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The [National Audit Office](#) points out that HM Treasury estimations on the trade/output impact is relatively high compared to other contributions in the literature on long-term GDP effects of BREXIT. One may, however, point out that the standard approaches to analyze BREXIT effects suffer from a rather narrow focus on trade effects – and sometimes on trade plus FDI effects. As the [Jungmittag/Welfens \(2016\)](#) analysis of TTIP effects for Germany/the EU shows, an adequate methodology for understanding the economic effects of deep integration projects (in a mirror perspective, for the UK's leaving of the EU single market) requires to take a careful look at the knowledge production function and to combine the empirical insights with the national production function: effectively this means to combine trade analysis, foreign direct investment analysis and an analysis of innovation dynamics – the latter typically linked to cumulated FDI inflows. While the study of [Francois et al. \(2013\)](#) suggested that the output effect of TTIP in the EU would amount to 0.5% of GDP – and indirectly one can derive from Chapter 6 on FDI aspects another 0.3% of GDP – the total effect of TTIP for Germany in Jungmittag/Welfens is estimated to be around 2%. This again shows that the standard analysis with a narrow focus on trade is insufficient and actually strongly underestimating the output effects of deep integration/a withdrawal from the EU. The National Audit Office's implicit suggestion that [HM Treasury](#)'s economic analysis of British EU membership effects is an overstatement thus can largely be refuted. The bilateral trade agreement scenario indeed seems to be rather convincing: minus £1800 Pounds is the central estimate for the GDP per capita loss (£400 Pounds higher than the estimated loss for every Scottish citizen in the case of Scottish independence as the Cameron government communicated in the run-up to the Scottish Independence Referendum of 2014). Why the much higher figure of £1800 in the case of Brexit was not included in Cameron's 16-page information brochure for households prior to the 2016 EU referendum is not clear. For a more in-depth analysis of this and other aspects of the BREXIT debate, see Welfens' forthcoming book "[An Accidental BREXIT](#)" (Palgrave Macmillan).

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