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Perspectives of the Transatlantic Free Trade Agreement between the EU and the US after BREXIT

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Abstra ct

In this article, the author presents the legal nature and economic effects of Free Trade Agreements (FTA or RTS according to WTO terminology) on economies of members and third countries. The second aim was an evaluation of the economic effect of TAFTA (TTIP) on the United States and the European Union in the case of Brexit as well as some potential impact on third countries and alternative FTAs as counterweights to TTIP. To identify the mathematical and statistical relationships, I constructed correlation and regression models between dependent and independent variables. The dependent variables are GDP, independent variables of GDP per capita, unemployment, exports and imports, price index and investment, as well as the country's participation in the free trade zone. To evaluate the independent variable (specifically the participation in the free trade zone), a "dummy variable" I used with values "0" during ten years prior the entrance intro free trade zone and "1" during ten years after the entrance of a particular country into the free trade zone. The general conclusions following from my study is that RTS allows many countries to negotiate and achieve much more preferential trade conditions than is possible at the multilateral level.

Keywords: Brexit; EU; trade agreement; NAFTA; WTO; TBT Agreement
JEL Classification: F13, F 42, F53

Influence of FTAs on GDP and National Stock Market Index

The impact of FTAs on the economy in the case of the EU and NAFTA

NAFTA is a comprehensive regional agreement uniting three countries with different levels of economic, social, and political development; regulates their relations in various aspects — trade in goods and services, investment cooperation, protection of intellectual property, ecology. The agreement was signed in 1994 to smoothly reduce trade barriers in various sectors of the US economy. Canada and Mexico to ensure and facilitate the access of goods and services to the markets of the participating countries and formally meant a single continental system of free trade. NAFTA is a free trade zone, all the conditions of which apply only to NAFTA members, and concerning third countries, each state develops an independent foreign economic policy.

The terms of reference for a tripartite agreement include:

The removal of barriers to trade in goods and services

Creation of a system for the protection of intellectual prop erty rights

The liberalisation of investment flows (non-discriminatory treatment)

The formation of a dispute settlement mechanism between member countries.

Tariff reductions occur in stages while preserving protectionist measures for the "sensitive goods" of each country. There are still exceptions (exemptions) from the rules of free trade, especially for agricultural products. For example, Mexico protects domestic production of beans from imports, vegetables and fruits in the USA, and dairy products in Canada. Seizures in the services sector include

transportation (air, sea, and land), broadcasting, health care, legal services and some others.

It is essential that in the framework of NAFTA established general rules for determining the country of origin of goods. It is a country where the product has undergone substantial processing, and the share of the local component is not less than 50 per cent.

The agreement does not provide for the creation of a customs union, although it includes elements that go beyond the free trade zone.

NAFTA has six significant benefits. According to a Congressional Research Service report drawn up in 2017, this agreement has more than tripled the volume of trade between Canada, Mexico and the United States since its adoption. The agreement reduced and cancelled tariffs (Villareal & Fergusson, 2017).

Secondly, the growth of trade increased production. Although the assessment of the effect of NAFTA on various factors is difficult, experts believe that the full implementation of NAFTA will enhance the growth of the United States to 0.5 per cent per year.

Third, although there are different estimates, stronger growth created jobs. According to the 2010 report, the US free trade agreements — part of the list obtained from the NAFTA agreement — supported direct support for 5.4 million jobs, while trade with these countries supported 17.7 million.

Fourth, foreign direct investment (FDI) is more than tripled. The United States increased its foreign direct investment in Mexico from $ 15.2 billion. The United States in 1993 to 104.4 billion dollars. The USA in 2012 and from 69.9 billion dollars. US in Canada in 1993 to 352.9 billion dollars. The United States in 2015. Mexico increased its investment in the United States by 1283 per cent over the same period, while Canadian FDI increased by 911 per cent.

Fifth, NAFTA reduced prices. Importing oil from the United States of Mexico is cheaper because NAFTA got rid of tariffs. Reduces US dependence on Middle Eastern oil. Inexpensive oil lowers gas prices, reducing transport costs. Prices for products, in turn, are lower.

Sixth, the agreement contributed to government spending. Government contracts in each country were awarded to suppliers in all three Member States. This increased competition and reduced costs.

On May 18, 2017, the USTR sent Congress 90 days note to begin negotiations with Canada and Mexico on the revision of NAFTA as requested by the WTO (TPA) (PL 114) –26). Some trade issues that the USA may consider as concerns NAFTA and potential revisions to the agreement include the financial implications of withdrawing from the agreement, the impact on relations with Canada and Mexico, requests that Canada and Mexico may make for negotiating and evaluating how to "modernise" or revise NAFTA. Another problem is the implications of the United States withdrawal from the Pacific Partnership (TPP), a free trade agreement between the United States and 11 other countries, including Canada and Mexico. Some TPP members are moving forward under a similar agreement without the USA involvement, which may affect the USA competitiveness in some markets (Fergusson & Williams, 2016). It also has implications for the revision of NAFTA, since NAFTA did not have several new problems. Some trade policy experts and economists give credit to NAFTA and other FTAs for expanding trade and economic ties between countries, creating more efficient production processes, increasing the availability of cheaper consumer goods, and improving standards and living conditions and conditions of work. Some other scientists and experts assess negatively free trade agreements for worsening employment trends, lower wages in the USA and not making enough efforts to improve labour standards and environmental conditions. NAFTA has influenced other free trade agreements that the USA concluded later, as well as multilateral negotiations. NAFTA has initiated a new-generation trade agreement in the region and other parts of the world, influencing negotiations in areas such as market access, rules of origin, intellectual property rights, foreign investment, dispute resolution, labour rights and environmental protection.

At the time of the implementation of NAFTA, the Canadian Free Trade Agreement in the United States was already in place, and American tariffs on most Mexican products were low, while Mexico had the most protected trade barriers. Under the agreement, the United States and Canada gained greater access to the Mexican market, which at that time was the largest expanding market for exports of goods and services to the United States (Brookhart & Wallace, 1993). The agreement led

to the creation of one of the largest single markets in the world. Some of the most important provisions of NAFTA included liberalisation of tariff and non-tariff trade, rules of origin, trade in services, foreign investment, and protection of intellectual property rights, government procurement and settlement of disputes. Labour and environmental regulations were included in separate NAFTA agreements.

The provisions of the Market Opening Agreement led to the phasing out of all tariffs and most non-tariff barriers on goods produced and sold in North America within 15 years of their entry into force. Some tariffs were cancelled immediately, while others were cancelled in various programs for 5–15 years. Most fares have been withdrawn for ten years. Import-sensitive US industries, such as glass, shoes, and ceramic coatings, have received more extended phase-out plans (Alexander, 1993). NAFTA offered an opportunity to speed up the tariff cuts if the countries concerned agree (Blecker, 2018). The agreement included guarantees under which importing countries could raise tariffs or, in some cases, import quotas during the transition period, if domestic producers were severely affected by the increase in imports from another country, NAFTA.

The European Union (EU) is political and economic. The goal of the union is to create uniform rules and improve trade management and living conditions in Europe. The European Union includes 27 member countries; in other words, most European countries. Member countries are independent states. However, they undertake to comply with the decisions and orders adopted in the European Union.

The EU's gross domestic product (GDP) is about 14 trillion euros and is at the same level as the GDP of the United States; The EU accounts for 20 per cent of world trade. The EU is the world's largest exporter, ahead of China and the United States.

The single internal market is one of the key qualities of the EU. He assumes that goods, services, money and people can move freely between EU member states without restrictions — these are often referred to as the "four freedoms". Among other things, it allows to increase economic efficiency and increase the variety of goods.

EU member states adhere to a set of general laws, rights, obligations and court decisions, which are usually referred to as the French term Acquis Communautaire (community property). In general terms, EU legislation exceeds national laws and regulations and deals with all areas where Member States have determined that actions at the EU level are more effective or more effective than at the national level.

Following the current Multi-Year Financial Development Program (Anania et al., 2015), almost 86 per cent of the EU budget is spent on development and employment, supporting competitiveness, regional cohesion (eliminating imbalances in regional development) and implementing agricultural policies. The development program, which accounts for 47 per cent of the budget, includes education, research and innovation, infrastructure improvement and support for small and medium-sized enterprises (SMEs). It means recognising that a prosperous economy needs a highly skilled workforce and that a dynamic labour market, in turn, brings direct social benefits for the people of Europe. Also, all Member States and regions should be able to compete on an equal footing with more developed geographic areas.

The single European market, launched in 1992 as a modernisation of the common market, is an entirely legal and political project created and supported to improve performance in Europe. Thanks to free mobility of production goods and services in a broader market, European companies had to and at the same time had an opportunity to develop innovative products and to improve production cycles for successful competition inside the common economic area, thereby increasing economic growth. When the debate on "European value-added" is high, and questions are being asked about the possibility of free restriction movement, it is important to understand what has been improved within the common market and what has not been improved.

The overall result of the analysis is that the critical market has had a significant positive impact on GDP. Besides, this effect appears to have arisen mainly due to the free circulation of assets and capital — EU trade and investment flows have increased since the introduction of the common market. It, in turn, has increased competition, expanding innovation, and various product options that improve growth and well-being. However, the common market did not seem to have a significant impact on the flow of services and people (Dahlberg, 2015).

There is no convincing evidence of an increase in trade in services between the Member States that can be attributed to a single market, and there is no evidence of increased competition or productivity in the service sectors. However, there is currently no further analysis of the impact of the Services Directive, which aims to eliminate the problems associated with the free movement of services. Preliminary evidence suggests that the implementation would have significant positive effects, but has not yet been finally resolved using adequate econometric techniques.

To achieve the goal of this study, a research has been done to check the results, observed in the literature, on the example of two free trade zones of different level of integration that has been chosen: the North American free trade zone "NAFTA" and the European Union (Tregub & Raudsepp, 2018) Particularly, the influence of involvement in a free trade agreement on members' GDP. On the one hand, the European Union is a union with a profound level of integration; therefore, multiple factors may have an actual impact on GDP, except the presence in the free trade zone itself. Moreover, Western and Eastern European countries within the European Union also might experience a different impact of FTA. The same may refer to NAFTA due to the substantive GDP variation between the USA, Canada and Mexico. On the other hand, when compared the results of the analysis with a less integrated NAFTA free trade zone, some conclusions might be made of integration level effect on the economies of the participating countries.

