

# **Two Perspectives on TTIP's Economic Impact on European Companies: Combining a CGE approach with Empirical Evidence from Austrian B2B Firms**



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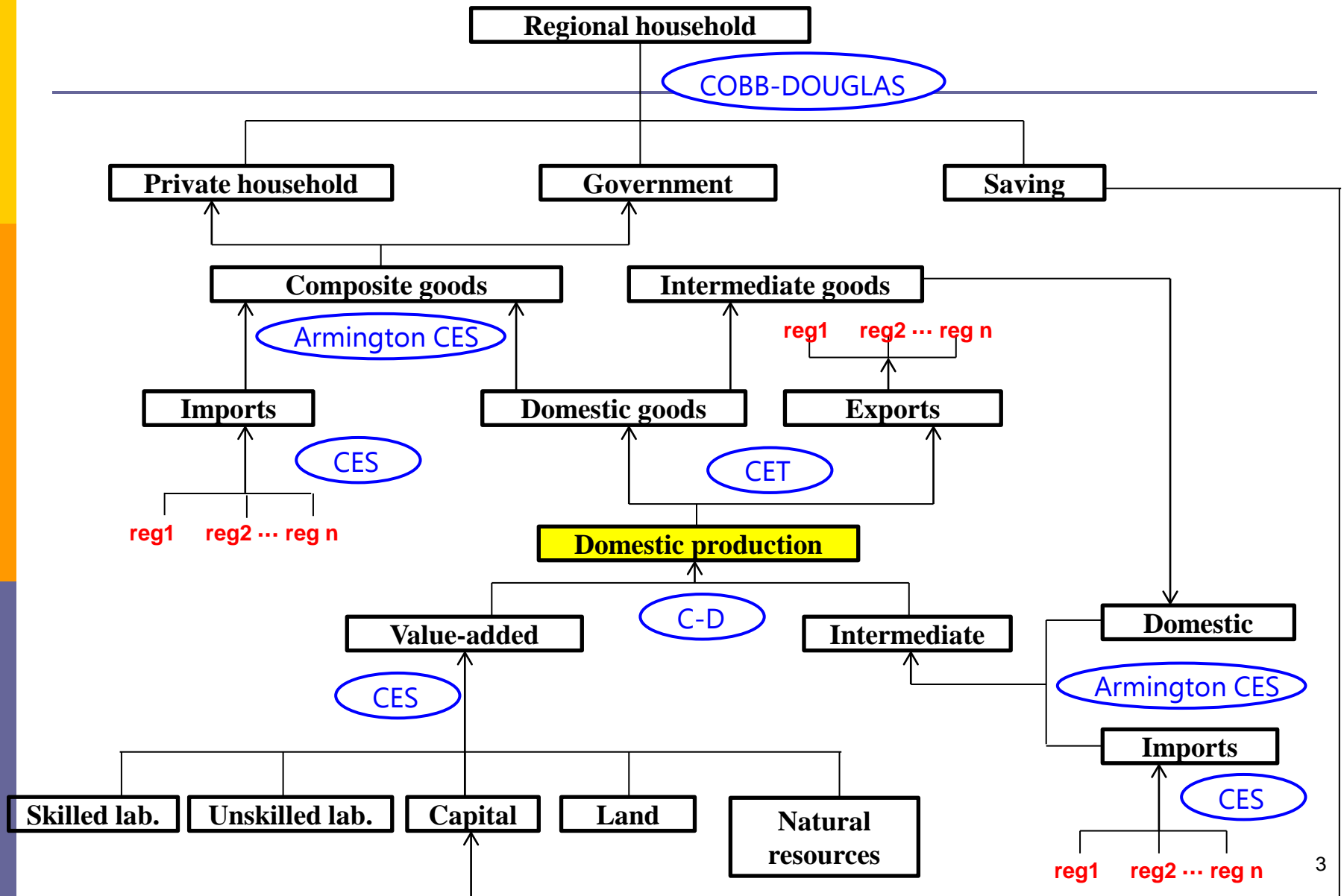
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# The TTIP: 24 chapters in 3 parts

1. Market access	2. Regulatory cooperation	3. Rules
1) Trade in goods and customs duties	1) Regulatory cooperation	1) Sustainable development
2) Services	2) Technical barriers to trade (TBTs)	2) Energy and raw materials (ERMs)
3) Public procurement	3) Food safety and animal and plant health (SPS)	3) Customs and trade facilitation (CTF)
4) Rules of origin	4) Chemicals	4) Small and medium-sized enterprises (SMEs)
	5) Cosmetics	5) Investment
	6) Engineering	6) Competition
	7) Medical devices	7) Intellectual property (IP) and geographical indications (GIs)
	8) Pesticides	8) Government-Government Dispute Settlement (GGDS)
	9) Information and communication technologies (ICT)	
	10) Pharmaceuticals	
	11) Textiles	
	12) Vehicles	

