due to actual cost increases
- while the creation of market power (economic rent) was responsible for the other 40 per cent of price increase.

Modelling the impact of NTBs

NTBs shocks for the EU and the USA				
Sectors	EU	USA	EU tech shock	USA tech shock
food	56.8	73.3	8.52	11.00
serv	8.5	8.9	1.28	1.34
extract	21.5	25.4	3.23	3.81
LghtMnfc	21.5	25.4	3.23	3.81
Mnfc	21.5	25.4	3.23	3.81

Source: ECORYS (2009), own calculations

Bilateral tariffs between the EU and the USA

EU tariffs		USA tariffs	
RTMS	rTMS	RTMS	rTMS
1 food	9.9	1 food	5.1
2 extract	0.2	2 extract	0.0
3 LghtMnfc	2.4	3 LghtMnfc	4.9
4 mnfc	1.9	4 mnfc	1.7
5 serv	0.0	5 serv	0.0
Total	14.4	Total	11.7

Source: GTAP database

Modelling results (1)

Regions	GDP	Total exports
2 China	0.01	-0.41
3 EastAsia	-0.28	-0.55
6 SouthAsia	0.02	-0.21
7 NAmerica	0.3	2.4
9 EU_27	0.32	1.01
12 RestofWorld	-0.11	-0.12

Source: GDyn simulations

Modelling results (2)

Bilateral exports	EU to USA	USA to EU
1 food	95.81	105.46
2 extract	35.74	51.18
3 LghtMnfc	78.57	36.54
4 mnfc	41.3	28.99
5 serv	5.3	-0.16

Source: GDyn simulations

Thank you for your attention!