In each of the selected free trade zones (the EU and NAFTA), two pairs of countries are selected: economically more developed and economically less developed for assessing the influence of free trade agreement on the countries with different GDP. In the NAFTA, the United States and Mexico are chosen for further research, and Spain and Poland are selected in the European Union. In the European Union particular countries has been chosen due to low availability of information as some countries do not provide reliable information on some macroeconomic indicators within the time before joining the EU (for example, Germany and France). Additionally, a vital bias for this specific research is that a limited sample, used in the study, does not allow making a generalisable conclusion on the impact of the free trade zone on all member countries of the unions (especially in the case of the EU). However, this research does not include the objective of making a generalisable conclusion. One of the main goals of the research is comparing more and less economically strong countries within one FTA to achieve results that would demonstrate the extent of the impact of free trade zones on countries with different economic potential.

The period of the study is chosen ten years before and ten years after the country's factual entry into the free trade zone. This time horizon is determined to identify the long-term effect of a free trade zone on member's GDP. The cumulative study period is 20 years. A particular period was chosen primarily because of the availability of information and the time when countries entered the free trade zones (for example, Poland joined the EU only in 2004).

To identify the mathematical and statistical relationships, I constructed correlation and regression models between dependent and independent variables. The dependent variables are GDP, independent variables of GDP per capita, unemployment, exports and imports, price index and investment, as well as the country's participation in the free trade zone. To evaluate the independent variable, specifically the participation in the free trade zone, a "dummy variable" is going to be used with values "0" during ten years prior the entrance intro free trade zone and "1" during ten years after the entrance of a particular country into the free trade zone.

The results of econometric studies in the USA and Mexico demonstrate a positive linear relationship between countries' participation in the North American free trade zone and members' GDP. Correlation analysis showed that between these indicators, there is a strong positive correlation between these two factors (US – 0.85; Mexico — 0.85). In the US regression model, the NAFTA factor turned out to be significant and had a positive coefficient (Tables 1 and 2). In the regression model of Mexico, the NAFTA factor also turned out to be substantial and had a positive coefficient (Table 3 and 4). In both cases, this indicates about a positive relationship between GDP and the country's presence in a trade union. Under the coefficients, it can I concluded that the presence of the USA and Mexico in NAFTA brought in both economies 172 billion and 18 billion dollars, respectively. The

Table 1
The regression model for the USA

	Coefficients	Standard Error	t Stat	P-value
Intercept	-9.25609E+12	9.11589E+11	-10.1538035	1.50679E-07
Unemployment, %	3.4848E+11	27564973962	12.64212027	1.11557E-08
Import, $	1.88448E+11	25971159556	7.256038565	6.4008E-06
Export, $	1.581111062	0.398524492	3.967412525	0.001607844
Inflation,%	1.101089744	0.315200536	3.493299081	0.003964667
FDI, $	-1.320075655	0.406888762	-3.244315835	0.006397848
NAFTA	1.72214E+11	62434022174	2.7583376	0.016276436

variation of benefits between the two countries is evident and might be linked with the difference of sizes between the two economies, representing a scale effect. Overall, the result suggests that both countries have benefited from the creation of a single trade zone. Autocorrelation of data during the Durbin-Watson test and heteroscedasticity were not identified during the Golfeld-Quandt test.

An analysis of data from Spain and Poland in both cases showed a lack of connection between the country's presence in the European Union and the dynamics of GDP. The dummy variable, which shows the country's presence in the EU, is insignificant in the correlation model for both counties, Spain (Tables 5 and 6) and Poland (Tables 7 and 8). On the other hand, the correlation analysis showed a high positive linear relationship between GDP and the fact of being in the EU (0.9 in Spain and 0.92 in Poland).

On the one hand, this may mean that the factor of the country's presence in the EU does not have a sufficient effect on the GDP of the countries studied. On the other hand, it is necessary to pay attention to the fact that the EU has closer cooperation between countries, therefore in future studies, it is essential to study the influence of EU on other macroeconomic indicators. Other macroeconomic indicators (such as FDI, for example), which have proved impact on the country's GDP, may be influenced by FTA. The results of the correlation analysis show that there is a high positive linear relationship between the variables.

Table 2
The regression statistics for the USA

Regression Statistics	
Multiple R	0.999754403
R Square	0.999508866
Adjusted R Square	0.999282189
Standard Error	59779855673
Observations	20

The results are generally consistent with previous studies that did not reveal the relationship between free trade zones and GDP. However, the results for the EU cannot generalise, since only two countries were studied; therefore, it is not possible to conclude all Euro-

Table 3
The regression model for Mexico

	Coefficients	Standard Error	t Stat	P-value
Intercept	-28630629212	5822458560	-4.917274879	0.00018598
GDP per capita, $	86273771.95	2616946.416	32.96734371	2.06094E-15
Import, $	0.447248772	0.082204216	5.44070354	6.82454E-05
$ FDI	1.53502676	0.54006199	2.842315862	0.012357057
NAFTA	18189236523	5806428369	3.132603274	0.006845597

zone countries. In a future study, the countries of the European Union should be considered in more detail using a larger sample. Autocorrelation of data during the Durbin-Watson test and heteroscedasticity were not identified during the Golfeld-Quandt test.

The recent study of Andersen and Vanhuysse (2019) investigated the effects of the EU on members' rate of growth in contrast to some countries outside the Union. Authors compare growth in the EU with the USA and countries of OECD comparable to wealth level outside the EU. Besides, the growth rate was compared with the growth in the number of former Soviet countries inside and outside the EU, and then the growth in several EU countries. Finally, it was impossible to demonstrate the presence of an obvious growth benefit for members of the EU: the European Union as a complex FTA shown approximately the same growth rate in comparison with external countries, and in some cases, the Union showed the lower rate of growth.

Authors highlights that, perhaps, the EU membership has a higher economically positive effect than it seems. GDP could be not a sufficient measure of measuring the economic impact. Another probable explanation of the study's results might be the complexity of the European Union as well as the complexity of benefits that could be not appropriately represented in the data.

Inability to detect significant positive economic benefits from EU membership contradicts many formally opposing relationships as noted the authors of this particular study. For example, the OECD Brexit report issued in 2016 states that the EU had a positive impact on the prosperity of the UK (Kierzenkowski et al., 2016). In 2008, the Dutch Economic Policy Review Agency, an independent part of the Netherlands Ministry of Finance, found that EU membership made the Dutch much richer (Straathof et al. 2008).

As this particular study has been focused on the EU average growth, the results might be different from those obtained in separate countries. Some countries may show the growth rate above the EU's average, while other countries demonstrate a slower tempts of growth. Therefore, the effect of the EU should be further investigated.

The overall results for four countries prove that being in a trade union can have a positive economic effect on GDP as well as have no effect. In the future, more detailed studies should be conducted to assess more accurately the impact of the country's presence in a trade union not

Table 4
The regression statistics for Mexico

Regression Statistics	
Multiple R	0.999508938
R Square	0.999018117
Adjusted R Square	0.998756281
Standard Error	6656426524
Observations	20

Table 5
The regression model for Spain

	Coefficients	Standard Error	t Stat	P-value
Intercept	1.28177E+11	76549404960	1.67443552	0.11622929
Unemployment, %	-2751506168	2413925098	-1.1398474	0.27347649
Import, $	1.810611123	1.602724006	1.12970862	0.27758388
Export, $	1.447248007	1.43274698	1.01012114	0.32957765
Inflation,%	-1861236919	3153266425	-0.5902568	0.56442521
FDI, $	13.12721686	4.069369628	3.22586004	0.00609865
EU	3501526520	26043874039	0.13444722	0.89496266

Table 6
The regression statistics for Spain

Regression Statistics	
Multiple R	0.995677816
R Square	0.991374313
Adjusted R Square	0.987677589
Standard Error	20790754735
Observations	21

only on GDP but also on other macroeconomic indicators characterising the economy.

The Effect of Integration within FTAs on Stock Markets

European stock market integration phenomenon is important for investors and the economy overall. Deregulation, the abolition of cross-border rules on banking and securities transactions, as well as the abolition of monetary risk have contributed to cross-border investment and accelerated capital flows in the European common market. As exchange rates are no longer barriers to stock trading in the euro area, the European Commission is currently working to harmonise and remove regulatory and structural barriers such as restrictions on transactions, accounting systems and financial reporting in cross-border transactions.

It is expected that the gradual emergence of a single stock market increased the level of competitiveness through the effective capital allocation, the attraction of savings to broader and more flexible capital markets and managerial disciplines.

Indeed, the creation of an integrated European capital market is considered as one of the strategies developed to achieve the Lisbon agenda by 2010 and to overcome the USA economy. However, a high degree of integration with the reduction of the exchange rate risk has a significant positive effect on the competitiveness of the economy of the European Union.

There are three effects of monetary integration on the stock markets and trade. First, with increasing market openness and the level of trade between countries, the profitability of cross-border corporations will become higher. Another important mechanism of synchronicity is that the real economy converges as a result of strengthening the monetary policy. A more similar business cycle and increased interdependence through trade can mean a convergence of expected cash flows and volatility, which can lead to a joint movement of profits and dividends in European companies. Consequently, the correlation between equity estimates and capital estimates in different countries increases the price of an asset. The second achievement of economic integration is the impact of monetary policy convergence on corporate valuation. As inflation and interest rates approach the European level, corporate dividends and net income rates may be discounted to similar levels, which may lead to an aggregate price for domestic stocks. Also, exchange rate fluctuations diminish over time; therefore, exchange rate risk factors included in stock prices must also be eliminated.

Third, value fluctuations of exchange rates are mainly caused by national economic policies, and at the same time, they are an important source of risk priced in capital markets as exchange rate

Table 7
The regression model for Poland

	Coefficients	Standard Error	t Stat	P-value
Intercept	27039368804	6792996981	3.980477	0.001825
Unemployment, %	-995550452	232755064	-4.27725	0.001074
Import, $	0.072282745	0.16318392	0.442953	0.66568
Export, $	0.261095139	0.09318882	2.801786	0.015991
Inflation,%	57029771.7	111475620	0.51159	0.618221
FDI, $	0.202411023	0.1344751	1.505193	0.158134
EU	5179420283	3234894383	1.60111	0.135334

volatility increases in a country, the country risk premium increases because investors require higher returns to offset uncertainty. The presence of exchange rate uncertainty can be an important means of market segmentation. The more volatile and unpredictable the exchange rate is, the higher the insurance against uncertainty, the stronger the market segmentation and the less the market correlation. Similarly, reducing or eliminating the currency risk associated with the introduction of the common European market and a common currency can increase the degree of financial integration between countries.