# Structure of the CGE Model



# Effects of TTIP on real GDP (% change)

Region	% change	US\$ million	Region	% change	US\$ million
1 Austria	0.011	44.6	15 EstLvaLtu	0.010	9.8
2 Germany	0.017	614.8	16 BgrRou	0.005	12.4
3 Italy	0.011	241.8	17 USA	0.007	1,085.0
4 France	0.008	220.3	18 EFTA	-0.002	-25.0
5 UKIrl	0.021	576.0	19 FSovUnion	0.001	15.3
6 Hungary	-0.005	-6.3	20 BRICS	-0.007	-839.0
7 CzechRep	0.004	8.9	21 JPN	-0.003	-183.5
8 Slovakia	0.000	0.4	22 KOR	-0.012	-143.9
9 Slovenia	0.013	6.4	23 RSouEasAsia	-0.002	-82.5
10 Poland	-0.003	-17.2	24 RNorthAmer	-0.003	-87.8
11 BeDnLuNI	0.013	221.6	25 LatAmer	-0.005	-117.8
12 FinSwe	0.005	39.6	26 MiddleEast	-0.001	-36.8
13 EspPrt	0.015	248.8	27 Africa	-0.002	-39.3
14 CyGrMICr	0.010	39.2			

# Effects of TTIP on Trade

## (US\$ million)

Region	Exports	Imports	Trade balance	Region	Exports	Imports	Trade balance
<b>1 Austria</b>	242	234	8	<b>15 EstLvaLtu</b>	127	99	28
<b>2 Germany</b>	4,955	5,379	-424	<b>16 BgrRou</b>	153	105	48
<b>3 Italy</b>	1,929	2,238	-308	<b>17 USA</b>	18,484	29,200	-10,717
<b>4 France</b>	1,938	1,599	339	<b>18 EFTA</b>	-192	-360	167
<b>5 UKIrl</b>	3,346	3,791	-445	<b>19 FSovUnion</b>	168	-464	632
<b>6 Hungary</b>	46	22	24	<b>20 BRICS</b>	1,492	-1,573	3,065
<b>7 CzechRep</b>	92	70	23	<b>21 JPN</b>	1,663	-1,021	2,684
<b>8 Slovakia</b>	13	-8	20	<b>22 KOR</b>	-3	-365	362
<b>9 Slovenia</b>	29	34	-5	<b>23 RSouEasAsia</b>	168	-1,248	1,416
<b>10 Poland</b>	152	20	132	<b>24 RNorthAmer</b>	-612	-1,630	1,018
<b>11 BeDnLuNI</b>	1,996	2,075	-80	<b>25 LatAmer</b>	1	-678	679
<b>12 FinSwe</b>	478	410	67	<b>26 MiddleEast</b>	-70	-642	572
<b>13 EspPrt</b>	1,271	998	272	<b>27 Africa</b>	-65	-484	418
<b>14 CyGrMICr</b>	204	199	5				

# Effects of TTIP on Industry Output (% change)

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Sector	1 Austria	2 Germany	3 Italy	4 France	5 UK/Irl	6 Hungary	7 CzechR	8 Slovakia	9 Slovenia
1 GrainsCrops	-0.22	-0.15	-0.23	-0.11	-0.35	-0.07	-0.07	-0.13	-0.02
2 MeatLstk	-1.50	-1.02	-0.41	-0.59	-0.58	-0.56	-0.51	-0.15	-0.37
3 Fishing	-0.05	-0.14	0.00	-0.05	-0.12	-0.04	-0.06	-0.05	-0.06
4 Extraction	0.02	0.00	-0.11	0.08	0.02	0.05	0.05	0.06	0.07
5 ProcFood	-0.14	-0.10	0.19	0.01	-0.17	-0.13	-0.09	-0.14	-0.08
6 TexWapp	0.64	0.27	1.84	0.73	0.38	1.50	0.48	0.57	1.18
7 WoodPaper	0.06	-0.02	-0.03	0.09	-0.05	0.10	0.11	0.12	0.13
8 PCheMineral	-0.02	0.03	-0.02	0.04	0.70	-0.07	0.02	-0.09	0.06
9 Metals	0.23	0.18	-0.29	0.10	0.14	0.07	0.14	0.03	0.08
10 Autos	-0.17	0.38	-0.51	-0.29	0.07	-0.88	-0.68	-0.26	-0.61
11 OthTrnsEq	-0.05	-0.37	-0.17	-0.06	-0.27	-0.13	-0.05	-0.49	-0.32
12 Electronics	0.11	-0.03	-0.30	0.11	-0.06	0.21	0.09	0.07	0.05
13 Machinery	0.26	0.29	-0.22	0.20	0.27	0.29	0.23	0.10	0.11
14 OthMnf	0.21	0.09	1.34	1.18	0.05	0.46	0.19	0.70	0.09
15 Services	0.01	0.00	0.01	0.00	0.00	0.01	0.00	-0.01	0.04

