



*Robert Schuman*

**Will the European Union  
follow the model of  
the Free Trade Area of the Americas' project  
or the FTAA will ever decide  
to look like the EU?**

**Francesc Granell**



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## **Introduction**

At the beginning of the 21st Century, the European Union is an Economic and Monetary Union with a strong and stable single currency. Economic and Monetary Union is, according to the Theory of Integration, the latest and superior stage of any economic integration and in the case of the European post cold war integration, the attainment of the Single market and the liberalisation of capital movements called for a single currency and a European Central Bank as a logical and essential complement. The level of economic integration reached now is very high. Moreover some people consider that this level is still not sufficient, so new steps must be covered in areas such as energy and telecommunications, to ensure healthy competition, efficient education... and everything in simplicity with the purpose of making life easier for operators and consumers and the overall European economy much more dynamic.

The Project of the Treaty establishing a Constitution for Europe signed on 29 October 2004 fostered the European Union to advance toward a political entity, but the setback suffered by this project during the ratification process, and the difficulties envisaged with the enlargement negotiations with Turkey and Croatia launched on October 3, 2005, may weaken the entire European process.

The European Council held in Hampton Court on October 27-28, 2005, under the British Presidency of the Council, had shown that European leaders are in need of redefining the European Integration process to make it more effective and to avoid setbacks in the European process. On the other side of the Atlantic, the leaders of the Western Hemisphere countries are meeting on November 4-5, 2005 in Mar del Plata in a new Summit of the Americas in order to push the cooperation between the 34 American democratic countries that are building the experience of a Free Trade Area of Americas (FTAA) in accordance with the project first launched in Miami in 1994 and still not properly defined after a decade of numerous political and technical meetings.

The FTAA is today only a Project, and the European Union is today the most advanced scheme of regional integration among the seventy regional agreements that have been notified to, and examined by, the GATT from its inception in 1947 to the decision to institute -from 1 January 1995- a World Trade Organization, having lent new lustre to a multilateral system<sup>2</sup>.

In order to arrive at the present level of integration, the European process is in a permanent process of change as it has been throughout the Community's life.

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<sup>2</sup>S.Devos: Regional Integration, THE OECD OBSERVER, February-March 1995

It is not my purpose to analyze, here, the historical process of development of the present European Union but it is necessary to remember the parallel processes of deepening and enlargement that have taken place since the Schuman Declaration of 9 May 1950. In this sense we can say that European Integration has always moved qualitatively and quantitatively in an interrelated process.

Qualitatively because the European Community has developed from the sectorally limited European Coal and Steel Community (ECSC), created by the Paris Treaty signed on 18 April 1951 (in force 25 July 1952), to the very ambitious European Union (EU) created by the Treaty on European Union signed in Maastricht, on 7 February 1992 (in force 1 November 1993), with the two essential intermediate steps of the Rome Treaties signed on 25 March 1957 (in force 1 January 1958) establishing the European Economic Community (EEC) and the EURATOM, as well the Single European Act signed in Luxembourg on 17 February 1986 and in The Hague on 28 February 1986 (in force 1 July 1987). The process has been completed until now by the Treaties of Amsterdam signed on 2 October 1997 (in force 1 May 1999) and Nice signed on 26 February 2001 (in force 1 February 2003).

Quantitatively because the six ECSC, EC and EURATOM founding members (Belgium, France, Germany, Italy, Luxembourg and Netherlands) became nine from 1 January 1973 (by inclusion of Denmark, Ireland and United Kingdom), ten from 1 January 1981 (with the accession of Greece), twelve from 1 January 1986 (with the accession of Portugal and Spain) fifteen since 1 January 1995 (with the membership of Austria, Finland and Sweden), twenty-five since May 1, 2004 (with membership of Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Malta and Cyprus) and a expected twenty-seven since 1 January 2007 (with the Bulgaria and Romania Accession Treaties already signed on 25 April 2005).

Qualitative and Quantitative developments have been made possible by means of the proper creation and implementation of Community Law. This is not purely a question of Community Law and Community action, but involves Member States, their legal systems and their national institutions. In this sense it is necessary to say that without an implementation of existing laws there can be little point in ambitious new schemes<sup>3</sup>

Many times during the qualitative process of deepening the European Integration, and the quantitative process of successive enlargements, some observers have expressed concern about the difficulty of carrying out one process alongside the other. Nevertheless European Integration has made significant advances on both fronts through the leadership of some new Member States in the definition of new lines of European law and policies.<sup>4</sup>

In this sense and even if applicant countries are requested to accept the "Acquis Communautaire" in full as a precondition for full membership, enlargement negotiations have played a substantial role in the creation of the European Union as we know it today.

