

3.4 Economic integration

Sub-topic	SL/HL core	HL
Forms of economic integration		
Preferential trade agreements	<ul style="list-style-type: none"> Distinguish between bilateral and multilateral (WTO) trade agreements. Explain that preferential trade agreements give preferential access to certain products from certain countries by reducing or eliminating tariffs, or by other agreements relating to trade. 	
Trading blocs	<ul style="list-style-type: none"> Distinguish between a free trade area, a customs union and a common market. Explain that economic integration will increase competition among producers within the trading bloc. Compare and contrast the different types of trading blocs. 	<ul style="list-style-type: none"> Explain the concepts of trade creation and trade diversion in a customs union. Explain that different forms of economic integration allow member countries to gain from economies of scale.
Monetary union	<ul style="list-style-type: none"> Explain that a monetary union is a common market with a common currency and a common central bank. Discuss the possible advantages and disadvantages of a monetary union for its members. 	

Theory of knowledge: potential connections

What criteria can be used to assess the benefits and the costs of increased economic integration?

Might increased economic integration ever be considered undesirable?