With the development of computer and communication technology, adjustments to international price delays have become shorter, and the stock market has become more synchronised. Moreover, since control over capital mobility and foreign exchange operations has been eased, shocks affecting the valuation of many assets around the world are easily transferred to various countries in the integrated market. Thus, since the transmission path to the financial market is gradually disappearing, it can be expected that the impact on general risk factors (as planned in terms of financial services) will increase, affecting more countries in the same range.

To achieve the goal of this study, second research has been done to check the influence of free trade zone on the national stock index on the example of two free trade zones of different level of integration that has been chosen: the North American free trade zone "NAFTA" and the European Union. On the one hand, the European Union is a union with a profound level of integration; therefore, multiple factors may have an actual impact on the growth of national stock index. Moreover, Western and Eastern European countries within the European Union also might experience a different impact of FTA. The same may refer to NAFTA due to the substantive GDP variation between the USA, Canada and Mexico.

Table 8
The regression statistics for Poland

Regression Statistics	
Multiple R	0.999936542
R Square	0.999873089
Adjusted R Square	0.999788482
Standard Error	2310214639
Observations	21

In each of the selected free trade zones (the EU and NAFTA), two countries are selected: economically more developed and economically less developed. In the NAFTA, the United States is chosen for further research, and Poland is selected in the European Union. These countries have been chosen due to low availability of information as some national stock indexes information prior the entering into trade zone is limited or inaccessible (for example, in Spain and Mexico). Additionally, an important bias for this specific research is that a limited sample, used in the research, does not allow making a generalisable conclusion on the impact of the free trade zone on the national stock index. However, this

Table 9
The regression model for Poland

	Coefficients	Standard Error	t Stat	P-value
Intercept	44266.49997	24450.5851	1.81044747	0.097598181
GDP, $	4.87082E-08	6.8212E-07	0.071407064	0.944355538
Unemployment,%	-235.7649376	873.863995	-0.269795917	0.792311502
Import, $	-1.24827E-07	3.8873E-07	-0.321113797	0.754142673
Export, $	4.36705E-07	2.8321E-07	1.541997794	0.151335665
Inflation,%	-713.5000908	266.266263	-2.679648874	0.021421625
FDI, $	4.64495E-07	3.4646E-07	1.340706876	0.207046123
EU	22038.70502	8420.81716	2.617169402	0.023949263

research does not include an objective of making the generalisable conclusion.

The period of the study is chosen ten years before and ten years after the country's factual entry into the free trade zone. This time horizon is chosen to identify the long-term effect of the free trade zone on the members on the national stock index. The cumulative study period is 20 years. A particular period was chosen primarily because of the availability of information and the time when countries entered the free trade zones (for example, Poland joined the EU only in 2004).

In Poland WIG national stock index (Warsaw Stock Exchange) have been chosen to be included on the research (tables 9 and 10). In the USA, the domestic stock index S&P 500 has been chosen to be included in the study (tables 11 and 12). S&P 500 is a domestic stock market index in the USA, which is based on the market capitalisation of 500 large enterprises with their common stock to be listed on the NYSE, NASDAQ, or the Cboe BZX Exchange.

According to the build model of the impact of economic integration on the stock index, there is a significant positive dependence between entering the EU by Poland and the growth of its national stock index. In the USA, this connection was not substantial. The results might be explained by the size of the countries. In the case of Poland, the integration with the European Union, which is a much larger economic union, contributed to the inflow of investments in the national economy reflecting in the growth of local enterprises capitalisation. At the same time, the inclusion of the USA in NAFTA (including Mexico and Canada) might not have a significant effect on the inflow of capital in the country as by its nature NAFTA as a trade agreement does not have such deep economic integration between members in contrast to the European Union. Due to the limited number of scope used in this research, the results cannot be generalised; however, they demonstrate the existence of a particular relationship between the national stock indexes and participation on trade zones of particular countries; therefore, further research is required. More profound research based on the broader scope may obtain results that are more generalisable in the future. Autocorrelation of data during the Durbin-Watson test and heteroscedasticity were not identified during the Golfeld-Quandt test.

Table 10
The regression statistics for Poland

Regression Statistics	
Multiple R	0.96916251
R Square	0.939275971
Adjusted R Square	0.889592674
Standard Error	5458.878576
Observations	21

The Problem of Globalization in the Context of Launching Free Trade Agreements

International trade may be limited by tariff as well as by non-tariff barriers to trade. Examples of tariff barriers are importing tariffs, taxes and other commissions implied on imported goods from abroad. Tariff barriers are eliminating by

Table 11
The regression model for the USA

	Coefficients	Standard Error	t Stat	P-value
Intercept	10134.1536	3627.041019	2.79405541	0.0152017
GDP, $	1.2169E-09	3.72578E-10	3.26626824	0.00613317
GDP per capita, $	-397.38358	134.4099182	-2.9565049	0.01113183
Unemployment, %	-194.70658	76.94413008	-2.530493	0.02510153
Import, $	-2.348E-09	7.5311E-10	-3.1179358	0.00816011
Export, $	-3.928E-10	5.46736E-10	-0.7184956	0.48516584
Investment, $	4.1197E-09	6.68223E-10	6.16508564	3.4042E-05
NAFTA	-179.72546	105.7832304	-1.6989977	0.1131084

the efforts of international organisations such as the WTO. Examples of non-tariff trade barriers are laws and regulations that require certain products to be produced and distributed specifically to obtain access to the local market. In addition, non-tariff barriers include standards, special certificates, inspection requirements, and some bureaucracy procedures that make it challenging to import certain types of products; therefore, non-tariff barriers are also considered as trade barriers. An important distinction between trade tariff and non-tariff barriers is that non-tariff barriers are more difficult to detect and quantify. There might be a situation when official import tariffs are reducing while non-tariff barriers are increasing at the same time. It means that protectionism may intensify if it is not perceived when the volume of non-tariff barriers to trade increases. By recent statistics, it is shown that the total volume of non-tariff trade measures has increased over the past decades. For example, according to the WTO (2014), the number of technical regulations that countries submit as part of technical barriers to the WTO has increased significantly after the financial crisis of 2007–2009 (WTO, 2014). There are also indications that non-tariff barriers are a relatively significant barrier to international trade flows. Bratt (2014) states that non-tariff barriers increase global trade costs by more than 15 per cent.

Different types of administrative costs consist of an unusually significant cost element in international trade. These costs are usually classified as non-tariff barriers and comprise, for example, in complex customs procedures and border controls, in various national regulatory requirements for the production and distribution of industrial products and differences in national product rules. Two important trade barriers in this regard are international requirements for the health and safety of food, animal and plant products, which entered into force in the 1995 WTO Agreement, and technical barriers to trade in the form of various standards for product standardisation. The costs have a significant negative impact on world trade, although it is difficult to estimate the real value of these trade policies at an aggregate level.

In general, international trade has a positive effect on GDP growth. It is also clear that non-tariff trade barriers are an important element of

Table 12
The regression statistics for the USA

Regression Statistics	
Multiple R	0.98800191
R Square	0.97614777
Adjusted R Square	0.96330426
Standard Error	80.461022
Observations	21

trade policy in most countries, in particular, the implementation of administrative costs in the form of technical barriers to trade and international requirements for health and food safety, animals and plants. It indicates that reducing administrative costs in international trade may increase GDP growth. This conclusion is confirmed by the so-called Checchini report, which was published by three independent researchers on behalf of the European Commission to analyse the expected consequences of creating a domestic market. The report estimates the total gains from the free movement of goods, services, capital and labour from 4 to 6 per cent of the GDP of twelve EU countries at that time (Cecchini et al., 1988). According to the report, it is expected that the main effects will manifest themselves based on harmonised national standards for the production and distribution of goods and services and less intensive border controls in international trade (Pataki, 2014).

Non-tariff barriers to international trade include:

Regulation: all the rules that determine how a product can be manufactured, processed or advertised

Rules of origin: rules that require confirmation of what products are produced from the country

Quotas: rules that limit the amount of goods that can be sold on the market. Different non-trade tariff barriers may limit trade than actual tariffs. In the second half of the twentieth century, multilateral trading rounds led to a sharp decline in rates. In 1949, the United States had an average tariff level of 33.9 per cent. Today it is 3.5 per cent. The EU is 5.3 per cent, and China is 9.5 per cent (Institute, 2019).

In addition to a range of sensitive products, where the rates are still high, there are non-tariff

Table 13
The UN Conference on Trade and Development classification of non-trade barriers with explanations

Non-tariff barrier classification	Meaning
Sanitary and phytosanitary measures	Plant and animal health regulations
Technical barriers to trade	Regulations on the contents of products, the process by which they were manufactured, their labelling, etc.
Pre-shipment inspection and other formalities	Requirements that goods be checked or licenses secured before they can be imported
Contingent trade-protective measures	Policies that protect the economy from the impact of certain imports, such as anti-dumping measures, safeguards for agriculture, etc.
Non-automatic licensing, quotas, prohibitions and quantity control, measures other than for SPS or TBT reasons	Policies that limit the total number of imports of a particular good, such as quotas, rules stating that imported goods can only be used in certain industries or temporary bans on certain products
Price-control measures, including additional taxes and charges	Charges or taxes (other than tariffs) that change the price of imports, for example, by ensuring that imports do not undercut the price of domestically-produced goods
Finance measures	Policies that regulate access to foreign exchange for imports, for example, by requiring deposits to be paid in advance or those customs duties must be paid ahead of time
Measures affecting competition	For example, compulsory requirements to use national services, or use of a single state-owned importer for some goods
Trade-related investment measures	Requirements that goods should contain a certain proportion of locally-produced content, or policies that limit imports based on the performance of exports
Distribution restrictions	Measures which make it harder to sell imported goods in all parts of a market, for example, by stating that goods can only be sold in areas that meet certain conditions
Non-tariff barrier classification	Meaning
Restrictions on post-sale services	Policies stating that post-sales services (customer services, repair services, etc.) must be provided by a local company
Subsidies	Money from the government for domestic producers, making it harder for importers to compete
Government procurement restrictions	Ensuring that governments buy goods from domestic producers
Intellectual property	Ensuring that imports comply with patents, trademarks, industrial designs, copyright, geographical indications
Rules of origin	Rules requiring products to be able to demonstrate in which countries they were produced, often so that it can be determined whether the good can benefit from preferential access under a bilateral free trade agreement
Export-related measures	Policies undertaken by the exporter's government, for example, to limit exports to a certain country through trade embargos, or to reduce exports to keep domestic prices low

Table 14
Tariff rate, applied, weighted mean, all products (%), 2013–20171

	2013	2014	2015	2016	2017
United States	1.7	1.7	1.7	1.7	1.7
European Union	1.4	1.8	1.9	2	1.8
Low & middle income	5.4	5.9	5.9	5.5	4.3
Low income	9.3	8.2	9.1	7.4	9.8
Upper middle income	5.4	4.3	4.6	4	3.7
World	3	2.9	3.1	3	2.6

barriers that are a real barrier to international trade. A study of trade policy in 2009 in 91 countries showed that non-tariff barriers comply with the tariff limit of 12 per cent for the entire sample (Dean et al., 2009). The United Nations Conference on Trade and Development stated that non-tariff barriers more than twice as higher as common market trade limits.

