



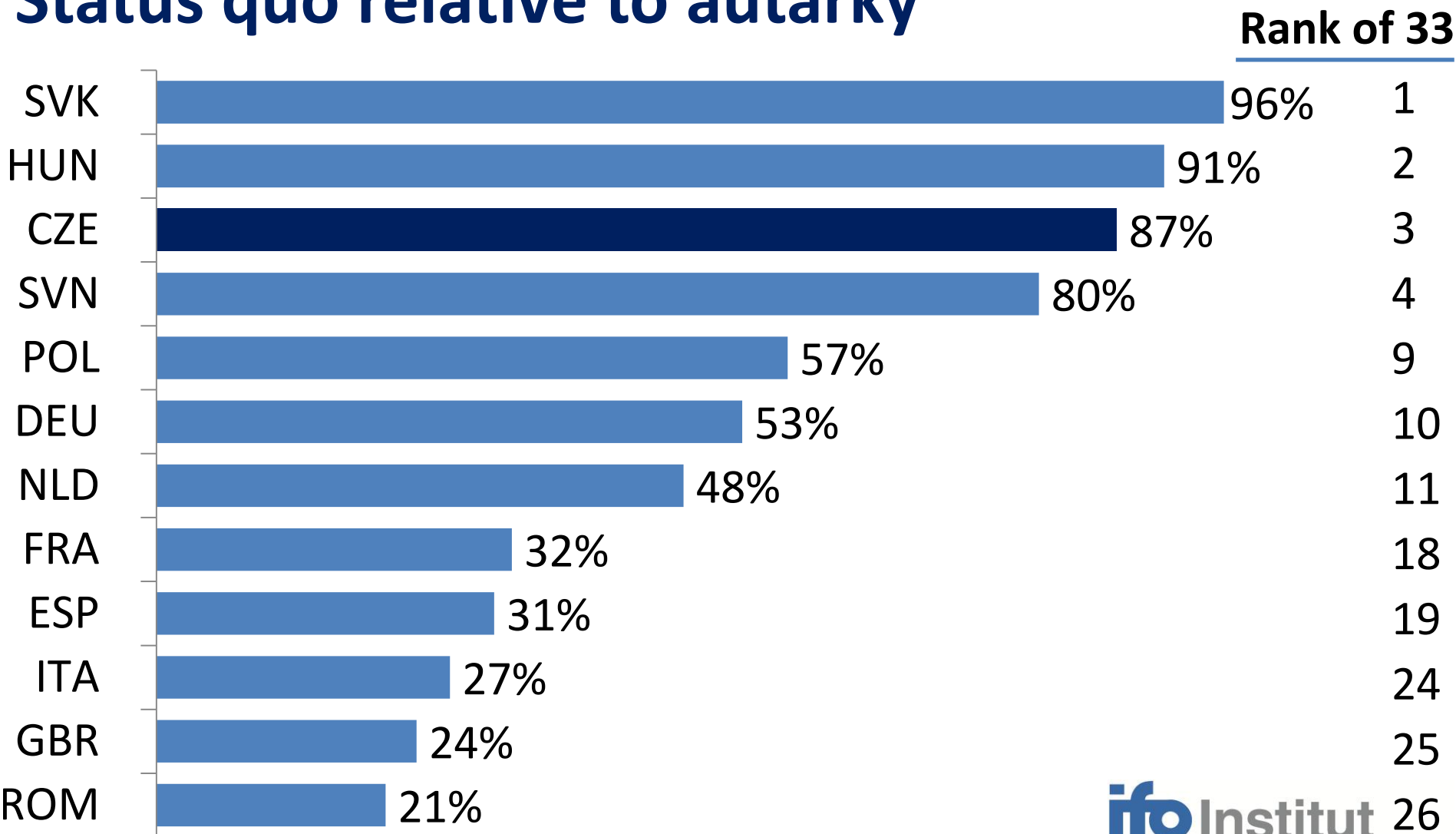
The global perspective: trade, competitiveness and geopolitics

Prof. Gabriel Felbermayr, PhD
Ludwig Maximilians Universität München

TTIP : Benefits and Challenges for the Czech Republic and the EU
Prague, Nov 6, 2014

