5. Economic monetary union
    a. Common market but countries adopt the same currency and have the same central bank e.g. euro zone

6. Full economic integration
    a. Countries completely harmonise all policies, e.g. one government and same fiscal and monetary policies etc… e.g. UK (with Wales, Scotland etc…)

The E.U – features

1. Tariff/quota free trade between member nations
2. Common external trade barriers (tariffs/quotas) on imports from non-member countries
3. Common policies
    a. Agriculture
    b. Fishing
    c. Competition
    d. Regional
    e. Environmental
4. Free movement of labour and capital
5. Co-ordination of economic policy
6. 17/28 members adopting the Euro – monetary union

The E.U pros and cons

Benefits of E.U membership

1. Free trade
    a. More jobs
    b. Higher GDP per capita
    c. Growth
2. Increase in FDI – all benefits of FDI
    a. E.g. technological advancement from foreign firms setting up domestically
    b. More jobs created etc…
3. Huge market size
4. Contributions to the E.U can be quite small as % of GDP
5. Free movement of labour and capital

Drawbacks of E.U membership

1. Forced to follow E.U regulations
    a. Some regulations are detrimental to business as increase cost of production e.g. environmental regulations
2. Cost of contributions to the E.U budget
3. Trade benefits could accrue from FTAs instead → including with nations outside the E.U
4. High levels of immigration
    a. Risk that if not controlled, can have negative effects on the economy