Non-tariff measures are usually understood as unconventional tariffs that may have an economic impact on international trade in goods, exchanged quantities or prices, or both, (UNCTAD/DITC/TAB/2009/3). Since this definition is broad, detailed classification is crucial for better identification and delineation of non-tariff measures. The classification of non-tariff measures presented in the UNCTAD report is a taxonomy of all measures that are considered relevant in the current context of international trade. It is based on the UNCTAD coding system and was developed by several international organisations, the Multi-Agency Support Group (MAST), in support of the Secretary General of the UNCTAD Group on Irregular Obstacles in 2006. Field data collection is verified by UNCTAD and ITC. Work varied between 2007 and 2012. This version was presented in 2012 as a result of discussions and tests. The classification will be developed and should be adapted to the needs of international trade and data collection.

The classification includes technical measures such as sanitary or environmental protection, and others traditionally used as instruments of trade policy, such as quotas, price controls, export restrictions or conditional trade protection measures, as well as other transnational measures such as investment, government procurement or distribution restrictions. This classification does not assess the legality, adequacy, necessity, or discrimination of political interference in international trade. It recognises the existence and is designed to organise data in a database format. Transparent, reliable and comparable data can help to understand this phenomenon and help exporters around the world use data such as tariffs. Transparency information is also necessary for any negotiations that may lead to harmonisation and mutual recognition and thus increase trade.

The small growth of the world trade after the financial crisis cannot be explained by higher tariffs. In this regard, it is necessary to find out whether non- tariff barriers to trade have increased. However, there are few sources of information on non-tariff barriers to trade. The quantitative assessment of non-tariff barriers hampers lack of resources, and their purpose and functions vary by country and time. However, one of the most reliable sources of information in the region is the World Trade Organization (WTO).

In general, the WTO collects detailed information as well as general information on trade barriers in various countries and regions in the Integrated Trade Intelligence Portal (I-TIP) database. By collecting materials on non-tariff barriers to trade, recent protectionism might be analysed. The I-TIP dataset works with UNCTAD and the World Bank to report based on common standards for determining and quantifying non-tariff barriers to trade. The initial figures were used in several research reports that analysed the economic impact of non-tariff barriers to trade.

The WTO is distinguishing between early and unrecognised non-tariff barriers to trade to determine whether it can introduce or contradict trade agreements under the WTO standards. According to practice, up to 12 months might pass after the implementation of protection measures (their in-

troduction) and the investigation being launched. It means that the number of measures entered is less than the number of actions initiated. The number of measures announced (initiated) can now be an indicator of protective measures, and the number of measures taken is real protectionism. The progressive tendency of countries to report trade barriers to the World Trade Organization (WTO) cannot rule out that the number of initial trade barriers has increased over time. Therefore, there is a necessity to pay more attention to the number of non-tariff barriers to trade.

The WTO Agreement on Technical Barriers to Trade (the "TBT Agreement") entered into force on January 1, 1995, as the WTO Agreement following Annex 1A to the Agreement establishing the World Trade Organization. The TBT Agreement confirmed and clarified the provisions of the "standard code" — the original Tokyo Round Agreement of 1979 on technical barriers to trade and standards. TBT is one of 16 non-tariff measures (NTMs) chapters.

The TBT Agreement binds all WTO members. It has different starting points with other WTO agreements: non-discrimination, promoting predictability of market access, technical assistance and a special and differentiated approach to developing countries in implementing the agreement. However, the TBT agreement contains specific features for the preparation and implementation of regulatory measures affecting trade in goods: it strongly recommends the use of international standards and stresses the need to avoid unnecessary barriers to trade. It also contains detailed provisions to clarify the entire process of preparing, approving and applying measures of TBT (regulatory life cycle). These provisions — along with guidelines that members have gradually developed over the years — have made it possible for the TBT agreement to become a single multilateral instrument for addressing trade-related regulatory measures.

The TBT Agreement is part of a broad WTO agreement on non-tariff measures. The NTM system, including technical regulations, standards and conformity assessment procedures, is a series of tasks for the WTO. On the one hand, governments rely on NTM systems to achieve public policy objectives, including public health and environmental protection. Trade efficiency is a normal and legitimate consequence of such rules. On the other hand, NTM can be used to protect domestic producers from foreign competitors or to unduly restrict trade. NTM systems are also technically complex, less transparent, and more difficult to quantify than tariffs. The TBT Agreement has been accurately designed with these issues in mind.

Its field helps WTO members distinguish between 'legitimate' motives and defensive motives for action against TBT. Therefore, this agreement is an important technique for enchasing coherence and mutual support between domestic policies used by the state to achieve common trade policy and public goals. In short, the rules of the TBT Agreement are designed to help governments achieve legitimate regulatory policy objectives under WTO rules, including avoiding unnecessary barriers to international trade and adhering to fundamental principles of multilateral trade.

The TBT Agreement distinguishes three categories of measures: technical regulations, standards and conformity assessment procedures. A precise definition of these measures can be found in the TBT agreement.

The technical regulations set out requirements that require compliance. Types and product range can vary widely. For example, there may be a specific ban on the use of lead in paints used in toys, or on the use of certain additives in tobacco products. For example, other measures related to setting labelling standards for organic products or setting emission requirements for diesel engines may be more general. They have widespread evidence that access to the market through any form of government intervention (law, regulation, law, action) depends on the fulfilment of the requirements outlined in the technical regulations.

To confirm the existence of technical rules, today the WTO law has established the following three criteria: (I) The requirements described in the document containing the technical provisions shall apply to the product or group of products being identified. It is recognised in the document). The requirement of the paragraph. (II) Identifies the characteristic of the product (it may be intrinsic to the product itself, or it may be connected, prescribed, or applied in the form of gender or voice). (III) Compliance with product specifications should be mandatory.

When technological requirements vary from market to market, traders compete for the cost of

adapting a product (or its redesign) and conformity assessment for each market they are trying to enter. It can disrupt the market, distort competition and reduce international trade. International standards can help solve these problems. International standards create economies of scale, efficiency and trade in the production, ensuring interoperability between countries and informing consumers about products manufactured abroad or processes carried out in other countries. It is an important means of promoting regulatory convergence. Also, international standards, the development and use for systematisation of relevant scientific and technical knowledge developed around the world, are an important means of promoting the dissemination and innovation in knowledge.

Transparency is one of the bases of the TBT Agreement. Transparency in the context of the TBT Agreement consists of three core elements (WTO, 2014) (Figures 1 and 2):

Provisions on the notification of draft technical regulations (Articles 2.9, 2.10, and 3.2) and conformity assessment procedures (Articles 5.6, 5.7 and 7.2), as well as the "one-time" notification of each member's organisational "set-up" for the implementation of the Agreement (Article 15.2)

The establishment of enquiry points (Article 10.1) and a notification authority (Article 10.10)

Publication requirements for technical regulations (Articles 2.9.1 and 2.11), conformity assessment procedures (Articles 5.6.1 and 5.8) and standards (Annex 3, paragraphs J and O).

These three elements have been further developed in the decisions and recommendations of the TBT Committee.

Where they are intended, the conditions of the region may differ due to changes in assessment and cost, since the provisions of the members correspond to the same policy objectives. However, regulatory cooperation not only reduces the unnecessary variety of regulations between countries but also diminishes or eliminating the costs associated with the required level of regulation, so differences always make coordination, not a failure. Regulatory cooperation helps reduce unnecessary trade barriers and linked with the negative economic impact.

In practice, regulatory cooperation consists of formal or informal contacts between government officials from various governments. The level of ambition may vary. For example, regulatory cooperation between two economically close trading partners can achieve high levels of convergence and bring harmony. A common regulatory tradition and institutional structure can lead to greater integration. On the other hand, regulatory cooperation between two other countries with limited trade flows and levels of development, instead of promoting complete regulatory convergence, may create trusting relationships that deepen understanding and facilitate trade.

A typical base for all forms and degrees of regulatory cooperation is an orientation toward the future. Early recognition of potential regulatory friction is an important part of regulatory cooperation to avoid introducing friction legislation into national legislation. It is often difficult to change a particular action. Effective cooperation should act informally, formally, in the TBT committee or in the process of resolving disputes as a means of predicting trade problems that arise between members.

Estimation of TAFTA's Effects and its Perspectives in the Case of Brexit

Probable Effect of TAFTA on Economies of the EU and the USA

In general, according to the quantitative analysis, provided by the European Commission in 2017, TTIP would positively influence the economy of the EU and will increase the EU's GDP by 0.5 per cent each year after 2030. The national income is going to increase by 0.3 per cent, and wages would be increased by 0.5 per cent for both highly professional and low professional employees. EU's export to the USA will rise by 27 per cent and, oppositely, the USA's exports to the USA will increase by 35.7 per cent.