# Effects of TTIP on Employment of Austria and Germany (% change)

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Austria			Germany		
Sector	Unskilled	Skilled lab	Sector	Unskilled labor	Skilled lab
1 GrainsCrops	-0.21	-0.22	1 GrainsCrops	-0.14	-0.14
2 MeatLstk	-1.58	-1.59	2 MeatLstk	-1.22	-1.21
3 Fishing	-0.04	-0.04	3 Fishing	-0.09	-0.09
4 Extraction	0.01	0.00	4 Extraction	-0.01	-0.01
5 ProcFood	-0.18	-0.20	5 ProcFood	-0.19	-0.19
6 TexWapp	0.61	0.59	6 TexWapp	0.20	0.21
7 WoodPaper	0.06	0.04	7 WoodPaper	-0.05	-0.05
8 PCheMineral	-0.04	-0.06	8 PCheMineral	-0.03	-0.02
9 Metals	0.22	0.20	9 Metals	0.14	0.14
10 Autos	-0.28	-0.30	10 Autos	0.23	0.23
11 OthTrnsEq	-0.08	-0.10	11 OthTrnsEq	-0.45	-0.44
12 Electronics	0.09	0.07	12 Electronics	-0.07	-0.06
13 Machinery	0.25	0.23	13 Machinery	0.23	0.24
14 OthMnf	0.20	0.18	14 OthMnf	0.05	0.05
15 Services	0.01	-0.02	15 Services	-0.03	-0.03

# Empirical Evidence on the Perception of TTIP with Austrian Companies



# Methodology

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- ❑ Longitudinal study: 2007, 2013, 2016 - Quantitative research
- ❑ Personal telephone interviews (CATI) and online questionnaire
- ❑ Time of data collection: March 2016 (n=76)
- ❑ Interviewees: Austrian sales and marketing managers, CEOs
- ❑ Special set of four questions about perception of TTIP - 50-61 answered particular questions

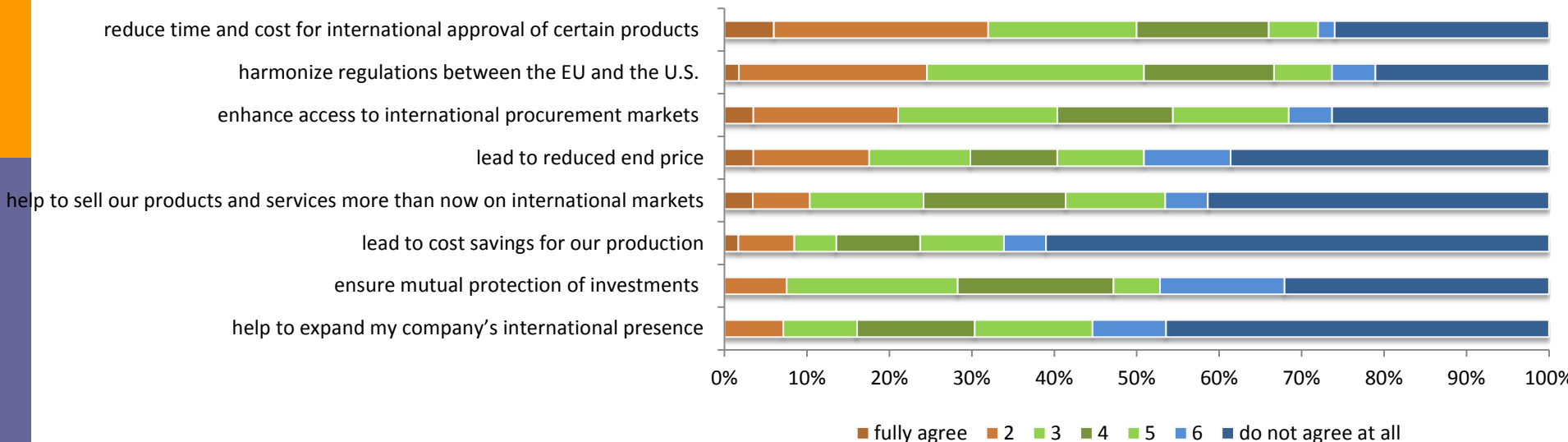
# Q1: Overall benefits of TTIP for Austrian Companies

