

# **The EU within the Global Context of Regional Integration 2**

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## What are the Different Types of Economic Integration?

Sectoral or partial integration

across-the board integration

### Sectoral or Partial integration

It refers to the establishment of an integration in particular areas of the economy i.e., in a given product or products.

Sectoral integration may occur within any of the mentioned schemes of economic integration.

- ✓ The European Coal and Steel Community (ECSC), 1952
- ✓ The EU's Common Agricultural Policy

### Across-the board integration

It implies different degrees of economic cooperation between two or more countries in most areas of international trade.

- ✓ Benelux
- ✓ EU
- ✓ GAFTA

## The short-term Trade Contract

## The Long-term Trade Contract

### The short-term Trade Contract

It is a type of bilateral arrangement, either in a single product or many products of trade between any two nations. Its duration is usually less than one year.

### The Long-term Trade Contract

It is a type of bilateral arrangement, either in a single product or many products of trade between any two nations. Its duration is usually more than one year.

## Negative integration

## Positive integration

### negative integration

It refers to the simple act of the removal of impediments on trade between the participating nations or to the elimination of any restrictions on the process of trade liberalization.

### Positive integration

the modification of existing instruments and institutions and, more importantly, to the creation of new ones so as to enable the market of the integrated area to function properly and effectively and also to promote other broader policy aims of the scheme of economic integration.

## ● The EU within the global experience of Economic Integration

Since the end of the Second World War

Various forms of economic integration have been proposed and numerous schemes have actually been implemented.

The EU is the most significant and influential of these arrangements.

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● There are a number of reasons for this significance:

- The EU is set to include practically the whole of Europe
- It is the oldest case of economic integration.
- The EU is the only case seeking the most involved and demanding type of economic integration.

**This is because**

The EU is almost a complete economic union (why?)

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## The EU is almost a complete economic union

### Since

- 19 EU Member States have the same currency (the euro)
- 19 EU Member States have a common central bank (the European Central Bank) in charge of the euro and inflation control.
- EU has a number of common policies, elements of common foreign, security and defense policies.
- The influence is also due to the relative global weight of the EU in terms of population and GNP (compare with NAFTA)

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## History of European Union

The EU was born after the Second World War from the idea of 'never again war'.

EU Treaties include:



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The EU was founded by six nations, usually referred to as the Original Six

Belgium

France

West  
Germany

Italy

Luxembourg

Netherlands

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## Treaty of Paris (1951)

It was signed between Belgium, Luxembourg, the Netherlands, France, Italy and West Germany

It established the European Coal and Steel Community (ECSC)

It is traditionally regarded as the foundation of the EU

because it led to political and economic stability in western Europe as well as provided the basis for the modern EU.

## Treaty of Rome (1957)

The treaty was signed by the founders of the ECSC

It led to the creation of:

- the European Atomic Energy Community (Euratom)
- the European Economic Community (EEC)

The aim of the EEC was to increase economic integration between the member states.

- It represents the formation of a customs union and provides the basis for a common market in terms of free factor mobility

However, in 1962, The **Common Agricultural Policy (CAP)** was introduced.

## The Stockholm Convention (1960)

The European Free Trade Association (EFTA) was established.

- **Iceland, Norway, Switzerland, Liechtenstein**, Austria, Denmark, Portugal, Sweden, the UK, and Finland.

EFTA aimed at creating a free market for industrial products only.

There were some agreements on non-manufactures but these were relatively unimportant.

## **Merger Treaty (1965)**

It resulted in the creation of first joint institution for the ESCS, EEC and the European Atomic Energy Community.

the three entities were merged into one and called it the European Communities (EC)

## **Schengen Agreement (1985).**

resulted in abolition of the border checks between the members of the EU.

The so-called Schengen Area, however, was created only in 1995.

## **Single European Act (1986)**

The treaty that was signed between 12 members of the EEC revised the Treaty of Rome and provided the basis for foundation of a single market.

## **Maastricht Treaty (1992)**

The treaty was signed between 12 members of the EEC

It is one of the most important EU treaties not only because it formally created the EU.

but also because it laid the foundation for formation of single central bank and a single currency (the Eurozone).

## Amsterdam Treaty (1997)

It defined EU citizenship and individual's rights in terms of justice, freedom and security.