Forecasts also show that among sectors the motor vehicles industry would gain the most from the TTIP in the percentage terms (1.5 per cent), leather/textiles and clothing (1.8–2.7 per cent), and beverages and tobacco (1.1 per cent) sector. Some industries are expected to face a negative influence on the agreement. Particularly, industries with the most significant adverse effect from launching TTIP is going to become the electrical machinery (–7.9 per cent), non-ferrous metals (–1.1 per cent) and iron and steel (–2.5 per cent) sectors. The research has been done for meet-

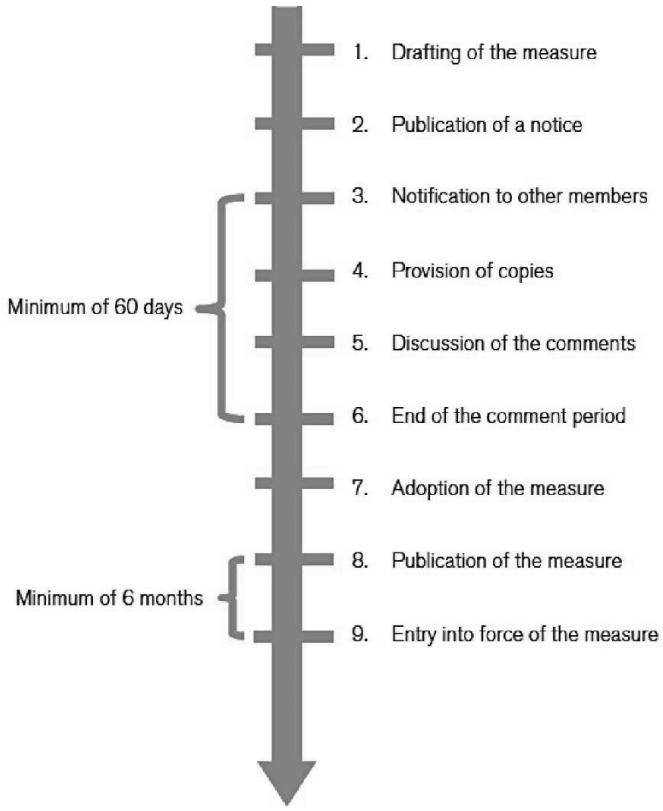

Figure 1. TBT transparency requirements.

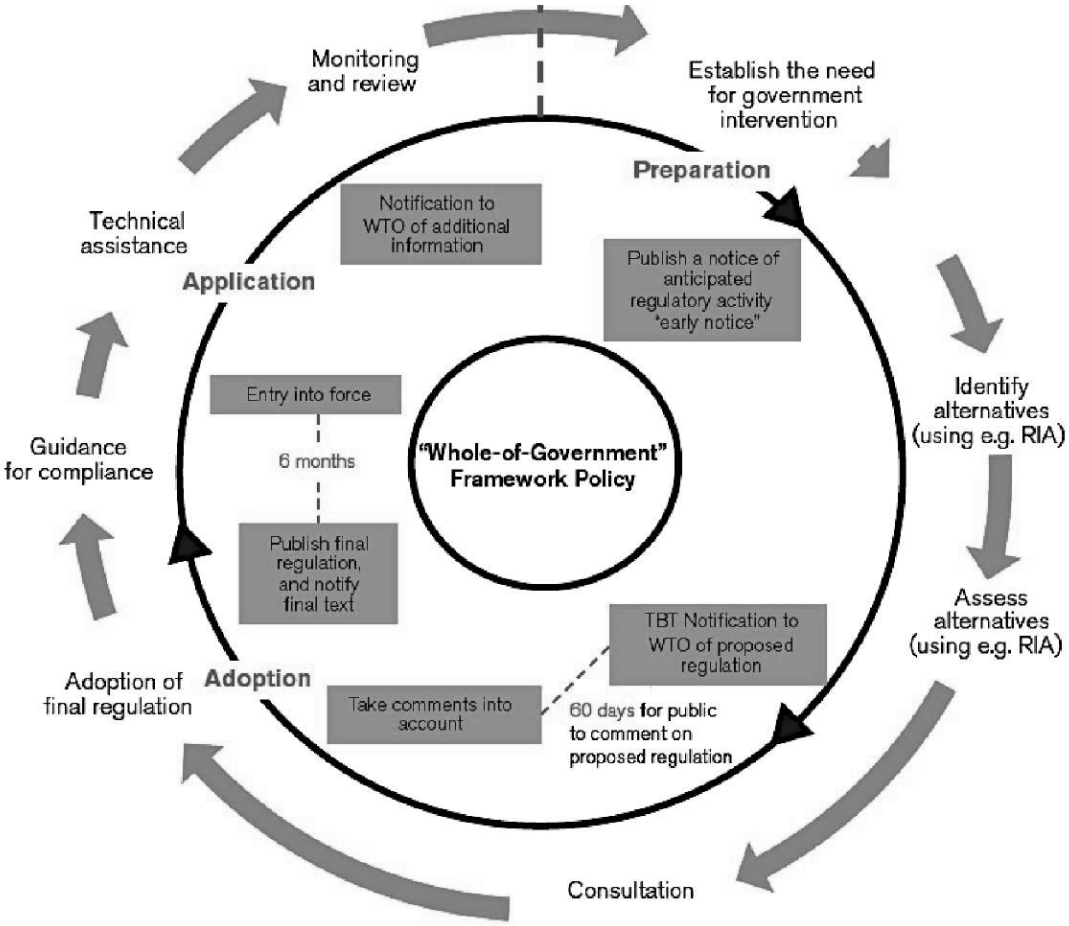

Figure 2. Regulatory practice, the lifecycle of a TBT measure.

ing the concerns of stakeholders who wanted to obtain more information regarding the impacts of this specific trade agreement on the following industries. Nevertheless, due to the limitations linked with information availability, the results of the forecasts might be biased and not accurate.

It is important to recognise that the results, expressed as a percentage, reflect the real size of the sector; and therefore, the impacts of TTIP implementation. The reason why some sectors experience losses in the model is still disputable. The effect of TTIP is to support growth in areas that have a competitive advantage within this agreement. It might have an effect of resources reallocation, which means that the resources from the less competitive sectors would be transferred to sectors that are more competitive and grow faster. In the case of electric machinery, both the EU and the USA are less competitive in contrast to third parties in some areas of the electrical machinery sector. Potentially, it might have some side effects, for example, a decline in the sector, both the EU and the USA, in 2030 if compared with an alternative of further sectors development without launching TTIP between parties. On the contrary, other parts of the machinery sector (e.g. medical, scientific and technical equipment) would grow on 0.4 per cent in the EU. Therefore, the authors suppose that TTIP will have a positive effect on the sector overall.

The decline in steel production, which is reflected in the report, also reflects the methodology of the research and should be correctly examined and interpreted. As tariffs between the EU and the USA are low in this sector, and regulatory requirements and policies are relatively the same, the sector benefits from TTIP due to increased demand in sub-sectors such as machinery production. On the other hand, this sector will also transfer resources for other industries, which may have a more positive impact from launching TTIP between parties.

The results of the member states differ from the EU's average GDP increase by 0.5 per cent. Some EU's members, such as Ireland (1.4 per cent), Belgium (1.2 per cent) and Lithuania (1.1 per cent), will gain the most from the TTIP in terms of GDP growth, while other countries, such as the Czech Republic (0.2 per cent), Poland (0.1 per cent) and Malta (0.1 per cent) will be less affected by TTIP. The variation of prospected GDP growth might be linked with different intensities of the mutual trade relationship between the EU's members and the USA. It is also reflected in other reports (for example, WTI/European Parliamentary Research Service). It is expected that for countries with the strong trading relationship with the United States, such as Ireland, Belgium and the United Kingdom, the elimination of trade barriers and tariffs, as well as the harmonisation of policies, will have a much stronger effect on the economy. In the case of countries that are less interconnected in terms of trading relationship with the USA, such as Malta, Hungary, etc., the effect is going to be weaker, because it takes time to create new trade links between these countries and the USA. Besides, the tight economic connections between countries inside the European Union might also be a factor that may boost economic growth. As the EU is strengthening and improving its functions continually as well as the functioning of the common internal market (especially in the service sector), higher positive effect in expanded trade relations with major trading partners such as the United States can be expected from all member states.

Additionally, the benefits of different requirements and policies changes during the implementation of TTIP will be unequally distributed among member countries. For example, countries that are more specialised in higher tariff industries may expect a more significant impact from tariff cancellation between the European Union and the USA. Those countries, which are specialised on sectors where TTIP is expected to agree on the new regulatory framework, can expect to have a greater impact on these changes (for example, the automotive sector in Eastern Europe).

The report shows that the impact of TTIP on most developing countries is neutral or low. In low-income countries, GDP does not change, while exports increase (0.3 per cent). Meanwhile, as a result of the role of its members in the global supply chain, ASEAN will see a significant increase in GDP of 0.5 per cent, taking advantage of secondary effects. This relationship depends on the type of trade with the EU and the US, so a review of the literature confirms that it is difficult to determine the apparent impact on developing and least developed countries. Some third countries (Brazil, Mexico, and Canada) that have close trade relations with the United States may be distracted. This report provides examples of sectors in devel-

oping countries that may increase or decrease as a result of the use of TTIP (for example, cars in South Africa, cocoa from Côte d'Ivoire may benefit, while Brazilian fruit juices may suffer, etc.).

For Turkey, TTIP is expected to significantly increase imports from the United States (23.7 per cent), but despite the absence of a free trade agreement between the United States and Turkey, in general, the report assesses the potential influence of TTIP on Turkey as positive. Turkey's GDP will increase by 0.1 per cent, as well as household incomes and wages of both highly skilled and low-skilled employees.

On the other hand, the theory of traditional trade and recent developments in the field of economics and industrial economics support the possibility of ambiguity: when trade agreements lead to a decrease in trade costs and elimination of trade barriers with a vast third country, such as the United States, for example, it might influence other trade partners unequally as economically weaker partners may not receive the same benefits in contrast to economically stronger partners (Czarny & Felbermayr, 2017). It is still a disputable question within the EU, which was proved by the research, provided by the European Commission, and other studies on this topic.

