

WEB APPENDIX

to “TTIP and intra-European trade: boon or bane?” by Rahel

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Details for Germany

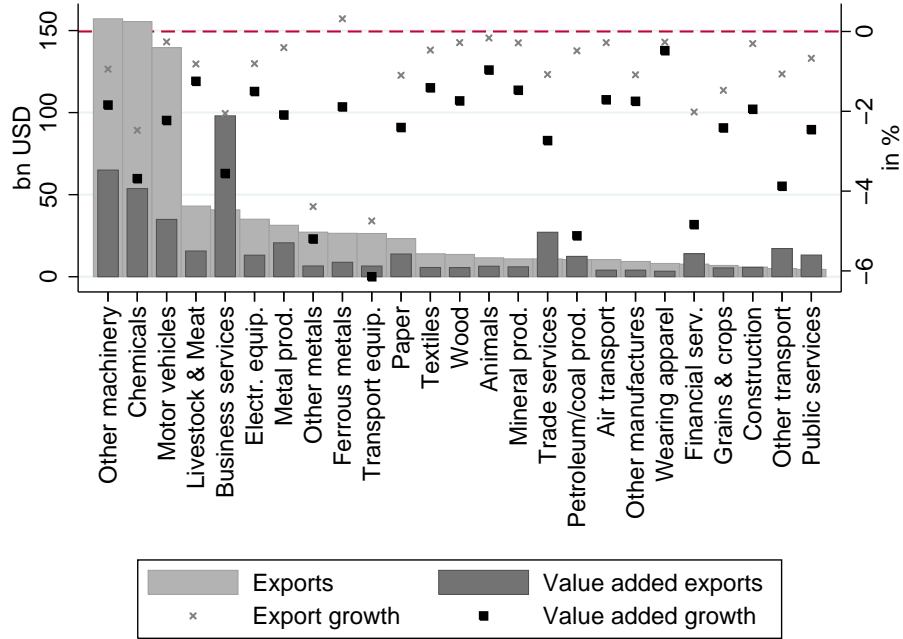
A Bilateral Trade Effects for Germany

Figure 9 illustrates how Germany’s sectoral trade with other EU countries might change as a consequence of TTIP. The ranking of sectors, the structure of TTIP-induced changes, and the comparison between gross and value added flows is broadly similar to what we find for the EU as a whole. One notable difference is that the German motor vehicles sector features only half the rate of reduction in both gross and value added intra-EU trade flows, reflecting the strength of the German supply networks in this area of activity. Eastern-European car parts producers have such a high degree of comparative advantage that the reduction of trade costs across the Atlantic affects their relative competitiveness only marginally.

B Effects on Germany’s Supply Networks

Figures 10, 11, 12, and 13 illustrate initial sourcing structures and their simulated changes due to TTIP for Germany. Figure 10 shows that German firms source substantial shares of processed value added from outside their country. This is particularly pronounced in the motor vehicles and other metals industries, where only about 40% of valued added embodied in supplies originates in the domestic economy. Other industries, for example, paper or other manufacturing, rely much more on domestic inputs. As in the broader

Figure 9: Germany’s sectoral trade changes to other EU countries with TTIP



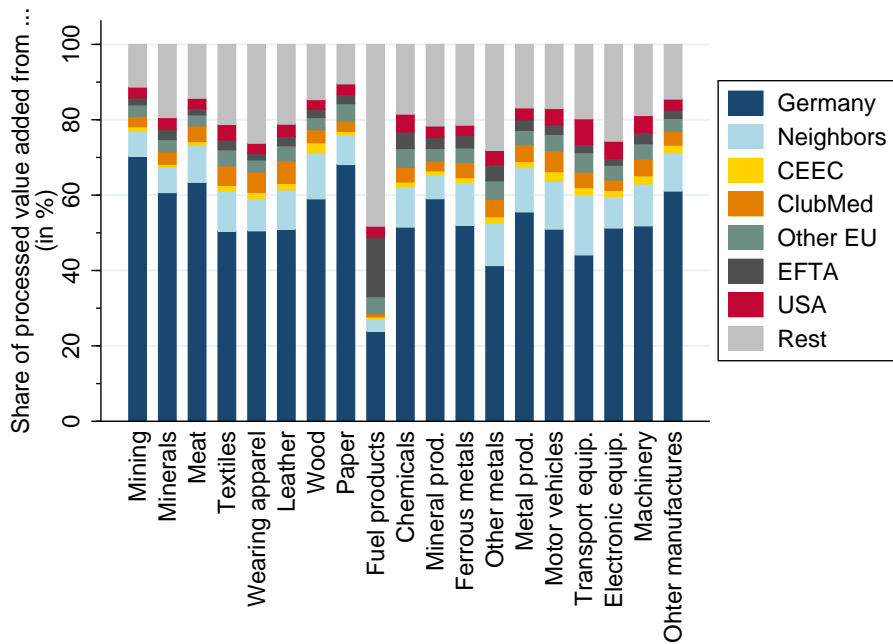
Note: The figure shows Germany’s sectoral exports and the corresponding sectoral value added exports to other EU countries (in bn USD, left scale). It also shows the expected changes thereof with a deep TTIP (in %, right scale). The figure only shows Germany’s 25 most important sectors in terms of export values.

