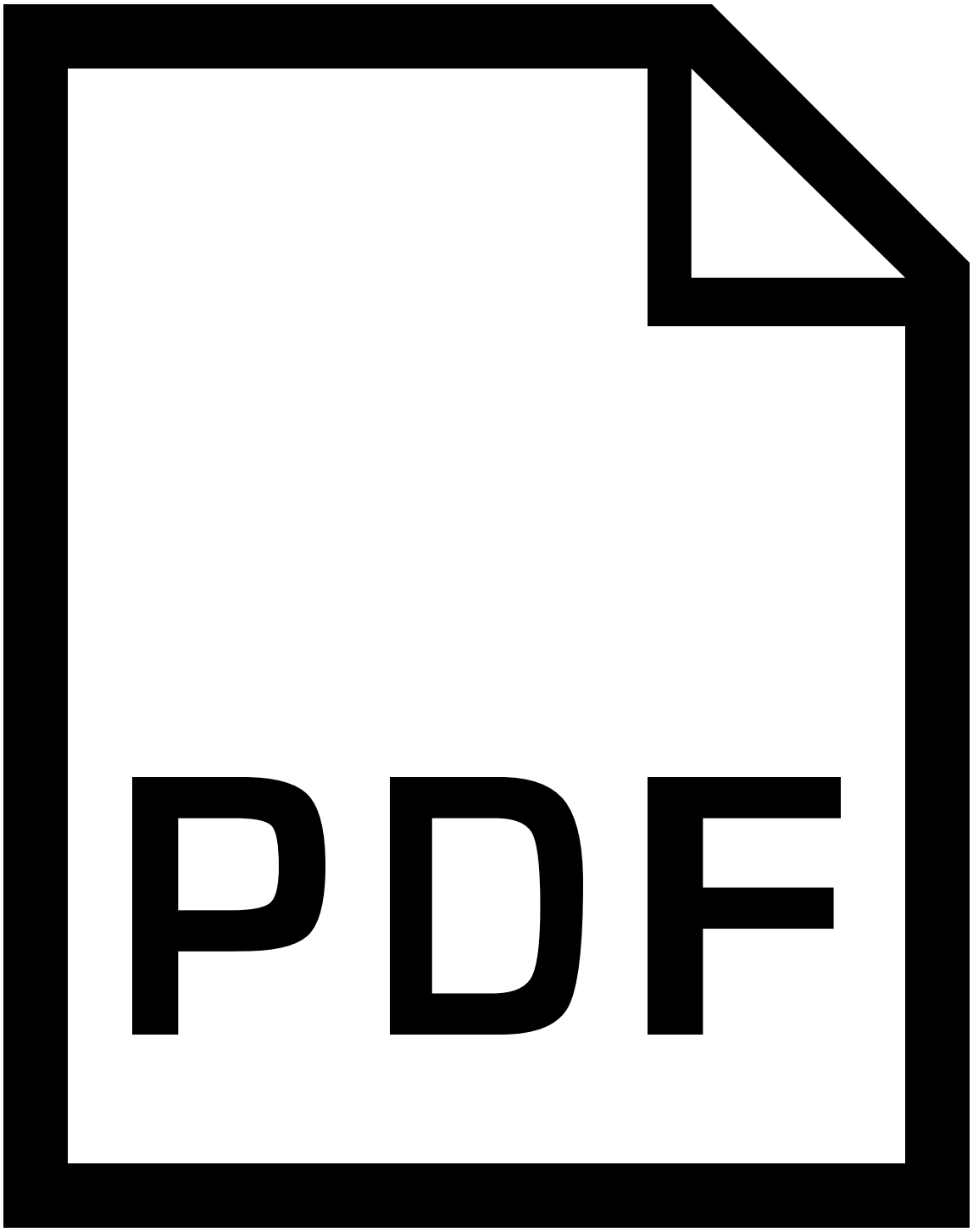
News Item, 04/10/2013, Gütersloh: Every German state, industry and income group would benefit from a transatlantic free trade agreement

A study by the Bertelsmann Stiftung predicts 160,000 new jobs / the manufacturing industries in North Rhine-Westphalia, Bavaria and Baden-Württemberg would benefit the most



- PDF

Ansprechpartner

-

Dr. Ulrich Schoof

A free trade agreement between Europe and the USA would benefit Germany significantly. Nearly every industry in every state would profit and anticipated wage growth would be distributed across all income groups. This is the conclusion reached in a current study by the Bertelsmann Stiftung and the ifo Institute. "Not only do major corporations benefit, but SMEs as well," said Aart De Geus, Chairman and CEO of the Bertelsmann Stiftung. The European Union and United States, the two largest economic regions in the world, started negotiating again this Monday in Brussels on a comprehensive transatlantic trade and investment partnership (TTIP).

The study predicts 160,000 new jobs would be created in all education groups if the EU and USA should agree to dismantle all trade barriers. There is also sufficient prospect that real income will increase in all wage groups. The study sees no indication that wage disparities will be heightened through a transatlantic free trade agreement. According to De Geus, the elimination of trade limitations should not mean the dismantling of all restrictions: "The key lies in whether the free trade agreement finds popular acceptance. For that reason, it is not only essential that small businesses and lower income groups benefit as well, but also that consumer and employee protections are still guaranteed," said the Bertelsmann Stiftung CEO.