The combined power, as well as market power and global market share of the EU and the USA, is significant. Therefore, their ability to regulate standards in such areas usually leads to decision-makers in other countries to accept the same rules and policies to gain market access (Korteweg, 2015). For other countries, this might be a rational choice, as they want to prevent their domestic companies from incurring the costs of complying with international standards or because they want to avoid the costs of developing their own rules (Irwin, 2016). Non-tariff barriers of this kind limit trade, as do tariffs in many countries (Looi Kee, Nicita, & Olarreaga, 2008). The potential characteristics of the transatlantic market for others are evident in key sectors such as cars, where the EU and the US represent 32 per cent of the market, production and 35 per cent of global sales (Parker, 2015).

Finally, based on the results of the 2015 SME survey, the report makes an overview of the economic impact of TTIP on this very diverse group of companies. It also briefly describes the impact on SMEs operating in key sectors, such as food and automobiles. SMEs account for 88 per cent of EU exporters and 28 per cent of EU exports to the USA. TTIP facilitates the entry of these SMEs-exporters into the US market and helps transatlantic and US supply chains, reducing export costs and trade barriers. They also benefit from cheaper imports of intermediate products from the United States, which will improve the quality and competitiveness of their export prices.

In the report, a slight increase in consumer prices in the EU in 2030 is forecasted; however, the rise in household income is going to compensate for this. According to the latest CEPR analysis, the real wages of highly skilled and low-skilled workers will increase by 0.5 per cent — and this already takes into account the prospect of a rise in consumer prices. The second model (model E 3MG), used by social and environmental impact assessors, confirms this result and the fact that the average increase in household income after taking into account the influence of consumer prices is 0,4 per cent. For households, this increase in income is much more important than the increase in consumer prices, which is in the range of fluctuations in the normal CPI used to calculate inflation. The importance of TTIP as a trade agreement between the two leading countries, in which consumer purchasing power is comparable, is the main reason for the insignificant increase in consumer prices in the EU. The opening of the European market for American manufacturers will lead to the import of many American products in the EU at lower prices. It will reduce the prices of many products in the EU. At the same time, the rapid increase in US demand for products that give the EU a competitive advantage over the US manufacturers means that EU producers will significantly increase exports. Depending on the rate at which these products can keep up with demand, this may lead to a slight increase in prices in the domestic market. Thus, the overall impact on consumers depends on the relative importance of what they buy regularly.

Documents published by the European Commission in July 2014 combine topics are covering three broad areas: access to markets; specific regulation; and broader rules and principles and forms of cooperation.

Specific sectoral agreements include:

Textiles

Chemicals

Pharmaceuticals

Cosmetics

Medical devices
Cars
Electronics and information technology
Machinery and engineering
Pesticides
Sanitary and phytosanitary measures (SPS)—i.e., barriers to trade in food and agricultural products.
Specific heads for discussion include:
Energy and raw materials
Trade and Sustainable Development/Labour and Environment
Public procurement
Intellectual property
Geographical indications
Competition policy: antitrust and mergers
Treatment of state-owned or subsidised companies vis-a-vis private companies
Small and medium-sized enterprises (SMEs)
Trade remedies: e.g., anti-dumping practices
Customs and Trade Facilitation.

The introduction of TTP and TTIP can have a significant impact on trade with ACP members (The African, Caribbean and Pacific Group of States). The extent of this effect depends on the structure of trade and the structure of trade between ACP countries and each participant in a regional trade agreement. The higher the level of trade between member countries and mega-regional agreements, the deeper is the interests of the ACP countries. Similarly, if the export structure of the ACP country is similar to that of the mega-regional countries, the ACP country may face increased competition in the existing market (Draper, Lacey, & Ramkolowan, 2014).

From a regional perspective, TTIP is likely to bother Africa, as almost 40 per cent of African exports go to the US and EU markets. In the Caribbean, both the TTIP and the TTP should have a significant impact on trade, with the United States accounting for about 35 per cent of Caribbean exports, and the EU and the rest of TTP countries for 11 per cent and 8 per cent respectively. It is evident that in the Pacific region, TPP plays an important role in the formation of trade indicators — more than 40 per cent of Pacific exports flow to the rest of the TPP countries.

However, several studies suggest that the overall impact of TPP or TTIP in non-member countries should be small. Cheong's results show that the creation of TPP will lead to a decrease in GDP in the rest of the world by 0.07 per cent due to the transition from a more efficient producer outside of TPP to a less efficient exporter in TPP (Cheong, 2013). Estimates by the Peterson Institute, including the potential impact of non- tariff measures, show that if TPPs are implemented, GDP will decrease by about 0.07 per cent of GDP by 2025 (Petri & Plummer, 2016).

However, the Bertelsmann Institute results demonstrate that the impact of the TTIP affects the number of large developing countries and low-income countries (Felbermayr et al., 2015). According to the tariff liberalisation scenario, real per capita income in developing countries ranges from 0.5 per cent to negative –7.4 per cent. According to the substantial liberalisation scenario, income is expected to decline, while per capita income in developing countries will decrease by –0.1 per cent to –7.2 per cent. It is mainly the result of erosion and trade transitions that are favourable in developing countries, and in some countries, the negative impact is evident depending on these liberalisation scenarios.

On the contrary, a study conducted by the European Union (EU) Commission shows that low-income countries will benefit from the creation of TTIP. Under the ambitious scenario, GDP will increase by 0.09 per cent from the base level and by 0.2 per cent in the case of less ambitious scenario. The positive impact of this study is to see the convergence resulting from the mutual recognition of global standards and standards with broader trade effects and positive effects resulting from the rationalisation of the EU and the USA rules in negotiations and the convergence of EU and US standards. This cascading effect is expected to counteract the adverse effects of trade diversion.

Mega-regional agreements have several channels that can affect ACP countries. Firstly, it is a direct impact that mega-regional agreements can have on existing ACP access approaches to the EU and the USA markets, subject to preferential conditions that are inaccessible for middle-income and high-income countries. The second channel is the reduction of non-tariff measures and the harmonisation of standards of mega-regional agreements that can increase or decrease the export costs of the ACP countries.

Potential Influence of Brexit on the FTA between the EU and the USA

On March 29, 2017, the United Kingdom notified its intention to leave the European Union based on Article 50 of the Treaty on European Union. As a result, March 30, 2019, the United Kingdom will become the third country and will cease to be a member of the EU. Four situations are possible (Holmes, Rollo, & Winters, 2016):

UK releases are based on an agreement on a contract; this scenario is not discussed further in this policy

The UK leaves the EU without an agreement; this so-called "disagreement", Brexit, underlies this policy (at the request of the parliamentary committee of members)

The United Kingdom requests that the two-year deadline following Article 50 be maintained, leaving it until the end of the expansion period. This extension will require the consent of the EU. If the extension exceeds several months, the United Kingdom must also participate in the European Parliament elections in 2019

The United Kingdom may unilaterally decide to revoke the notification referred to in Article 50. The EC Court has confirmed that this can be done without EU consent. It will mean that the United Kingdom will remain a full member of the EU in the current circumstances.

Over time, integration between the 27 EU countries and the UK was strengthened, reflecting the distribution of benefits from the EU single market, on the other hand, if Britain leaves the EU (Brexit), losses for both parties are expected to arise inevitably. Using various approaches models, IFM experts noticed that production levels in EU 27 countries fell by 0.06 to 1.5 per cent in the long run. The breadth of the assessment depends on the case of 'soft' or 'hard' Brexit, and commercial or other transmission channels are affected. Given the significant uncertainties that characterise empirical estimates, they should be interpreted with caution, and the probability of loss is high. As trade barriers grow, states such as Ireland, the Netherlands and Belgium are significantly affected.

European Union-United Kingdom trade integration was beneficial for both sides. For example, the euro area (EA) represents a modest surplus in trade with the UK, while the UK has a small surplus in trade in financial services with the euro area. In recent years, the trade balance of the EU with the UK has steadily increased, following the increase in exports of goods. In 2016 it was around 1 per cent of the EU GDP. Overall, the total trade in goods and services between the European Union and the United Kingdom was about 6 per cent of the EU's average GDP over the past 20 years. Trade with the UK is more viable for Ireland, the Netherlands, Belgium and Luxembourg. The UK is the leading provider of financial services in the euro area, supported by large exchanges between the two countries with Ireland. The trade in financial services between the European Union and the UK, except for Ireland, is almost the same.

Trading with the UK involves complex supply chain links. Today, most of the trade, 50 per cent of goods and almost 70 per cent of services are linked to the intermediate goods supply chain. Therefore, it is important to detect indirect links through such supply chains in the countries of assessment. Trade with the United Kingdom is also important, given the added value of third countries in evaluating exports and imports to the United Kingdom and from the UK, which suggests that supply chains also play an important role, since direct and indirect high value-added export goods pass through third countries. Small but open economies, such as Ireland, Luxembourg and the Netherlands, are most susceptible to the effects of value-added in the United Kingdom; however, this is lower than the general trade statistics demonstrates.

In the case of no-deal Brexit, the United Kingdom will be a third country for the EU without consent, and the current tariffs of WTO are expected to be implied. The United Kingdom has already informed the WTO that it will fulfil the duty of the most favoured nation of the EU after it leaves the EU and that there is no difference to the WTO.

The EU has agreed tariff quotas in the WTO, which should be divided between the EU-27 and the UK. In order to preserve the clarity and predictability of the multilateral trading system, the EU and the United Kingdom sent a joint letter to all WTO members on October 11, 2017, outlining the main justifications and principles for this separation. However, negotiations with WTO members are not yet completed, and some members do not agree with this approach. The Commission proposed a proposal for an order (COM/2018/312 final), which allows it to take the necessary measures against third countries. Although this adjustment took place before Croatia joined the EU, the Brexit

agreement will not create any uncertainty. In practice, the EU and the UK apply new quotas when they leave the UK, but later the legal problems of the WTO cannot be ruled out.

The total amount of loans and liabilities in the euro area in the United Kingdom is approximately 55 per cent of EU GDP in 2016. Ireland, the Netherlands and Luxembourg have the highest economic position relative to their economic size. In particular, bilateral direct investment between the Netherlands and the United Kingdom is about 120 per cent of GDP in the Netherlands. An interactive investment portfolio between Ireland and the United Kingdom is less than 230 per cent of Irish GDP.

Bilateral banking liabilities between Luxembourg and the United Kingdom account for about 220 per cent of Luxembourg's GDP.

