

## ECONOMIC INTEGRATION - SOME ASPECTS OF THE EUROPEAN EXPERIENCE

### SCOPE

The paper looks first at some of the salient features of the movement towards economic integration in Europe. It then examines the experience of the original six member of the European Economic Community (EEC) with integration in the industrial field (agriculture is not covered here). Attention is given particularly to the expectations as to the likely benefits and problems, mechanisms put in place to deal with the latter and what actually happened. The paper also deals, along similar lines, with Britain's experience in the Community. It concludes with some comments on the implications for consideration of a comprehensive trade agreement with the United States. A short note is appended on some of the trade and economic effects of the European Free Trade Association (EFTA).

### A. SALIENT FEATURES

#### A Long Process

The movement towards economic integration in Western Europe has been going on for a long time and it is still far from complete. In the nineteenth century, formation of a customs union between the German states preceded political union by several decades. Abortive attempts were made to get rid of trade barriers within particular groups of European countries, such as Belgium and the Netherlands and the states of central Europe. There was a short-lived experiment in reducing tariff barriers between most of the major European countries to very low levels. In the 1920's and 1930's, efforts were made to liberalize trade between certain neighbouring countries (e.g., Belgium and the Netherlands again). Proposals were made, particularly by French political leaders, for some kind of European federal union.

However, practically all the solid progress towards integration has been made in the 40 years since the end of the Second World War. In the removal of tariffs and quantitative restrictions (QRs) on trade in industrial goods, the achievements have been impressive. Western hemisphere is now a vast tariff - and quota-free zone where such barriers are a rarity. It is not the same for agriculture, where there are not only tariffs but also variable import levies and other restrictive devices. In addition, a variety of non-tariff barriers still exist, even between members of the