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Thesis Title	Studying & analysis the data of foreign trade of NAFTA and EURO using (Gravity model).		
Year	2006		
Abstract	<p>This study has tried under specific methodology to discuss the subject of commercial ties and the data related to this as concerned with the EURO and NAFTA masses and it dealt with this subject according to certain sequence and three essential hypotheses :</p> <ol style="list-style-type: none"> <li>1. The tow masses which are the subject of the research would experience periods of conflict and forms of trade wars during the next periods due to growing reasons which dictate this specially under the American prevalence and the intersection of this matter with interests of the European mass countries.</li> <li>2. The state of conflict the economical ties between the above masses would put deep forward effects in the economies of the tow masses countries and the economies of their partners outside the masses especially with , the capability of extending the boundaries of the masses the European mass expands to the east while NAFTA expands to the west however with less amount .</li> <li>3. the cases of clustering in both regions EURO and NAFTA would effect and will be effected by macroeconomic variables in the states of the tow masses obviously .</li> </ol> <p>Also there are a hypotheses concern the organization of the relationship of the econometrics' model ( gravity model ) and these hypotheses are related to the relationship of the independent variables to the dependent variable(Y) and this represents the value of the external trade between the tow parties of the commercial relationship and they were as the following :</p> <ol style="list-style-type: none"> <li>1. The following variables hold positive effect upon the magnitude of trade among the countries under study .             <ol style="list-style-type: none"> <li>a. The level of gross domestic product in both parties.</li> <li>b. The population in both parties.</li> <li>c. The flow of investment between the tow parties.</li> </ol> </li> </ol>		

- d. The common language .
- e. The common borders .
- f. The membership in the world trade organization .
- g. The stability of exchange rates .
- h. The close geographical distances between the tow parties of the overseas trade .

2. There are a group of independent variables in the social ,political frameworks and some economical and institutional variables which change but do not have direct impacts upon the dependent variable (Y) in the model which is the value gross overseas trade .

The study dealt with it's subject in four chapters.

The first chapter discussed the subject of the economical history of the European mass in it's first aspect . The second aspect discussed the macro indexes of this mass while the third aspect of this chapter discussed with research and analysis the issue of the overseas economical ties of these mass with some detail .

The second chapter discussed in it's first aspect the economical history of NAFTA mass and what concerns this subject and the second aspect discussed ( in the same course ) the macro indexes of the economy of the above mass and the third aspect discussed the overseas economical ties of NAFTA countries .

The third chapter of the study dealt with the economical impacts of NAFTA and European masses upon the international economy and the first aspect discussed the economical impacts of the European mass upon the international economy and the second aspect discussed with research the economical impacts of NAFTA mass upon the international economy and the third aspect discussed the subject of the economical impacts of NAFTA and European mass upon the Arab economies and tried to predict the future situation of IRAQ and the choices of this aspect.

The fourth chapter contained our case study by using gravity model where the first aspect discussed the theoretical originating of gravity model and the second aspect discussed formulating and estimating the model function of the case study by employing the above econometrics model and estimating the coefficients of behavioural function to test the above mentioned hypothesis .

In the last part of study it have a set of conclusions , the most important are :

The development and the rise of the European mass with the complete shape and the obvious institutional role of it's unified organization has led to the rise of a state at the level of overseas trade which is the increase in the trading at the bilateral level of the countries who belong to the mass against its overseas trade worldwide relatively especially when the union spectrum has expanded to contain new countries from EUROP which led to the emergence of conflicts to the commercial interests with some countries from outside the union obviously especially the American mass and the Asian countries and the Pacific

countries .The development of the European union and the rise of full unity of it's members till the issue of EURO bank notes has led to deep impacts relatively for many regions especially the monetary effects of the EURO in deciding the international exchange and their impact upon the competitive rates by which the bargaining could be achieved especially the EURO is the product of merger of monetary forces which have their own impacts internationally and that have led to further impacts on the capability of the countries outside the European union to reach the European market .

For the change in the commercial ties to the countries who belong to the EURO mass , the importance of this region has been considered the central case in the commercial life globally with the emergence of new forms of bargaining of the European union countries with some near regions as north Africa .e

The development of masses among the under study did not cause a main change in the hierarchy of their commercial ties or linkages and it's distribution internationally where there are vertical attributes still characterizing it and this stems from the out comes of their economies and the general goals of these countries politically and strategically .