In the euro area, the net economic capital of the United Kingdom is about 9 per cent of the euro area's GDP. However, the total number hides the heterogeneity between countries. The Netherlands and Ireland account for the majority of FDI (about 2.1 per cent of eurozone GDP in 2016). Ireland and Malta have a sizeable net investment target with the United Kingdom, while most other countries are net recipients. Finally, Luxembourg and Ireland have received considerable international bank lending from the United Kingdom (more than 170 per cent of GDP in Luxembourg and 58 per cent of GDP in Ireland).

The strength of the European Union and the inclusion in the UK means that there will be no winners for Brexit. First, the United Kingdom is one of the three most important trading partners in the euro area. Secondly, the trade opening masks generally encompass complex supply chain links. Thirdly, capital flows between the United Kingdom and the euro area are high. Finally, migration flows are important for some countries. Higher trade barriers, capital flows and the movement of people after Brexit can break these connections, reduce trade, investment and labour mobility. All empirical studies have so far agreed that the economic costs of both parties will be significant. However, the EU-27 supports a disproportionately smaller share of total costs due to its larger size.

Brexit long-term impact may be unequally distributed across countries, while the impact on Ireland is the highest. Losses will depend on bilateral integration with the UK, industry specialisation, investment in the global supply chain, and the degree of substitution of the UK and the euro as financial centres. Integrated countries (Ireland, Luxembourg, the Netherlands, Belgium, Malta and Cyprus) are threatened to suffer disproportionately from Brexit. Other countries, such as Germany, may also be affected by connections in the supply chain.

In general, the fact that Brexit does not offer an agreement will create important short-term problems in trade relations between the EU and the UK, which can be avoided by mutual agreement. The long-term impact will depend on political relations and the conditions of future economic relations. Assessing the medium-term impact requires measurement against a benchmark, such as an ambitious business report included in the program document attached to the revocation agreement. It is probably fair to assume that the inappropriate Brexit will make it difficult for the EU to enter into trade negotiations with the UK. The use of preferential WTO tariffs will affect trade in certain sectors, but the overall impact may be limited in macroeconomic terms (Belke & Gros, 2017).

Economic analysis shows that the UK is in a worse off-balance economic situation than the EU, in the most reliable cases. The main problem in Britain is how much worse it is after Brexit.

The failure of the UK to open up trade and investment after the EU after Brexit will harm the UK and the EU.

The ability to leave the EU without trade and apply the rules of the World Trade Organization (WTO) will lead to substantial financial losses for the United Kingdom. An analysis of this scenario shows that trade following WTO rules will reduce future GDP by about 5 per cent in ten years, compared with $ 140 billion in the Brexit countries in the European Union.

The results of the World Trade Organization's activities in the United Kingdom are likely to be far from EU standards and have led to a significant non-tariff increase to the detriment of British service sales companies in EU countries. In the financial services sector, the UK economy dominates, accounting for about 80 per cent of GDP.

According to WTO rules, the EU will also lose financially, but not as much as the UK. EU economic losses could be about 0.7 per cent of total production after ten years of Brexit.

Seven other business scenarios would be much better for the UK than WTO rules, but most of them will still result in economic losses compared to current EU membership status.

Of all the analysed scenarios, a trilateral agreement between the UK and the EU would be beneficial, especially an agreement such as TTIP. The UK would have been 7.1 percentage points of GDP better than the WTO rule scenario, which is even slightly better than continuing EU membership. It is because the UK will receive preferential access to US markets. The EU will benefit from their higher economic growth thanks to TTIP. However, an agreement similar to the TTIP agreement is considered very unlikely in the current political context.

None of the Brexit soft scenarios will be useful in the United Kingdom, such as a tripartite agreement between the United Kingdom and the EU. All three scenarios can lead to limited economic losses for the UK economy compared to the current regime of the EU.

After Brexit, the political and security implications will be more important to the United States. The potential financial gains and losses of the United States at Brexit are small, except for an agreement like TTIP, which will lead to significant economic benefits for the United States. The United States is losing influence and the global perspective that the UK creates when making decisions in the EU, especially in the areas of foreign policy, security and defence.

The EU is likely to come into contact with the UK during Brexit negotiations but may see benefits from introducing zero level rules. The most important political priority in Europe is to prevent the withdrawal of other member states.

For the UK, it is important to find ways out of the "zero-sum" and "positive-sum games" during the negotiations to ensure a better agreement for all parties. The United Kingdom's strategy of trying to divide European unity is unlikely since all EU member states are interested in working together.

In general, the United Kingdom and, to a lesser extent, the EU is interested in working together to achieve any open trade and investment relations after Brexit. The choice "without agreement/ WTO rules" will not cause financial damage to both parties.

When the UK is no longer a member of the EU, the country will need to build other relations with the EU. The UK also will not be able to participate in the US-UK relations, those, the UK will not be able to participate in negotiations on a new trade agreement between the USA and the EU (Delimatsis, 2017). It would create the necessity for the UK to start negotiations by its own about the inclusion in the free trade zone or creating bilateral agreements with both, the EU and the USA. The UK's sustained attractiveness for US investment depends on several factors. In particular, if the United Kingdom does not negotiate equal national treatment or obtain clear advantages in the single market, the investments flows from the USA to the UK will remain to keep access to the rest of the EU single market. However, uncertainty is expected to increase because of the interdependence of the three relationships and in the form of trade tariffs and non-tariff barriers, which will have a significant impact on all corporate issues from entrepreneurship and innovation. For example, the UK seems to have a tough Brexit to refuse access to the privileged group of the EU single market and negotiate new trade negotiations with the EU. It remains the agreement that will be reached in the customs agreement, and that some departments may have a more flexible Brexit than other departments if the segment approach is adopted. Companies in the United States have already responded to uncertainties regarding tripartite relations. According to the Gowling WLG survey (Gowling, 2017), more than a third of US companies in the UK are considering moving to other areas of the EU due to Brexit. The higher the value of exports to Europe, the more US companies are likely to be transported to mainland Europe in the United Kingdom.

Alternative Free Trade Agreements in the World as a Counterweight to TAFTA

The Agreement on Trade in Services (TiSA) is aimed at maximally liberalising services and reducing the national rules and regulations that apply to them. It includes 23 countries, including the US and the EU (considered to be only one country) (Sauvé, 2017). Services account for 60 per cent of GDP in most developed countries. It was deliberately designed to create a service agreement that prevents the opposition from other WTO members, but it acquires such dynamism that eventually other countries will join it. For this, the agreement was prepared

very carefully. It includes language based on the WTO Agreement on Trade in Services (GATS) to facilitate integration into the WTO later. However, this will eliminate most of the flexibility available to the poorest countries in the current WTO GATS. The main service areas that TiSA secretly negotiates are e-commerce, financial services, telecommunications, energy services, environmental services and health-related services. However, while TiSA focuses more on the exchange of services than the other two agreements discussed here, it still has a broad-based interdisciplinary approach, including government procurement, liberalisation and access to decision making through "transparency") TiSA's attention to services can have serious implications for new areas, such as labour law, banking regulation, and the privatisation of public services, such as electricity and water supply. There is also a strict liberalisation clause on state enterprises. As in the case of TPP, it seems that TiSA also intends to neutralise the influence of China and the BRICS countries. TiSA does not include all five countries of BRICS — Brazil, Russia, India, China and South Africa, and 27 ASEAN countries and China refused to participate in TiSA.

However, the rapidly developing TiSA restrictions on state-owned companies could have a significant impact on China if it joins later.

China is currently negotiating a global Regional Comprehensive Economic Partnership (RCEP), which includes members of ASEAN and other major Asian countries, such as Australia, South Korea, Japan and India (Xiao, 2015). If this agreement is reached, it will become the largest number of people in the world as more than 50 per cent of the world's population will participate in the negotiations. Like other trade agreements, these negotiations are aimed at liberalising trade and addressing various areas of regulation. It also aims to harmonise rules that facilitate plant production in Asia. Although this agreement will be of great importance for its economy and the goals of liberalisation and regulatory convergence, it is more flexible than other new-generation agreements. However, like TPP, it also includes Investor-State arbitration mechanism (ISDS), which allows companies to sue governments in private and often secret courts if they believe that new laws or policy changes will affect their profits.

TiSA, however, was criticised for the character of negotiations. The experts suggested that the following "official factors" require 'difficult immigration":

Negotiations are conducted without a larger number of WTO members

Negotiations are conduction out of the WTO umbrella

The WTO Secretariat does not have official observer status, although the WTO must become the ultimate guardian of the agreement

The group of countries, "The Good Friends of Services", are conducting negotiations in a closed form, not allowing observers from third countries to participate.

There are no signs of change in the current situation. After Uruguay and Paraguay withdrew themselves from the negotiation, there are raising concerns about the goals of the European Union on the attraction of more participants as well as the prospects of the Convention in practice.

The Comprehensive and Progressive Agreement on the Trans-Pacific Partnership (CPTPP) was launched on December 30, 2018. This agreement is currently in force for exchanges between Australia, Canada, Japan, Mexico, New Zealand, Singapore and Vietnam. (With Brunei Darussalam, Chile, Malaysia and Peru on a negotiations stage.) It is also called "TPP-11", signed on 8 March 2018, has been gradually progressing since the United States withdrew from the transpacific partnership (TPP) in January 2017 and is now underway (Ciuriak, Dadkhah, & Xiao, 2018).

The expected impact of the CPTPP, which represents 11 countries with a population of around 500 million people and 14 per cent of the world economy, will be enormous as reduced rates stimulate significant changes in the global links between countries. Furthermore, the high standards of the CPTPP for the digital economy, investments, financial services, labour and the environment establish new "traffic rules" that have far-reaching national and collective impacts. The full impact of the agreement is difficult to estimate due to geographical and physical coverage is broad and new for governments and companies.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) provides a new free trade agreement (FTA) between Canada and other ten countries in the Asia-Pacific region (Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Vietnam and Singapore). As

soon as the agreement is implemented and ratified by its members, 11 countries, participating in the agreement, will create a common trade area, including 495 million consumers and accounting 13.5 per cent of world GDP.

On December 30, 2018, the first CPTPP members began to ratify agreements, such as Canada, Australia, Japan, Mexico, New Zealand and Singapore. On January 14, 2019, CPTPP was ratified and start operating in Vietnam. Despite the US withdrawal and small changes in the text of the TPP, CPTPP is a significantly important trade agreements, that changes the existing trade framework, because it will undermine institutional and rule-framework reforms, establish new standards for future free trade agreements (FTAs) and provide incentives for improving the integration and reorganisation of supply chains in the Asia-Pacific region.