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<sup>3</sup>C. Seville: Making Sure Europe: Obeys its own Law, EUROPEAN BRIEF, February- March 1995

<sup>4</sup>F. Granell: The European Union's Enlargement Negotiations with Austria, Finland, Norway and Sweden, JOURNAL OF COMMON MARKET STUDIES, March 1995

The problem today is that in order to avoid problems in the functioning of a future European Union of some 30 members a revision of some of the institutions and some of the regulations of the existing Community is necessary. Nevertheless the EU has failed to do so in the three efforts conducted until now: The Treaty of Amsterdam , the Treaty of Nice, and the Treaty establishing a Constitution for Europe signed on October 2004 and in a difficult process of ratification after the negative result of the referenda organized in France and the Netherlands).

At the same time, a difficult political debate is focussing on the “level of Budget” required for making the EU effective. The re-organization of the EU expenditure in order to put it in line with the requirements of the Lisbon Process pushes for a more competitive Europe in the context of the World globalization and the international division of labour. The Sapir Report introduced suggestions in view of reducing Agricultural expenditure and increasing the expenditure in areas in which new lines of competitiveness can be open, but the European farmers and the countries benefiting from the redistributive funds of the EU are very reluctant to accept proposals in this sense<sup>5</sup>.

## 2. The present "acquis communautaire"

The community law in force known as the "Acquis Communautaire" comprised just some 8.000 pages of texts at the beginning of the seventies. Then in the middle of the eighties, it increased to 30.000 pages. Today the global Acquis comprises some 130.000 pages. President Barroso and other members of the Commission have expressed the need of reducing the number of regulations to make the Union less bureaucratic. In fact one of the purposes of the process opened by the Laeken European Council at the end of 2001 and finally conducive to the “Constitutional Treaty” was to make the “Acquis” shorter and more transparent.

The present EU Acquis includes:

- -The institutional provisions governing intergovernmental and supranational EU's bodies, their composition and interactions
- -The legal framework : with the different kind of Community treaties, regulations, acts and other texts as well as a lot of “soft law”
- -The financial regulations establishing the multi annual Financial Perspectives, the Union’s Budgetary resources and expenses, the European Development Fund and the European Investment Bank by-laws.
- -The norms establishing the free circulation of goods, persons and capital inside the EU, the freedom to provide services and freedom of establishment

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<sup>5</sup> An Agenda for growing Europe: Making the EU System deliver. Report of an independent High Level Study Group established on the initiative of the President of the European Commission (Sapir Report), July 2003.

- -The common Community rules and standards concerning harmonization, fair competition and monopolies, indirect taxation, veterinary and plant health, commercial law, etc.
- -The common policies: Common Agricultural Policy; Common External Tariff and Commercial Policy; Development Policy; Regional , Social and Cohesion Policy; transport policy; Consumer and health protection, Research and Information policies, Education, Statistics, Energy policy; Fisheries Policy; Industrial Policy.
- The Economic and Monetary Union with the use of the “euro” in twelve of the twenty-five Member States<sup>6</sup>

-The so-called second and third "pillars" introduced by the Maastricht Treaty on European Union:

- -The Common Foreign and Security Policy
- -Cooperation in the fields of Justice and Home Affairs
- -The rights and duties derived from the concept of "citizenship of the Union"

All this community “Acquis” in force have not been born overnight and simultaneously. In fact it shows the enormous growth of Community Law that has taken place during the first fifty years of European Integration with a clear linkage with the integration process in a neo-functional direction.

On the other side, the European public opinion consulted periodically in the Eurobarometer Surveys considers the EU's integration process irreversible <sup>7</sup> even if some European governments are reluctant to accept new advances in the EU Rule.