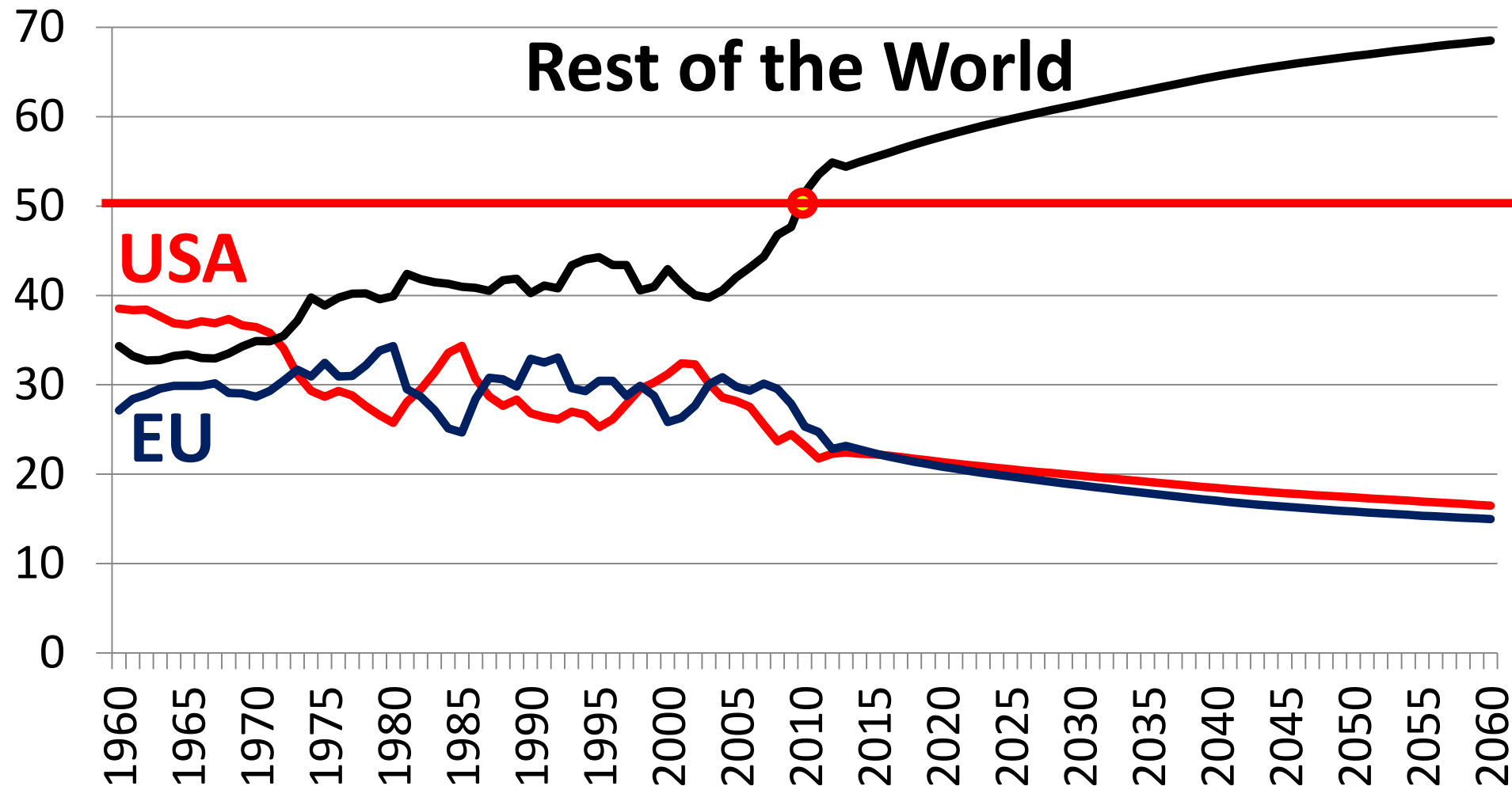
GAINS FROM TRADE

Status quo relative to autarky



THE RELATIVE DECLINE OF THE WEST

Shares in world GDP, current USD



Quelle: World Development Indicators (NY.GDP.MKTP.CD) und Prognosen des OECD World Economic Outlook, May 2014.