European context, US suppliers are important in the transport equipment industry, but overall they play a minor role.

Our simulations imply that TTIP will affect the German supply network most strongly in the area of motor vehicles, where the share of US supply increases by more than 3 percentage points. This gain comes mostly at the expense of domestic suppliers and to a much smaller extent at the expense of suppliers in other EU countries; see Figure 11. It is interesting to compare this to the pattern of changes for the EU as a whole (Figure 6), where the adjustment fell mostly on suppliers from other EU countries. Germany differs from the EU aggregate, because of its relatively large interior market. For this reason, it is a relatively large supplier of inputs to itself, but also to other EU countries.

Turning to the agricultural and services industries, domestic sourcing dominates in all areas except fishing and electricity (Figure 12). The domestic value added share exceeds 80% in some service industries such as financial services or insurance. Across the board,

Figure 10: Germany's supply networks in manufacturing

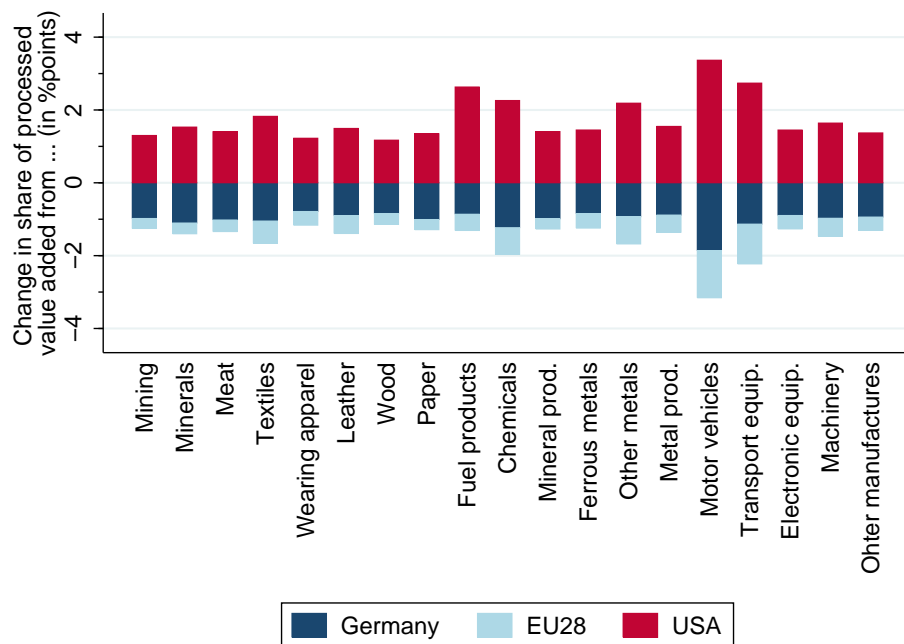


Note: The figure shows for each downstream manufacturing sector how much value added the EU28 processes from other regions (in % of the totally processed value added), summing over all upstream sectors. Neighbors are France, Belgium, Luxembourg, Netherlands, Denmark, Poland, and Czech Republic. CEEC are all Central and Eastern European countries in the EU excluding Poland and Czech Republic. ClubMed is short for Cyprus, Greece, Italy, Malta, Portugal, and Spain. EFTA are Iceland, Liechtenstein, Norway, and Switzerland. Other EU are Ireland, Finland, Sweden, and UK.

US inputs account for no more than 5% of total processed value added. Suppliers from the rest of the world are most important in the areas of fishery, electricity, and transportation services.