It also dealt with the Common Foreign and Security Policy and the reform of the EU institutions in future enlargements

The treaty emphasized that the EEC shall develop common market and an economic and monetary union by implementing common policies to promote the following :

- Balanced and sustainable development of economic activities
- A high level of employment, , and of social protection
- Equality between men and women
- Sustainable and non-inflationary growth
- A high degree of competitiveness and convergence of economic performance
- A high level of protection and improvement of the quality of the environment
- Raising of the standard of living and quality of life

Thus, the activities of the Community shall include:

The prohibition of customs duties and of quantitative restrictions on the import and export of goods

A common commercial policy

An internal market characterized by the abolition of obstacles to the freedom of movement for goods, persons, services and capital

A common policy in agriculture, fisheries, transport, and environment

A system ensuring that competition in the internal market is not distorted

The promotion of coordination between employment policies

A European Social Fund

The strengthening of economic and social cohesion

The strengthening of the competitiveness of industry

The promotion of research and technological development

The promotion of a high level of education and health protection

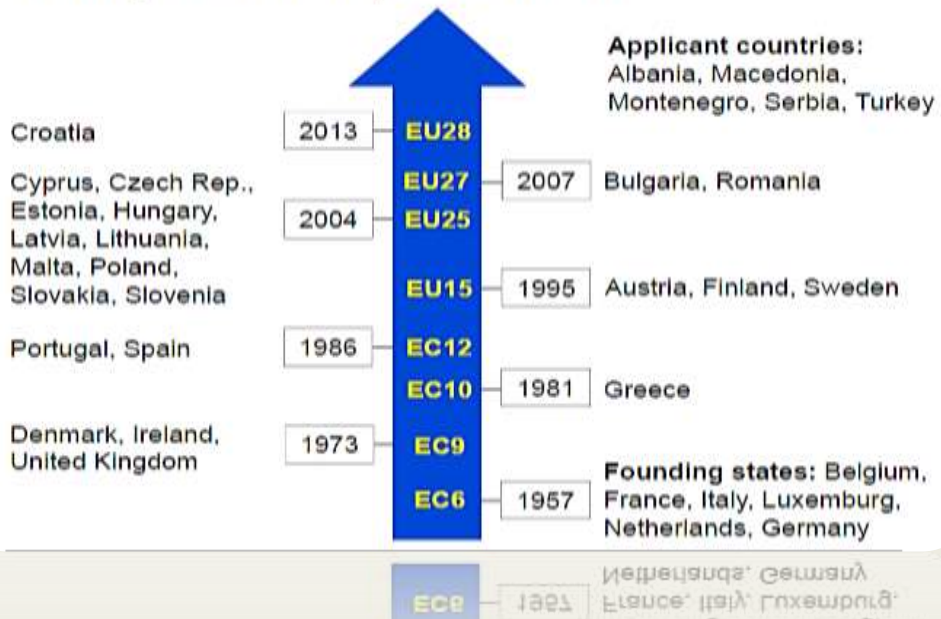
A policy for development cooperation

A policy for strengthening of consumer protection

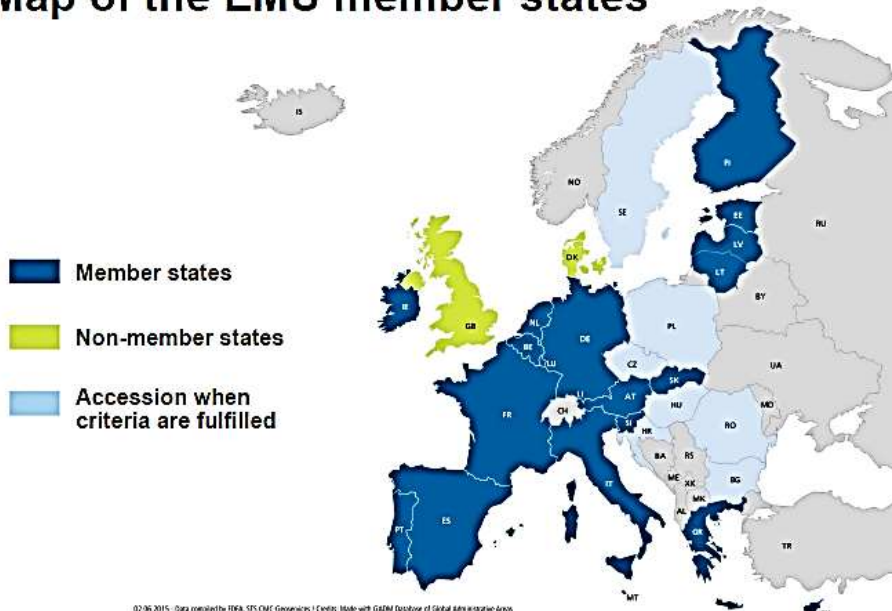
### **Treaty of Lisbon (2007)**

The treaty was signed by all EU member states with an aim to complete the reform process of the EU.

## Enlargement steps of the EU



## Map of the EMU member states



## EU Treaties



## Assignment

- What is WTO and its main Functions?
- What are the 19 EU Member States that have the same currency (the euro)?
- What are the member countries belong to the Schengen Area?

Thank you

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