TTIP

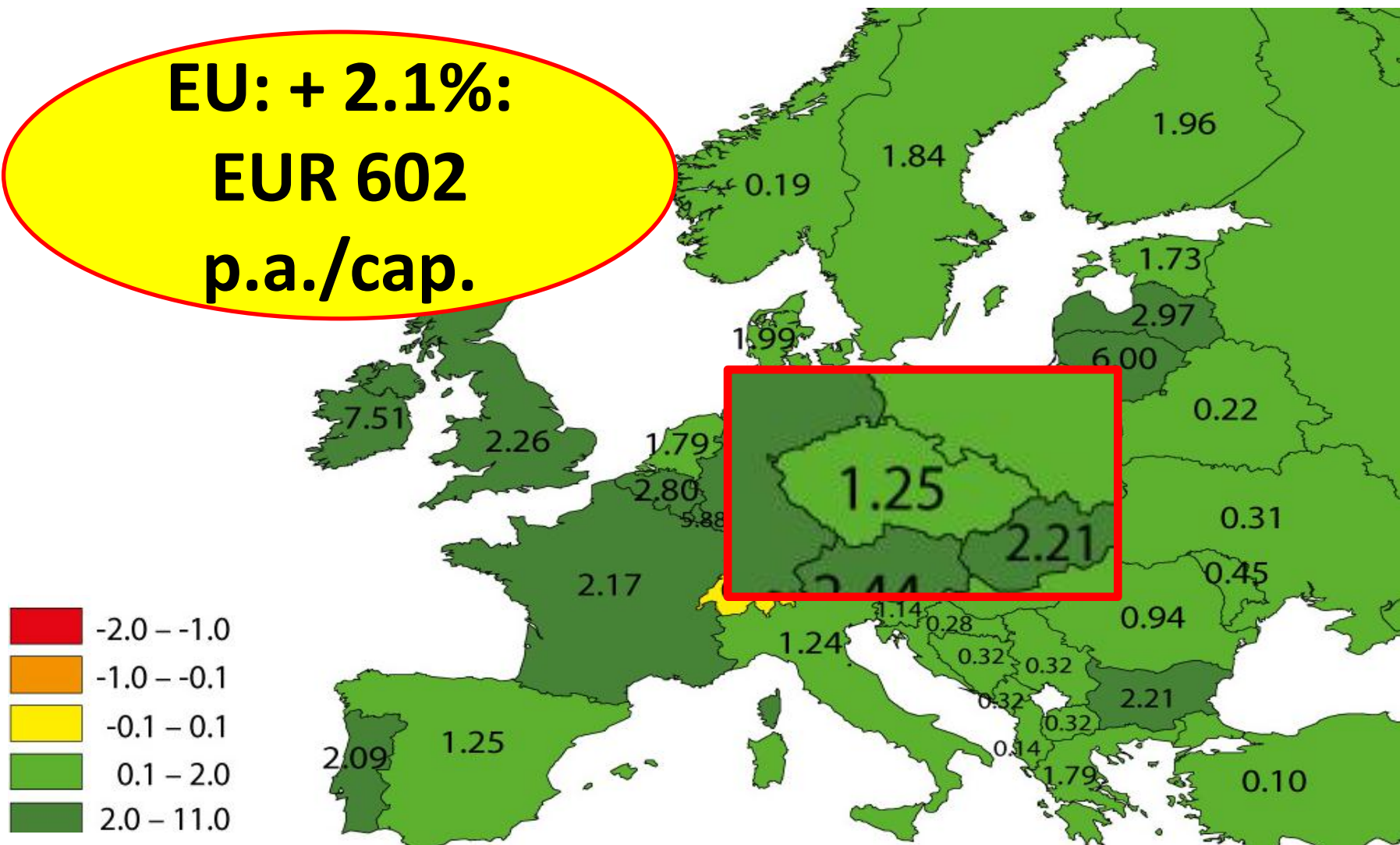
1. Elimination of all industrial **tariffs**
2. **Services** and **investment** liberalization
3. Mutual opening of **public procurement**
4. Enhanced **regulatory cooperation**:
mutual recognition of standards where possible

