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TITLE: The economic benefits of EU-13 membership for EU-15 countries

ABSTRACT: Since the 2016 United Kingdom European Union (EU) membership referendum, there has been a renewed interest in the benefits of the EU. Sixty years after the Treaty of Rome came into force, the EU experienced a disintegration process that put the most prolonged trade liberalization process in modern history at risk. To show the public what might be lost, the "Cost of Non-Europe" debate quantifies the benefits of the EU in several academic papers. Most of these articles use econometric models, usually of the gravity type, to calculate the trade boost related to transaction cost savings by several EU agreements. In these models, however, the European Union member states are compared to a large variety of non-EU countries.

Therefore, in this study, we calculate the economic impact of EU-13 membership for EU-15 countries using a Computable General-Equilibrium (CGE) model. These models are frequently used to address the benefits and costs of trade integration and, especially, EU membership. This technique's advantage is creating a counterfactual scenario that shows a world that does not exist today. In our case, a world where the EU would still consist of 15 members. By comparing the world today and the world in the counterfactual scenario, we derive the benefit of the EU-13 accession for EU-15 countries.