### 3. The neo-functionalist spill-over: from ECSC to EU

On 9 May 1950, Robert Schuman declared: "Europe will not be built in one day nor as part of some overall design; it will be built through practical achievements that first create a sense of common purpose". It was on the basis of that principle that Belgium, France, Germany, Italy, Luxembourg and the Netherlands signed the Treaty of Paris (18 April 1951) which provided essentially for:

- -the free movement of products and free access to sources of production

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<sup>6</sup> Only United Kingdom, Sweden and Denmark are not adhered to the Euro among the 15 States member of the European Union before the Enlargement of May 2004. Some of the ten new members are already in line with the criteria established for accession to euro by the Maastricht Treaty on the European Union and have expressed their intention to adhere as soon as possible

<sup>7</sup>EUROBAROMETER is a Public Opinion Survey conducted and published by the European Commission every spring and autumn since 1973.

- -permanent monitoring of the market to avoid distortions which could lead to the introduction of production quotas
- -respect for the rules of competition and price transparency
- -support for modernization and conversion of the coal and steel sectors
- -the creation of community governing bodies and institutions

Efforts to get the process of European integration under way again, following the failure -on 30 August 1954- of the creation of the European Defence Community with a European Army, took the form of specific proposals at the Messina Conference (10 June 1955) on a general Customs Union and another organization dealing with the atomic energy sector. These proposals culminated in the signature of the European Economic Community (EEC) and the EURATOM Treaties in a ceremony held in Rome on 25 March 1957.

The EEC Treaty proposed:

- -The promotion of a harmonious development of economic activities throughout the Community
- -A continuous and balanced expansion
- -An increase in stability
- -An accelerated raising of the standard of living
- -Closer relations between Member States

The EEC Treaty laid down guiding principles in order to achieve these objectives and defined the framework for the legislative activities of the Community Institutions.

As well as creating a common market to allow the free movement of goods and the mobility of factors of production (workers, enterprises, services and capital) the EEC Treaty established the first common policies: the Common Agricultural Policy (articles 38 to 43), transport policy (articles 74 to 75) and a common commercial policy (articles 110 to 113).

The EURATOM Treaty laid down highly ambitious objectives for the nuclear energy and other peaceful civil applications.

From that time onwards, the EEC became more prominent than the ECSC and the EURATOM, the sectoral communities. It represented a triumph for the general nature over two coexisting sectoral organizations in Coal and Steel and in the Nuclear Industry.

During the sixties and the seventies the Community developed new policies and gave more solid form to some of those initially established at the outset, in reply to the new challenges of the World Economy: the oil crisis of 1973 forced the creation of an embryonic energy policy; the industrial transformation forced a new industrial policy; the accession of Britain to the EEC opened to the Commonwealth's poor countries the policy of association initially limited to the former



colonies of the founding Member States; the dollar crisis and the transformation of the Bretton Woods "Fixed parity Monetary System" in a "Flexible Exchange rate system" obliged the creation of the European Monetary System and finally to the Euro to avoid unfair monetary dumping practices, agricultural prices disturbances and turbulences inside the Community.

At the same time the consumer's revolution and the crisis of the sixties stimulated the establishment of non tariff barriers even inside the Community challenging the free movement of goods previously fully operative following the elimination of the Customs Tariffs and the Quotas between Members.

Bearing all these things in mind the Fontainebleau European Council (June 1984) decided to set up an ad hoc Committee to make proposals for improving the functioning of the Community System. Following intensive political work the European Council in Milan (June 1985) decided to convene an Intergovernmental Conference to consider the powers of the European institutions, the extension of Community activities to new areas and the establishment of a "genuine" internal market.

A Single European Act embodying the adopted proposals of the Intergovernmental Conference was signed on 17 February 1986 in Luxembourg by 9 Member States and by the remaining 3 in the Hague on 28 February 1986.

The Single Act laid down the objectives to be attained, namely, the 1993 Single Market , some institutional arrangements, and a substantial development of new or existing common policies

The establishment of the internal market included among the objectives of the EEC Treaty by the Single Act was in fact supposed to be completed long ago but physical, technical and administrative barriers prevented this in spite of the effective dismantling of the internal customs tariffs and the quotas in the middle of the sixties.

New chapters introduced into the EEC Acquis by the Single Act included: Coordination of economic and monetary policies in accordance with the experience of the European Monetary System joint management, Social policy, economic and social cohesion, research and technological development and the environment. The European Single Act also introduced European cooperation in the sphere of Foreign Policy.