Assumption: TTIP is as „deep“ as average over other „deep“ agreements

EFFECTS OF A DEEP AGREEMENTS

Long-run avg. income effects (%), micro model

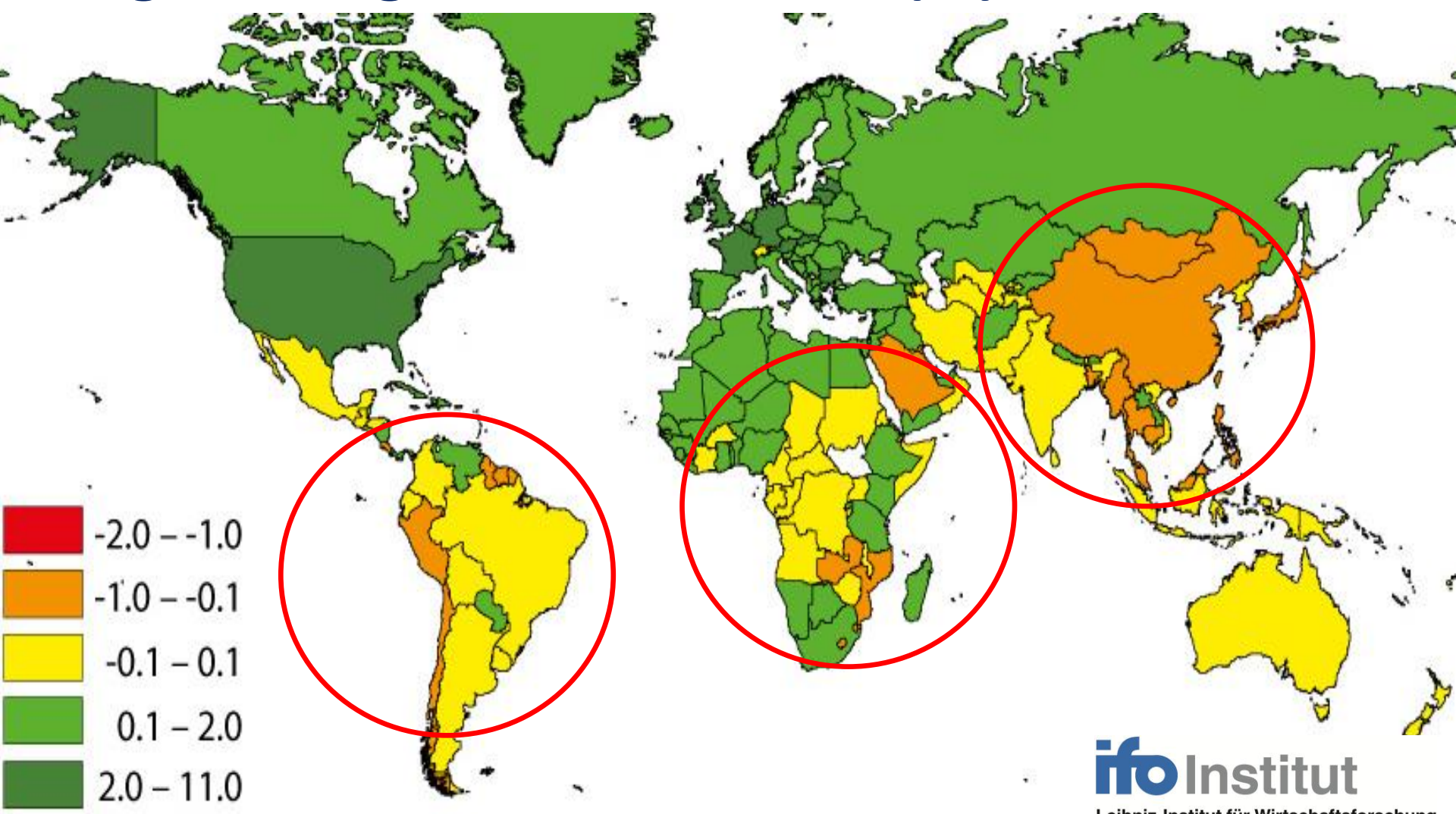
**EU: + 2.1%:
EUR 602
p.a./cap.**



Source: Updated ifo calculations; Aichele et al., 2014.

GLOBAL EFFECTS OF TTIP

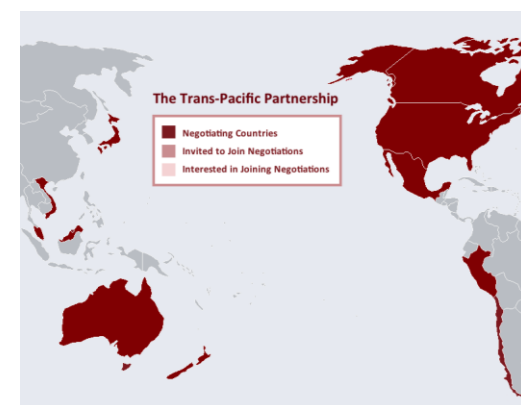
Long-run avg. income effects (%), micro model



Source: Updated ifo calculations; Aichele et al., 2014.