Germany can expect growth in exports to the USA in particular with a free trade agreement, according to the study. The food industry, metal production and processing as well as agriculture, forestry and fishing industries could see export growth to the USA rise by up to 50 percent. This in turn would have positive effects on manufacturing and employment, especially in metal production, the electronics sector as well as automotive and machinery manufacturing industries. By contrast, a free trade agreement would have a negative impact on textile trade, which would anticipate a 20 percent decline in US exports.

The manufacturing industry alone could create around 85,000 new jobs. A reduction in trade costs would also impact areas of Germany's national economy that are not directly involved in exports, including the service sector, which could gain 75,000 of the anticipated new jobs. These could include the automobile trade or repair services, for example.

The study predicts positive growth effects for every state in Germany. The big winners include the states with heavily export-oriented manufacturing industries. North Rhine-Westphalia, Bavaria and Baden-Württemberg could expect value creation growth of around €5 billion and around 20,000 new jobs each. The latter would likely be distributed across all education groups. For instance, opportunities for relatively unskilled workers would improve in metal production and processing, the electronics sector and the chemicals industry. In addition to the electronics industry, new jobs for highly qualified workers are anticipated in machinery manufacturing and the automotive industry. Moreover, demand for office workers and assistants would grow in the different occupational groups, including electricians, assembly mechanics, engineers and technicians.

Study findings indicate that wages would grow across the board if a free trade agreement is reached. Relatively unskilled workers could benefit even more than moderately to highly skilled workers. Real wage growth of 0.9 percent is forecast for the relatively unskilled group, while real wages for moderately and highly qualified workers would grow by 0.7 and 0.6 percent respectively.