At this stage, do you expect TTIP to be more beneficial or more disadvantageous to your business sector?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very beneficial		0%	0%	0,0
	Mostly beneficial	9	12%	15%	14,8
	Neutral	45	59%	74%	88,5
	Mostly disadvantageous	5	7%	8%	96,7
	Very disadvantageous	2	3%	3%	100,0
	Total	61	80%	100%	
Missing		15	20%		
Total		76	100%		

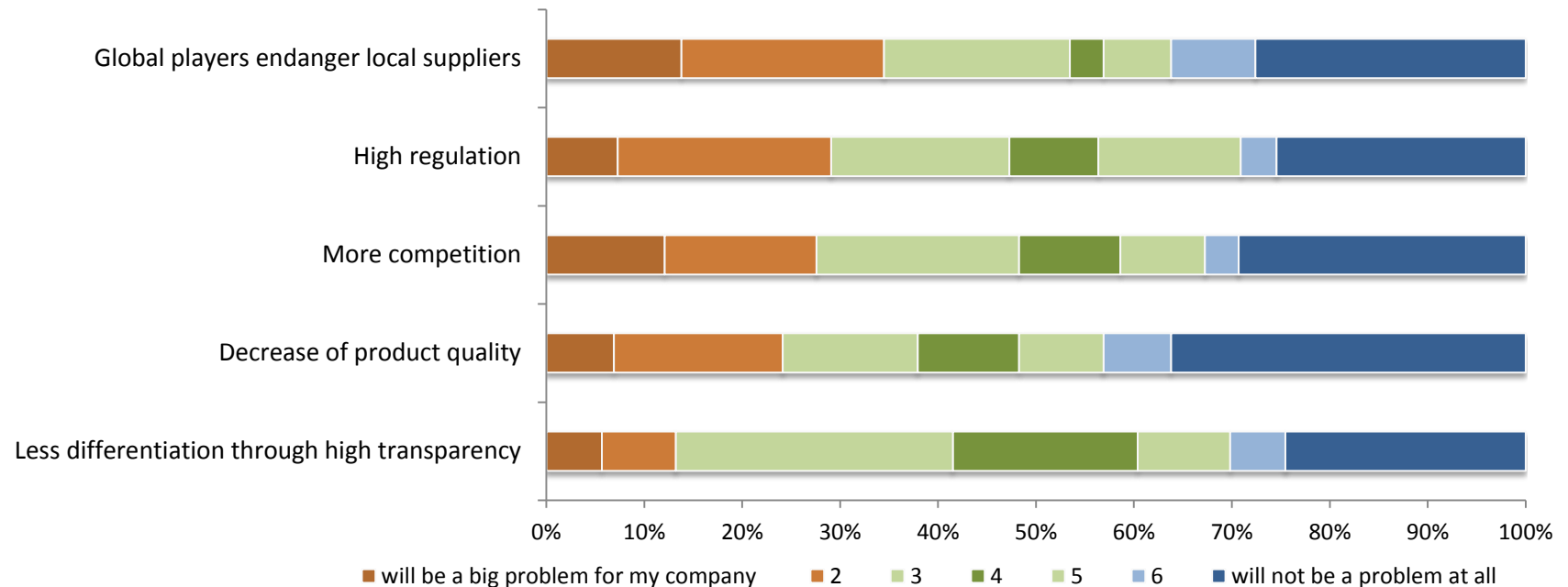
# Q2: TTIP will ... (level of agreement)

- Low levels of agreement: expected increasing outreach and international presence of companies
- Higher levels of agreement: easier international approval of products, harmonization of regulations, access to international procurement markets



# Q3: Expected challenges due to TTIP

- Global players endanger local suppliers
- Regulations
- Competition



# Q4: The winners of TTIP are ....

□ ... said to be large companies

		Frequency	Percent	Valid Percent
	<b>Large companies</b>	<b>40</b>	<b>53%</b>	<b>75%</b>
Valid	Only certain industries	6	8%	11%
	Only certain countries and states	4	5%	8%
	Consumers	3	4%	6%
	Small and medium-sized companies	0	0%	0%
	Total	53	70%	100%
Missing	DK	23	30%	
Total		76	100%	

# Conclusions

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- All member states of the EU and the U.S. are predicted to gain in terms of real GDP from the trade liberalization of the TTIP except Hungary and Poland
- Austria is to run an additional trade surplus of US\$ 8
- Parties of the TTIP export more goods and services to each other
- Austrians companies have a neutral position, evidence of positive impacts of TTIP on additional export is not given

# Limitation /Outlook

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- ❑ Interpretation of the simulation results of this study should be made carefully, because a policy scenario of 100% cut of tariffs on all imported commodities between the EU and the U.S. was assumed
- ❑ The consideration of trade liberalization in services, reduction of restrictions on foreign direct investment (FDI) and public procurement remains as a future study
- ❑ Research on empirical evidence on the perception of TTIP will be done for a representative sample of approximately 240 Austrian companies