CPTPP, like the previous agreement "TPP" (Trans-Pacific Partnership), is promoted as a "next generation" trade agreement by establishing additional WTO and FTA rules based on the existing WTO Agreement and the central structure of bilateral FTAs, already launched between the members. Covering such important spheres as digital commerce and e-commerce as well as state-owned enterprises (SOEs), the CPTPP, therefore, has a substantial impact on trade in goods and services between the Parties and may have a cascade effect, since the provisions are used as a model for other conventions. For example, the recently signed US-Mexico-Canada Agreement (USMCA), a successor to the North American Free Trade Agreement (NAFTA), has used some TPP's chapters in its structure. CPTPP's massive tariff reductions apply to almost 90 per cent of items after entry into force, virtually all items within ten years, and have an immediate impact on the relative competitiveness of exporters. For example, if taking into consideration countries outside the CPTPP agreement, the US exporters will be at a disadvantage compared to competitors in the CPTPP region, especially in Canada, Japan and Australia. Similarly, exporters in Thailand, Korea and Taiwan will suffer disadvantages compared to competitors in Japan, Malaysia and Vietnam (Urata, 2018).

In addition to tariff reductions, the CPTPP includes a high-level chapter dealing with customs and trade facilitation. Standards and technical barriers to trade; Investment; Service; Intellectual property rights; E-commerce; Government purchases; State-owned enterprises; Job; Environment; Regulatory consistency; Transparency; And more. The CPTPP differs from other FTAs where some developing member countries (e.g. Vietnam) have a more extended period to implement some of the agreements, but the provisions are more in-depth and broader and apply equally to all FTAs main signatories.

When CPTPP Agreement entered into force on December 30, 2018, the original six members, which ratified the agreement the first, immediately benefited from its provisions, but only for the other Ratified Members. For example, a company based in Australia may reduce import tariffs in Japan, but not in Malaysia. Provisions affecting intellectual property rights, investment, labour and other areas have also been automatically activated. Vietnam signed on January 14, 2019.

Overall, three new-generation agreements (including TTIP) are intended to create the institutional and regulatory framework for optimising the conditions of multinational corporations. Regardless of whether they concentrate on goods or services, they are complex in all approaches and apply to various industries that are all "tax" (tax) on internal rules for goods and/or services. It includes trade-friendly rules for areas of cross-trade in various sectors, such as government procurement, competition, regulatory cooperation, investment, and intellectual property (Bakulina & Raudsepp, 2016). In particular, the agreements aim to shift the balance of government decision-making into the hands of the company, reducing the ability of governments to implement new bounding rules. Governments also decrease their ability to use "government procurement" funds to promote local economies, environmental and social indicators. The TiSA Convention also develops new proposals that act in the same way as private sector companies for state-owned enterprises, which does not matter for social purposes.

There is a particular purpose on policies aimed at deregulation in international trade for contributing the growth. For example, both TPP and TiSA introduce a "mandatory test" form. It means that governments adopting standards have to prove that they need a proposed standard in the relevant trade department. TTIP institutionalises business lobbying activities, including processes that can

adopt the public interest provisions proposed by the business (or to use veto for some proposals). These closed unregulated approaches threaten the process of setting democratic standards and have a broad impact on every aspect of daily life, from rules that ensure that we eat safe food, to the ability to regulate and gradually eliminate toxic chemicals.

Both TTIP and TTP offer a new arbitration mechanism between investors and states. If it turns out that companies are the beneficiaries of new laws or policy changes and incur losses or the decrease profits, they can sue the government in private and often confidential courts. For example, in TTIP, this is called the Investment Court System (ICS). It is a reformed but equally dangerous version of the controversial dispute resolution system between Investor State or ISDS. The proposed TTIP includes special powers for foreign investors. TiSA, TPP and TTIP include a version of the resolution of disputes between countries. It is similar to how governments can challenge each other in connection with violations of WTO trade agreements.

Conclusion

Based on the conducted analysis, I made certain conclusions about the legal nature and economic effects of Free Trade Agreements (FTA or RTS according to WTO terminology) on economies of members and third countries. Obtained results allow making conclusions and common projections of the economic effect of TAFTA (TTIP) on the United States and the European Union in the case of Brexit as well as some potential effects on third countries and alternative FTAs as counterweights to TTIP.

The following general conclusions might be made. RTS has allowed many countries to negotiate and achieve much more preferential trade conditions than is possible at the multilateral level. Some of these rules paved the way for agreement at the WTO level. Policies on services, intellectual property, the environment, investment and competition — all of these issues were the subject of regional negotiations and then turned into consultations or topics for discussion at the WTO level. On the other hand, there are fears that a sharp increase in the number of RTAs can lead to problems of consistency and transparency, placing developing countries in a less favourable position in the RTS negotiations and, in general, reject resources and energy for negotiations. Negotiations To limit the number of problems and maximise the benefits of localism, it is important to promote the transparency of the RTS and to ensure communication of the RTS with WTO rules.

Multilateral trade rules provide the best guarantee that trade liberalisation will bring visible benefits to all WTO members. WTO rules also allow for regional integration and bilateral negotiations with member countries seeking liberalisation at a fast pace. In this sense, regional trade agreements (RTAs) should be considered as additional provisions of multilateral agreements and should not be used as alternatives.

When launching free trade agreements and during the assessment of its impacts, there is a problem of the absence of the common legal definition of the term "transnational corporation". Many states' legislation systems do not contain this term at all. The lack of an appropriate definition influences the international agreements that are giving mostly rights to corporations, but not liabilities or restrictions. It requires the development of the common legislation on the international level to fill the existing legal gap and to avoid negative consequences of opening markets.

One of the most significant prospective trade agreements is the TTIP agreement between the USA and the European Union. Although tariff-free trade already exists in about half of the US and EU product lines, and the average import tariff is low, tariffs for certain types of agricultural, textile or engineering products exceed 15% that create considerable barriers for trade in these spheres for both parties. It is expected that TTIP will not altogether cancel the import tariffs of the parties. In the case of some sensitive industries, as in other EU, free trade zones, partial liberalisation will be achieved using the tariff quota system.

In addition to eliminating trade barriers, countries also seek to facilitate trade in services significantly. The parties expect the negotiations to lead to liberalisation in areas such as telecommunications, e-commerce, financial services, mail and postal services, shipping, fair competition between European and American companies and increased cooperation between regulators in the future. As in the case of goods, the provision of certain services is considered delicate

and is excluded from the negotiations on TTIP. For example, in March 2015, delegates from the EU and the United States declared their right to provide public services of their choice. Government procurement is the third element of market access negotiations. One of the main advantages of TTIP is to ensure a non-discriminatory approach to national tenders, and there seem to be no reservations regarding the opening of the market on this issue.

The direction of regulatory cooperation includes negotiations for convergence and cooperation in regulatory processes through the development of common rules and improved information sharing. Technical barriers to trade, the protection of human, animal and plant health, food safety and the harmonisation of regulations in individual sectors are an important part of the Negotiating Group's efforts to reduce non-trade barriers.

In general, according to the quantitative analysis, provided by the European Commission in 2017, TTIP would positively influence the economy of the EU and will increase the EU's GDP by 0.5 per cent each year after 2030. The national income is going to increase by 0.3 per cent, and wages would be increased by 0.5 per cent for both highly professional and low professional employees. EU's export to the USA will rise by 27 per cent and, oppositely, the USA's exports to the USA will increase by 35.7 per cent.

Two-round research was conducted within this master thesis. The first research was aimed to check the influence of free trade agreement on members' GDP, and the second research was intended to identify the influence of free trade agreement on members' national stock index. In general, the results of econometric studies in the USA and Mexico demonstrate a positive linear relationship between countries' participation in the North American free trade zone and members' GDP. An analysis of data from Spain and Poland in both cases showed a lack of connection between the country's presence in the European Union and the dynamics of GDP. The obtained results are consistent with the existing scientific literature, observed in the first chapter of this work, which indicates that there could be a positive dependence between members GDP and participation in the trade union as well as no dependence at all. Such controversial results might be linked with the methods of research and variables that were used in the study.

According to the build model of the impact of economic integration on the stock index, there is a significant positive dependence between entering the EU by Poland and the growth of its national stock index. In the USA, this dependence was not significant. It could be potentially linked with different level of integration within NAFTA and the European Union as well as with the size of economies.

Both pieces of research have met the outlined hypothesis in the introduction part of this work. Conducted research demonstrates the probable high economic effect in the case of TTIP launching between the USA and the European Union in terms of both influences on GDP and influence of national stock exchanges.

Overall, the research reached the aim and ultimately met the research objectives. However, it is vital to notice that due to limited scope, the results cannot be generalisable and further research is required.

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Перспективы Трансатлантического соглашения о зоне свободной торговли между ЕС и США после Брекзита

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Аннотация. В данной статье автор представляет правовую природу и экономические последствия соглашений о свободной торговле (FTA или RTS по терминологии ВТО) для экономик государств-членов и третьих стран. Вторая цель заключалась в оценке экономического эффекта TAFTA (TTIP) для Соединенных Штатов и Европейского Союза в случае Brexit, а также некоторого потенциального воздействия на третьи страны и альтернативные FTA в качестве противовесов TTIP. Для выявления математических и статистических зависимостей автор построил корреляционные и регрессионные модели между зависимыми и независимыми переменными. Зависимыми переменными являются ВВП, независимыми переменными — ВВП на душу населения, безработица, экспорт и импорт, индекс цен и инвестиции, а также участие страны в зоне свободной торговли. Для оценки независимой переменной (в частности, участия в зоне свободной торговли) автор использовал "фиктивную переменную" со значениями "0" в течение десяти лет до вступления в зону свободной торговли и "1" в течение десяти лет после вступления конкретной страны в зону свободной торговли. Общий вывод, вытекающий из исследования, заключается в том, что RTS позволяет многим странам вести переговоры и достигать льготных условий торговли в гораздо большей степени, чем это возможно на многостороннем уровне.

Ключевые слова: Brexit; ЕС; торговое соглашение; НАФТА; ВТО; соглашение по ТБТ