

## **THE ECONOMICAL INTEGRATION IN NORTH AMERICA**

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**Abstract:** The present work presents a view in the relatively recent history of the North American relationships, thing that underline in a way that NAFTA, according to the strong faith in the commerce and free investments. Here there are presented the stages of NAFTA formation, that is an agreement of free trade between USA, Canada and Mexico, that decided the total elimination of customs taxes in the mutual relationships. There are presented the effects upon the countries that participate as well as the contribution of NAFTA to the increasing of work productivity through a higher competition and imports made in the conditions of more competitive prices, all these aspects conducting to a higher volume of American investments made in Canada and Mexico. Comparisons are made between EU and NAFTA and about the connections between these two entities. In the end, this work presents the perspectives of NAFTA.

**JEL classification: F15, F53.**

**Key words: the region integration , free exchange agreement , regionalism.**

### **1. INTRODUCTION**

The organizations interstate agreements type integration, as specify Francois Perroux, constitute such a type of integration " joining elements to form a whole". He also "increased cohesion an entire already existing". Two premises are economic integration agreements: a level of development of candidate applicant countries and their political will, freely expressed.

There are different group of integrating state, and to as we analysis area free of trade North American, characterized by abolish obstacles tariff and non-tariff (notably of quantitative restrictions) between Member States, which maintains, but freedom of action in relations with third parties (those from outside the area). At the end of this century and millennium witness a series of developments particularly dynamic of economic relations and international it predicted the changes to their positions between the world market competitors, with consequences in regional chains and consequences in planetary scale.

Countries with the democrats already enshrined to mark and developments unequivocally, the association, after a few priorities regional, in order to promote their own interests ahead of the remaining groupings competitive in the world. In this sense, remember as I pointed out, West European zone where from the year 1993 was launched "the single market", a "pole" of superstatat Common Market established in the nearly four decades. We mention that such a self-defense (with concessions mutual

between its members), calls for a common line aggressive against third parties. And they, in turn their feedback- corrects party through specific tactic in the new remote.<sup>1</sup>

## 2. NAFTA- NEED OCCURRENCE EVOLUTION AND ROLE

The need to offset developments concerning regional integration in Western Europe and other parts of the world has led to the idea were a zone of free trade of America and North known as NAFTA, which has been expressed for the first time in public, the 10 June 1990 on the occasion meeting between presidents of the three states: USA, Canada and Mexico.

Canada previously signed a treaty to free trade with the United States and joined it later, the idea completion of such a project thereby the negotiation process of three parts. Practically, negotiations were initiated during the first semester of 1991, after each of the three parties have created the internal organizational structures required for carrying out negotiation process. Following the directives given by the executive head of the three states, talks at expert level were held in a brisk pace.

The creation of free trade zone North American constituted, in fact, one of the key economic programme presented by former president George Bush.<sup>2</sup> Finalisation of negotiations at expert level and signing the document by trade ministers from the three countries was held in 12 August 1992.

Negotiations on concluding NAFTA went parallel and relatively the same direction as those of the Uruguay Round of GATT. Line temporal between the two agreements is symbolic, stressing progress simultaneously two current trends in international trade: organizations to scale the mainland and multilateralism planetary scale. organizations cannot be, but, he believes us as an alternative to the multilateralism, but one element in a commercial strategy diversified.

Signing the document to the heads of executive of the three countries took place at 17 December 1992. Subsequently, have been reconsidered some aspects in the field and ecological laboral. Treaty entered into force on the term estimated, 1 January 1994. Starting from the bilateral agreement "signed in 1989, between USA and Canada, and attempt the inauguration of an alliance commercial, for a period of 10 years, initially between the two partners north Americans, this Agreement is generating processes to liberalize trade each other, by applying techniques known. The Mexican involvement, the document will broaden the geographical scope of coverage and perspectives, with continental would. The purpose: to create a free zones, the North American Perimeter, with priority functions alternatives and present, the West European.

This area, covering a market of 375 million consumers and an area of 21.3 million km<sup>2</sup>, meet economies with different stages of development and offers in their opinion, many Western experts, new prospects for regional trade and International. This Agreement will lead to an increase in the potential market North American, which is currently considerably. The aim of this Agreement is to liberalise trade in 10 years with

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1 See, "DESCRIPTION DU PROJET D'ACCORD DE LIBRE-ECHANGE NORD-AMERICAIN", Redigee par les governments du Canada,des Etas-Unis d'Amerique et des Etats-Unis de Mexique - 12 August 1992.