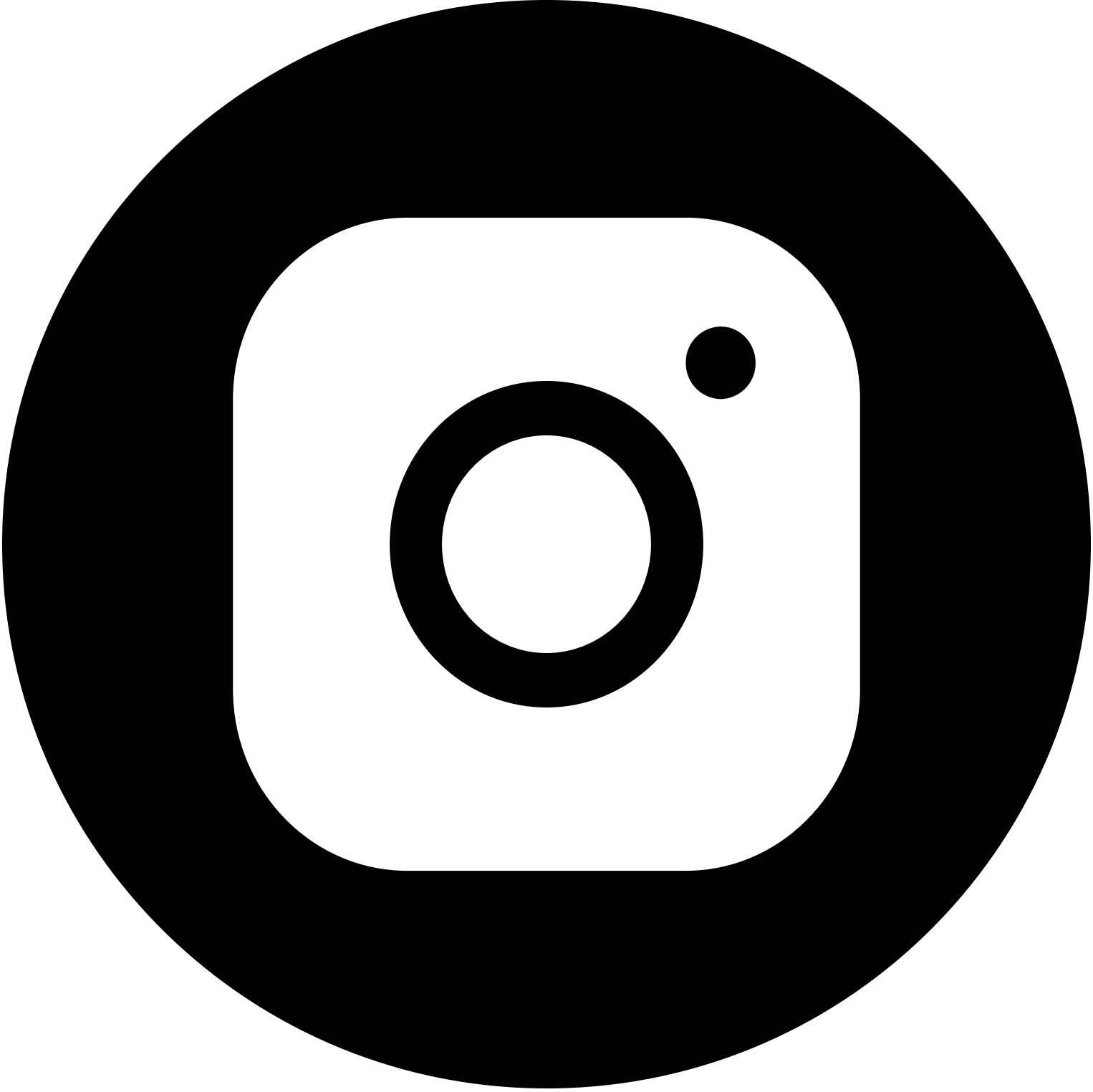
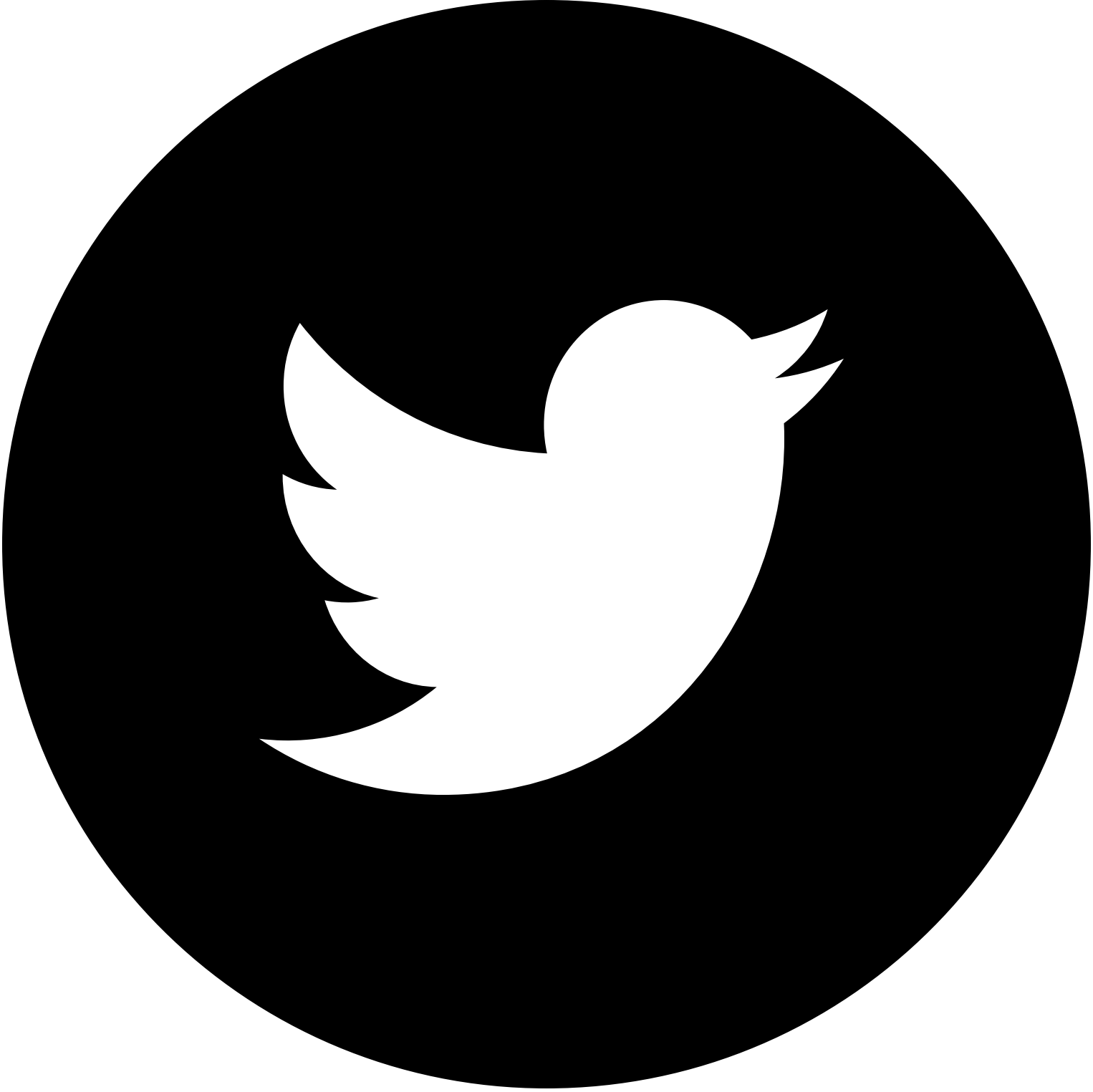
The Bertelsmann Stiftung study is part of the Global Economic Dynamics (GED) project. Its goal is to improve understanding of the growing complexity of global economic development. All analysis results will be prepared in a unique multimedia format, and will be available free of charge at www.ged-shorts.org for PCs and all mobile devices.

Downloads

- Study: States, Branches of industry, and Education Levels Who Will Benefit in Germany from a TTIP? (1.3 MB)

Links

- www.ged-shorts.org
- www.ged-project.de

Projects

- Global Economic Dynamics (GED)