The 1986 Single Act represented a move forward towards European Union with the "communitarization" of some of the purely national powers with a substantial transfer of competences from Member States to the Common European Institutions.<sup>8</sup>

The creation of the Single Market stimulated a wide debate on the "Cost of non Europe"<sup>9</sup> seeking to establish the cost of the European Community's market fragmentation - and thus the potential benefits from their removal- by analyzing the impact of market barriers, and by comparing with the North American experience. The cost inherent in these barriers was examined both in reports dealing with the principal horizontal barriers impeding market integration

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<sup>8</sup>J. De Ruyt: l'Acte Unique Européen, Institut d'Etudes Européennes de l'Université de Bruxelles, 1987

<sup>9</sup>Commission of the European Communities: Research on the Cost of "Non Europe": Basic Findings: Vol 1: Basic Studies: Executive Summaries and other sectoral volumes, Luxembourg, 1988

(Border related controls and administrative formalities, public procurement, technical barriers, obstacles to trans-border business activity) , and those studying the impact of specific examples of barriers in representative sectors of the Community's service and manufacturing economy (automobile sector, foodstuffs industry, textile-clothing, pharmaceutical industry).

The message of this entire research was the analysis of the benefits of completing the internal market and the potential gains to be had from market integration.

Besides the studies conducted by the European Commission condensed and embodied in a well known book by the Cecchini team<sup>10</sup>, many other independent researchers made different appraisals about the benefits of market integration<sup>11</sup>. The EC Commission's Study ,after producing figures that demonstrated the heavy costs of having twelve separate markets (the number of Members States at that time) divided by frontier controls, identified and illustrated the immense opportunities for the future which the completion of the internal market created, in terms of growth, job creation, economies of scale, improved productivity and profitability, healthier competition, professional and business mobility, stable prices and consumer choice. In other words: significant inflation-free growth and the creation of million new jobs.

The Southern enlargement of the EC<sup>12</sup>, the unemployment crisis which started in the eighties<sup>13</sup>, the agreement to establish an Economic and Monetary Union reached at the European Council held in Madrid in June 1989 , the new political situation created by the fall of the Berlin Wall with the German interest to advance economic and political union at the same time, the end of the Cold War, and the pressure from the European Parliament to obtain additional powers forced the decision to convene a new intergovernmental conference -in December 1990- which lead to the signature by the representatives of the Twelve Member States, in Maastricht, on 7 February 1992, of the Treaty on European Union (TEU).<sup>14</sup>

The Maastricht Treaty marked a new stage in the process of creating a Union among the peoples of Europe and forced the approval of a Financial Package (Delors II) enlarging the EU's budgetary resources to cover the new policies established by the Treaty in a new organic and pluriannual form (Financial Perspectives approved in the European Council, Edinburgh, December 1992)<sup>15</sup>

According to the Treaty, the European Union is now built on three pillars. The first, the Community pillar, is rooted in the Treaties of Paris (creating the ECSC) and Rome (creating the

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<sup>10</sup>P.Cecchini, M.Catinat and A. Jacquemin.: The European Challenge 1992: The Benefits of the Single Market, Vildwood House, Aldershot, 1988.

<sup>11</sup>Commission des Communautés Européennes, Direction Générale des Affaires Economiques et Financières: Analyse de la Litterature sur les conséquences politico- économiques de 1992. Several Issues.

<sup>12</sup>F; Nicholson and R. East: From the Six to the Twelve: The Enlargement of the European Communities, Essex, Longman Keesing's International Studies, 1987

<sup>13</sup>J.Delors et al: White Paper Growth,Competitiveness, Employment, The Challenges and ways forward into the 21st Century, Luxembourg, European Commission, 1994.

<sup>14</sup>R. Corbett: The Treaty of Maastricht: From Conception to Ratification: A comprehensive Reference Guide, Longman, Westgate House, The High, Harlow, Essex, 1994.

<sup>15</sup>Council of the European Communities: European Council in Edinburgh, 11-12December 1992: Conclusions of the Presidency.

EEC and the EURATOM) as modified by the Single European Act (see supra) and enriched by the Maastricht Treaty, the Amsterdam Treaty and the Nice Treaty<sup>16</sup>

The tasks of the European Community, which constitutes the first pillar of the EU, consist in the promotion of a harmonious and balanced development of economic activities, sustainable and non-inflationary growth respecting the environment, the promotion of a high degree of convergence of economic performance and a high level of employment and social protection, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity between Member States.

