

DETERMINANTS OF INTRA-INDUSTRY TRADE OF THE NEW MEMBER STATES

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ABSTRACT

The paper aims to analyze the determinants of intra-industry trade (IIT = simultaneous export and import of similar goods produced in one industry) of the New Member States (NMS defined as 14 countries accessing the EU in the years 2004 and 2007). In our empirical analysis we use panel data with variables controlling for membership of these countries in the EU. Though the time series contain the years before the EU enlargement, we mainly focus on the period since the EU-Eastern enlargement (2004-2013). We estimate the determinants for EU members and NMS what permits us to find out, whether the changes in trade specialization differ between the old and the new EU members. We expect more intensive IIT as a proof of progress of economic integration of the NMS in the framework of the EU membership. Moreover, we examine additional impact of regionalism on IIT that represents the EU Common Commercial Policy (CCP) impact.

Keywords: intra-industry trade, New Member States