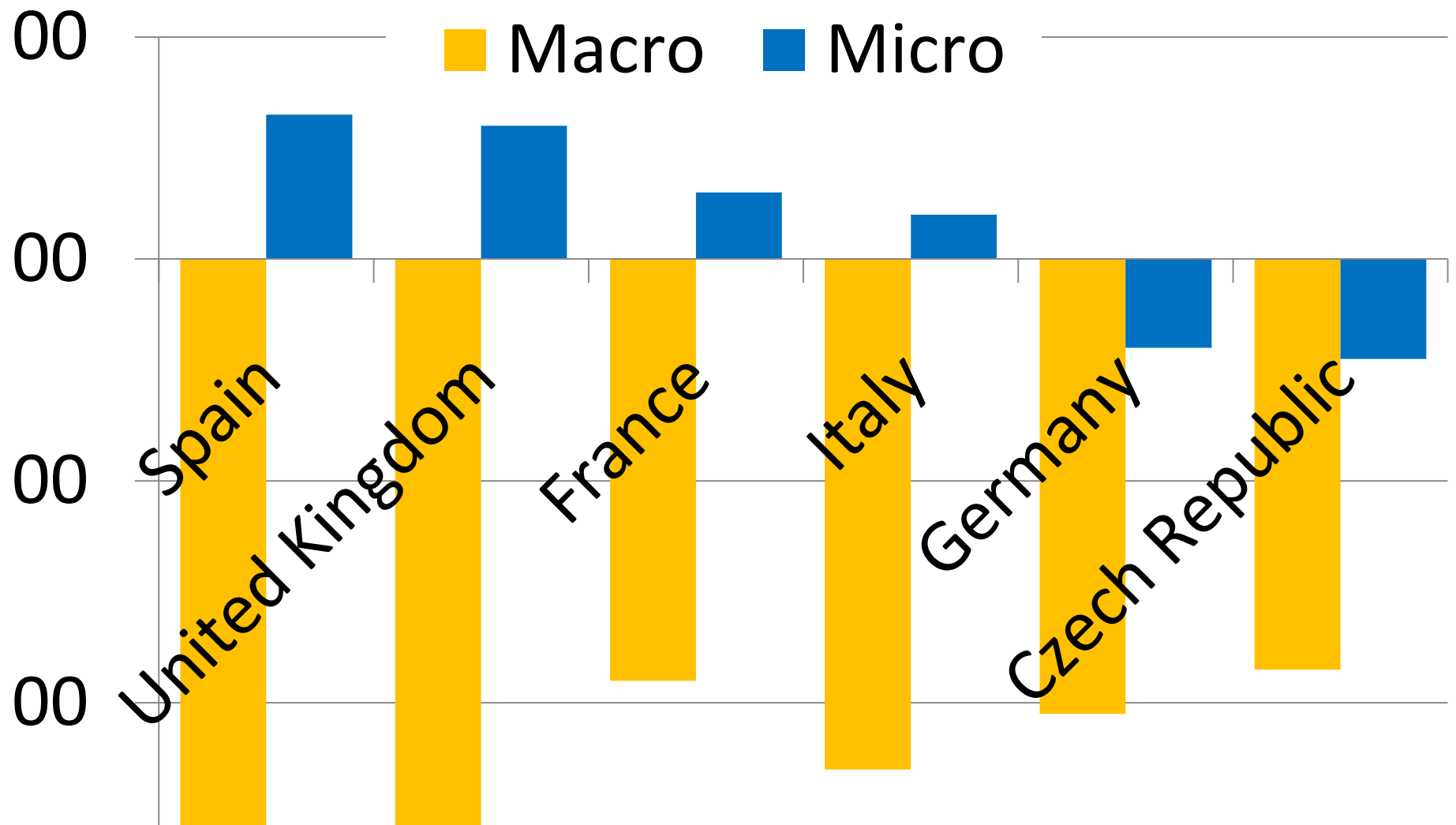
THIRD-COUNTRY AGREEMENTS

- Regional Comprehensive Economic Partnership (RCEP): ASEAN + 6, 5 rounds
- Transpacific Partnership (TPP) 12 countries, 20 rounds
- and many more ...



WELFARE EFFECTS OF RCEP+TPP

Long-run avg. income effects (%), shallow RTAs



Source: Updated ifo calculations; Aichele et al., 2014; Felbermayr et al., 2014.