In accordance with the articles of the EU Acquis, the Community has competence to form policy in 17 fields:

- -free movement of goods,
- -agriculture
- -free movement of persons, services and capital
- -transport
- -competition, taxation and approximation of laws
- -economic and monetary union policy which is the keystone of Economic and Monetary Union (EMU) and the managing of the Euro by the European Central Bank
- -common commercial policy
- -social policy, education, training and youth
- -culture
- -public health
- -consumer protection
- -trans-european networks
- -industry
- -cohesion
- -research and technology
- -environment
- -development

These tasks entrusted to the Community are to be carried out by the European Parliament, the European Council, the Commission, the Court of Justice and the Court of Auditors. Each will keep within the limits of powers conferred by the Acquis Communautaire with the assistance of an Economic and Social Committee, a Committee of the Regions, the Ombudsman and the European Investment Bank.

When the Community is acting in areas which do not fall within its exclusive competence, the Community must observe the principle of subsidiarity whether or not the objectives and effects of a proposed action can be better achieved by the Community or by the Member States individually.

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<sup>16</sup> The Treaty establishing a Constitution for Europe –if ratified- would unify the three pillars giving a single personality to the European Union

The second pillar consists of the Common Foreign and Security Activities of the EU. Justice and Home Affairs constitute the third pillar. The second and third pillars operate in an intergovernmental mode.

With this retrospective analysis it is very clear that the present day EU objectives are much more extensive in scope than they were in the ECSC and EEC Treaties and this situation has consequences for the tasks to be carried out by the Community and in the distribution of competences between the Community and the Member States even if the principle of subsidiarity is fully applied.

The communitarization of objectives is something understandable in the present moment of globalization of the economy and is also related to the interconnections between the different fields of the *acquis communautaire*:

- How to avoid, for instance, enlarging to the overall EU the Euro today limited to 12 member States if we have a single market in which nobody wants monetary dumping due to competitive devaluations?
- How to avoid, for instance, creating standards at the EU level if it is necessary to avoid technical barriers interfering with internal trade?
- How to forget the scale of effects that can be achieved in many fields by the Community action instead of separate action by the Member States individually?
- How to avoid the harmonization of indirect taxation if we must avoid the fiscal distortions to trade among Member States?
- How to avoid some macroeconomic convergence plans being approved by a central authority if the common currency is not to be in danger?
- How to avoid a common external action if the EU is to play an active role in the changing world arena?

All these questions and many others have resulted in a situation in which the debate between the "realists" (according to Morgenthau's approach)<sup>17</sup> defending the powers of the nation-states and the federalists defending the creation of a single European Government is quite artificial. The neofunctional approach (according to Haas's approach)<sup>18</sup> with a clear spill-over of community objectives, tasks and competences, has been until now the middle way that has, in fact, been pursued in a silent but irreversible way linked with the evolution of the situation and values of the EU society and the EU position in the World.

The text of the Constitutional Treaty signed on October 2004 and the acceptance by the recent EU new Member States of the European competences (exclusive or mixed) established by the Treaties and, also, the growing demand of this kind of Europe by Mediterranean, Balkan and East European Countries are clear indicators of this reality.

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<sup>17</sup>H. Morgenthau: *Power among Nations: The Struggle for Power and Peace*, Knorr, New York, 1985

<sup>18</sup>E.B. Haas: *The Uniting of Europe. Political, Social and Economic Forces*, Stanford University Press, 1958.

#### 4. The future and the dangers of the EU

After the exhaustive debate about the future EU competences connected with the ratification of the Treaty establishing a Constitution for Europe signed on October 2004 in Rome it is necessary to admit some elements of national "realism" confronted with any excessive "Euro optimistic federalism" when talking about the future distribution of competences between EU and the Member States in the future European Union even if the present position is formally consolidated by the acceptance by the EU Member States of the European Treaties.

At the same time the European Commission has accepted the idea that the EU must deliver more results from its better regulation initiative. After screening 183 proposals for EU laws pending at the European Parliament and Council, the Commission has decided to scrap more than a third (68) because some of the proposals are inconsistent with the objectives of the new Partnership for Growth and Jobs (Lisbon Strategy) or do not meet better regulation standards.

