

Economic Integration

Agreements made to reduce or **eliminate all trade tariff and non-tariff barriers**.

Shallow Integration

Shallow integration are the more surface level types of integration, with **the hopes of deeper integration in the future**.

Preferential Trade Agreements PTA

- Offer **tariff reductions**, not necessarily eliminations
- In **some product categories** and not others.
- High tariffs would remain **on the rest** of the categories.

Free Trade Area

- Agree to **eliminate** tariffs between themselves
- Maintain **their own (Own meaning each individual country)** external tariff for the rest of the world.

However, to **qualify** for these tariff reductions, **goods must satisfy the Rules of Origin**

- The product exported **must originate from an FTA party or percentage is built from FTA country components**.

Customs Union

- A group of countries agree to eliminate tariffs **between themselves**.
- Set a **Common External Tariff (CET)** on imports for the rest of the world.

Deep Integration

Deeper Integration tends to replace political institutions with macro-regional institutions in different areas.

Common Market

All features of **CU + free mobility of capital and labour** across countries.

- It impacts on laws and institutions, some of these laws could have been kept as domestic prerogatives even at high levels of integration.
- Long time to transition, passports etc.

European Economic Community (EEC) is an example of this but abolished in 2009 and succeeded by the Lisbon Treaty.

Economic Union

Incorporates elements of common market with:

- **Harmonisation of national economic policies** for example **Common Agricultural Policy**.
- Commonly referred to as a **single market**

Monetary Union

A high level of integration that removes **domestic monetary policy to be determined by a new regional central bank**.

- Common **Currency and Central Bank**.

Maastricht treaty, where the European Central Bank (ECB) was created issuing euros and notes and conducting monetary policy for the bloc.