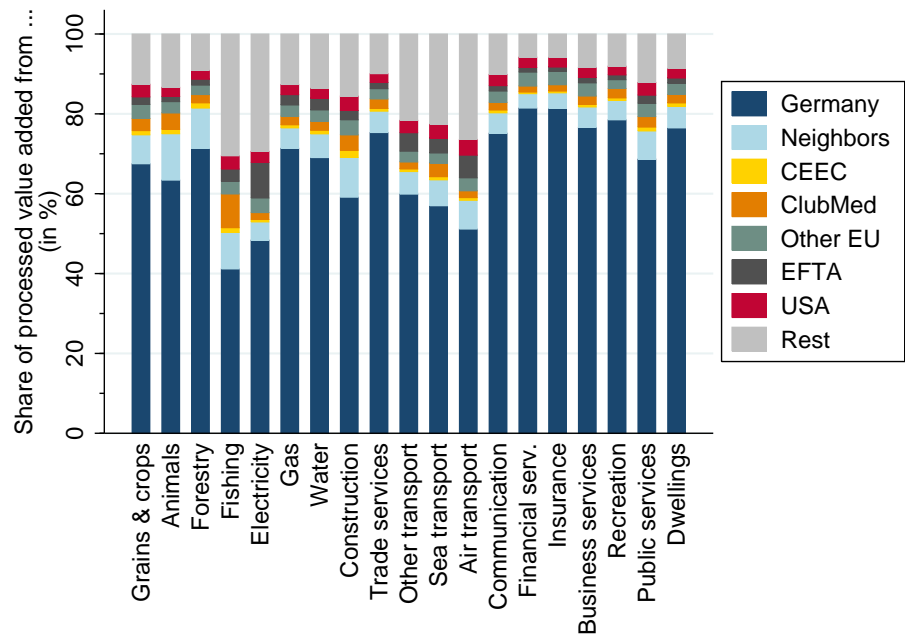
Figure 13 illustrates the changes in the German sourcing structure in the agricultural and service industries that TTIP could bring about. The largest gains for suppliers from the US are to be found in the transportation industry, with US air transport experiencing a gain of more than 2 percentage points. Again, as seen for manufacturing, the US gains come largely at the expense of German suppliers. EU suppliers lose market share as well, but those losses always remain below 2 percentage points.

Figure 11: Changes in Germany's supply networks in manufacturing



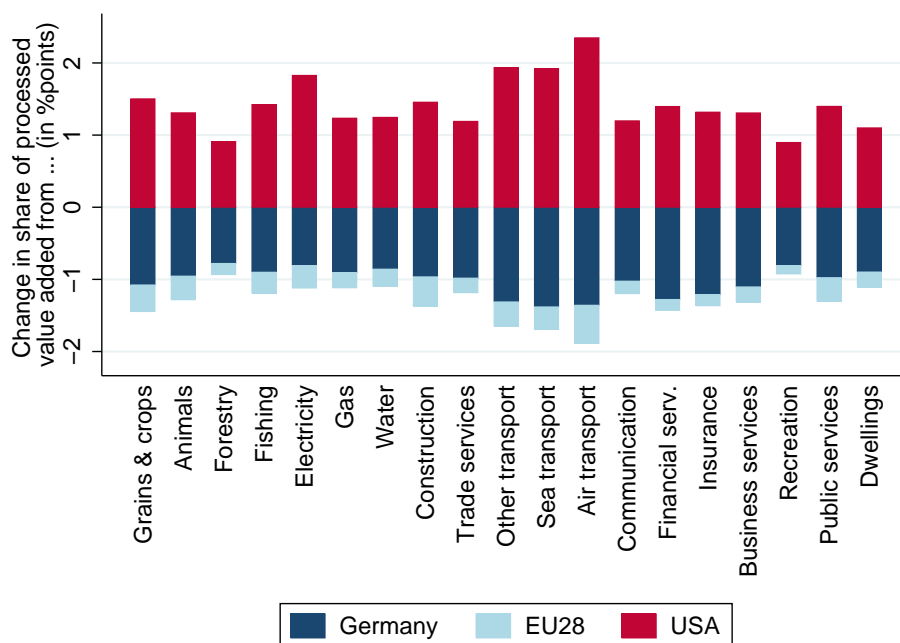
Note: The figure shows for each downstream manufacturing sector how the share of value added Germany processes from other regions summed over all upstream sectors changes with TTIP (in percentage points). EU28 are all EU member countries excluding Germany.

Figure 12: Germany's supply networks in agriculture and services



Note: The figure shows for each downstream agriculture and service sector how much value added Germany processes from other regions (in % of the totally processed value added), summing over all upstream sectors. Neighbors are France, Belgium, Luxembourg, Netherlands, Denmark, Poland, and Czech Republic. CEEC are all Central and Eastern European countries in the EU excluding Poland and Czech Republic. ClubMed is short for Cyprus, Greece, Italy, Malta, Portugal, and Spain. EFTA are Iceland, Liechtenstein, Norway, and Switzerland. Other EU are Ireland, Finland, Sweden, and UK.

Figure 13: Changes in Germany's supply networks in agriculture and services



Note: The figure shows for each downstream agriculture and service sector how the share of value added Germany processes from other regions summed over all upstream sectors changes with TTIP (in percentage points). EU28 are all EU member countries excluding Germany.