It is known that the development of European mass in it's complete form institutionally and with respect to the bargaining aspect has led to the shift of the economical growth effects to mid and east Europe countries by mechanisms of investment flow shift from western Europe to the region in addition to joining mass practically and gradually .

The merger of NAFTA three countries within the framework of the trade agreement has led to further growth in the exports of CANADA and the UNITED STATES to MEXICO and Vic versa not less importantly .

The issue of the American leadership to the NAFTA mass stems from the UNITED STATES employing some negotiation economical power besides the other attributes of the power on the strategic level and this has led to concentrating of more benefits of the agreement developed for this mass as compared with the tow partners , CANADA and MEXICO in addition that problem has international effect in the ties of UNITED STATES with the rest of the world countries who are partners of it like European union for example:

The development of NAFTA mass had a deep effect upon the foundation of the macro economy in countries of the mass where that appeared obviously in the rise in the level of employment in MEXICO in addition to growing direct American investment levels which rise the general levels of jobs generation or processes of developing employment in the design stage knowing that the decrease in that level in the UNITED STATES especially who at relates to the same jobs in addition to the decrease of that level in UNITED STATES and for the same jobs also which were initiated in MEXICO during the beginning of applying the mechanism of the agreement

The development of the tow masses which is the subject of our study has deepen the cases of intersection and conflict of commercial priorities between the countries of the two masses specially in the

agricultural field and lifting the government subsidiary reciprocally in addition to problem of the severe competition in the sector of major airline industry producing huge transportation airplane which is practicing and that would increase the probability of trade wars in the above sectors and the sectors which bear the same problematically like services and industrial chemical and pharmaceutical industries .

Targeting activating overseas trade from both masses under study would increase the intersection state towards goals to on point which is the regional markets and the neighbouring region .The case could lead to two main probabilities in this case :

- a. This case could lead to the development of masses larger than the existing in regions under study where the European mass could continue to expand to the east in Europe and to the south toward north Africa and the neighbouring countries like middle east ,also NAFTA moves to the south in Latin America or to the east in the pacific to Asia in this region which could increase the competition in the regions worldwide .
- b. Coordination could be achieved among the traditional allied countries about the commercial policies which could lead to allocating the available markets between the tow masses according to mechanisms which adopt librating the international trade and compliance with instruction and agreements of world trade organization taking in consideration the main concern which is lowering the deficits and more penetration to regional and international markets .

The conclusions and the practical evidences produced from the econometrics model and the assessment of the behaviour function of our case study were as follows :

The independent variables in which their impact was in accordance with the main hypotheses of the econometrics model as appeared by the econometrics assessment of the behaviour function of the model in our study . That is was of a positive impact on the dependent variable (Y) were as follows :

The variable of the gross domestic product of both parties of the commercial relationship(GDP ) , the variable of geographical distance (DIST ) , the variable of common border (BORD ) , the variable of membership in the world trade organization (WTO), the variable of common language (LANG ) and the variable of the exchange rate movement (V) .

The variables which their impacts were not in accordance ( with process of estimating their coefficients ) with the main hypotheses of the econometrics model of our study (i:e their attributes were negative ) were as follows :

The independent variables (constants ) or the social ,political ,cultural variables and the other economical variables which were not mentioned in the model and denoted by (  $\beta_0$  ) , the variable of population in the both parties of the commercial relationship (POP) and the variable of investment flow between the two parts of the relationship (I) ,and this

was in accordance with a theory which is considered one of most common theories of international funding is called [ FELDSTEIN - HORIOKA PUZZLE ].

Our study came up with asset of recommendations ,the most important were .

1. There should be a international trend through decision centres and commercial monitoring to lessen the trends to form masses that are formed at the region level which could have implicitly calls for instance interest which contrasts with basics and goals of the organization which adopt freedom of trade which have many weaknesses and reasons for conservation like world trade organization (WTO) .

2. Attention should be concentrated for developing countries for the issue of searching for the mass which have the proper content of countries belong to it and the political and commercial policies adopted and the list of benefits that the developing country could offer stemming from the importance of overseas trade for this group of countries within the framework of sustainable and independent development.

3.For IRAQ we should look to the future of commercial partnership and searching for international trade partner who would provide relative degree of benefits like lowering import costs and the collateral costs depending on concept of the model which indicate the relative importance of the geographical dimension in lowering the costs where the closer regions geographically and have the less cost ( like transportation , insurance ) is the European and Asian regions as differentiated from partners of neighbouring countries

The study contained an appendixes with study tables and the database in estimating function for the econometrics model .

Her I express my gratitude to all who helped to achieve this study .