But, at the same time, the acceptance of the present Acquis during the recent enlargement negotiations of the EU and the fact that many other European countries have already accepted the EU Acquis when applying for full EU membership (Turkey, Croatia) means that the potential advantages of integration are fully appreciated. Surrendering a part of the national sovereignty at the level established at the Maastricht /Amsterdam/Nice Treaties level seems not to be a problem for most of the EU members...

At the same time Opting-Outs and reinforced cooperation are today possible (examples of the Schengen arrangements and the euro) to make compatible collective interest with national interest<sup>19</sup> without arriving to create a "Two Speed Europe", but the real question is what is the willingness of some of the EU countries to assume all the requirements requested by a "27 or 29" member Europe.

In this sense present European integration must face two questions:

- Europe is partly immobilized by its problems because too many people benefit from the status quo to change. The rejection by the French and Dutch voters of the new EU Constitution is a good example.
- rich Old European countries -that are net contributors to the European Budget- seem to be reluctant to assume new budgetary obligations vis à vis new poor members and developing countries. In fact the new members looked with astonishment at how Old Europe fought each other on the question of the EU budget. In this context it is not possible to advance in the process of deepening Europe if the EU budget is not exceeding the ceiling of 1, 2 % of the Community Economy. The present discussion of the new Financial Perspectives 2007-2013 reflects this situation.
- -The institutional system of the EU is not adequate for a EU with 30 members

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<sup>19</sup>F. A. Sondermann : The Concept of National Interest, ORBIS, Spring 1977

But neither one single European member has expressed intention to retire from EU nor to recuperate powers already ceded to Europe.

In addition the last Enlargement has produced some contradictions that are to be faced in order the Enlargement does not conduct to destroy the “European social model” of high benefits and job protections that Europe has built since World War II.

New member States, Turkey and Croatia are not interested in the EU to being a simple free trade zone because they are interested in participating in a Community having capacity to giving new impetus to their economy, their backwash economic sectors and underdeveloped regional areas and to have a enhanced role in international affairs.

The question is not to downgrading the level of integration reached but to solve the Discontent about the adaptation of the European Model to the need competitive realities without taking advantage of a very important fact: even if the European Economy is not growing fast corporate profits are rising in the EU providing capital for investment and developing new technologies to compete in the globalization.

## The FTAA model

In front of this European experiment some conservative Americans say that they do not understand why some American Politicians involved in the FTAA process are so intent on repeating Europe’s mistakes concerning the European Model.

The FTAA process has recently moved from a originally Free Trade Zone, to a broad exercise of Hemispheric Cooperation oriented to creating jobs, fighting poverty and address how to maximize the benefits of hemispheric integration , including productive capacity and competitiveness in the region.

These ideas must be putted in perspective with the present situation of the American integration models in the framework of Multilateralism and Globalization<sup>20</sup>, the compatibility of the FTAA process with the American sub regional integrations<sup>21</sup> and the idea of some Brazilian business leaders in the sense that MERCOSUR must abandon the Customs Union project going back to a free-trade zone<sup>22</sup>.

Today the second generation free trade area projected under FTAA has few possibilities to develop to a more intense regional integration scheme and new additional sub regional trade

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<sup>20</sup> See World Bank: Trade, Regionalism and Development, t topic of the GLOBAL ECONOMIC PERSPECTIVES, 2005

<sup>21</sup> F. Granell: The FTAA, the United States and Europe, Jean Monnet/Robert Schuman Paper Series of the Miami European Union Center, vol. 1 number 6, September 2002.

<sup>22</sup> F. Peña: The future of MERCOSUR: An Argentine Perspectiva, Real Institute Elcano

arrangements are showing a lack of credibility in the 1994 free trade zone offer launched to the Western Hemisphere by Washington.

That means that the initially ambitious FTAA schema discussed by the numerous Technical Commissions established with the support of IDB, OAS and ECLA, not only would not advance towards a Customs Union but would even not be able to reach the merely free trade zone model if not a leadership arouses in the Western Hemisphere.

Even considering the present EU problems the EU has been very successful in perspective and that has been possible because de existence of common institutions, common laws and a common budget as it has been explained before.

Lacking of common institutions, budget and supranational laws create a situation in which FTAA cannot advance properly to the sophisticated European model.