2 x x x Reactions of media in Canada, Mexico and the U.S. communicated by the official Trade Representatives of the Ministry of Commerce - Department of Foreign Trade in the period January to December 1992

products and services, by removing tariff barriers between the Parties and non-tariff liberalization and investment through intrazonale.

Fields covered by face are as follows:

a) trade in goods materials: within 10 years, is to be removed all duties applicable products considered that "North American", in accordance with rules of origin, such as the year 2004 to form a vast open market.

b) trade in services: services hold an important place to trade area (subject of national treatment).

c) direct investment in Capital-liberalization.

d) other provisions relate to: rules of competition, intellectual property, his temporary businessmen and certain aspects relating to environmental protection.

By this Agreement has been pursued enforcing a powerful economic alliances "with a potentially huge on the use of labour, the productivity and living standard" and other countries in which west is likely to join him in the future and special effects which will have on relations with other industrialized countries.<sup>3</sup>

The effect were NAFTA had implications, both on economic relations, and on the political and social North American countries. He will produce the same time, the amendment ratios of forces with the countries EEC and Japan and will determine the creation of zones with commercial potential until now it's hard to imagine. He will make changes in attitude US relationship with Japan and the Common Market, is a warning given European Economic Community will suffer if it will proceed with liberalisation in a greater extent the Community countries access to the markets. Also, it considers NAFTA will enable us to attract a higher volume of Japanese capital of the hemisphere know-how Western.

Unlike "pole" party Europe's Single Market - in the partners are all developed countries industrial levels of development economic sensitive close - NAFTA represents the start, a's heterogeneous of states, unequal as economic power and offer. These diferene are likely to fuel any suspicions regarding the character "equal" of negotiators at the negotiation table aimed at signing and performance of the Agreement said, without having to speak, of course, the role "ombudsman" to the United States, particularly in this context.

The differences in background capacity between partners, the United States had so disoriented, thinking aimed at using NAFTA. For warning "colleagues" Western Europeans, the initiators of the Single Market, what if they proceed promptly, "liberalization reasonable" to third parties, there is a risk, for them, have "it" customs measures by the retorsiune, the American continent.

In addition, by NAFTA, Americans have created new opportunities for the supply raw materials, large outlets, an increase in their own products competitiveness, following the coastdown production in the new geographic areas, liberalisation under the Agreement, benefiting from cheap labour and compared, well qualified, the Fund development in the United States, only the system of products/processing, the American market enjoys the new jobs.

Following the liberalization zone North American, European partners will be held, inevitably, in a position to lose positions on the local market, as a result of restrictive measures, quantitative (quota) and adjustments (competitiveness low by applying tariffs discriminatory and, most often prohibition).

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<sup>3</sup> xxx Washington Economic Reports, American Embassy, U.S.I.S. Bucharest - 1992/1993.

Priority sectors afectabile, with the prospect implementation agreement, will be: the construction industry of motor vehicles, energy, textiles, steel, etc. Consequences Arrangement-including its benefits effects "through liberalization plants will be, sure, other than the United States and the economy economies others partners continentali. The latter will be the victims, from the start, the neighbours Americans and Canadians. Following the successive changes of local currencies, increasing unemployment and enlarging reducing wages so, the level of living-will mark specific developments of the crisis. To punctum in this respect, that the ratio of wages between Mexico and the United States is 1:7, in addition, "Would" customs equals, unequivocally with their own industries teaching local partners in the hands of agreement, much more developed and therefore, particularly competitive. The big winner, the NAFTA, will be USA, the first, which will have political benefits (American governments control) and economic (direct investment in capital, profitable areas, partner). NAFTA is a new organization and therefore, in which, as usual, wins organizers and lose organizations.<sup>4</sup>

In terms of the occurrence of NAFTA, the Executive Commission of EEC expressed positive views about this, agree with study by the Community experts free-market conditions caused the North American continent. reaction positive Executive Commission was expected, this being Legata by a desire EEC to avoid disputes with the United States and the commercial purpose successful completion of negotiation "Uruguay Round" of the GATT that he was in full swing. The study drawn up by E. E.C. specialists is mentioned that the entry Mexico in the area North American free trade and links of the United States and Canada have a positive impact on economic relations with the people's political EEC and this country. However, in the study shows that the creation NAFTA of led in all probability at some weakening position of EEC on the United States and Canada "connections". The opinion experts, this weakening can occur in the following areas:

-Financial services and insurance According to estimates privileges NAFTA will extend only to companies whose large part of the shares is shared within firms located in the territories member countries of NAFTA and which are controlled by these countries. The same views this is an injustice and constitute a discrimination against branches of located in North America and which are controlled by the member countries of EEC.

-Rules of origin for goods. Experts EC expressed their anxiety in legature to the rules applied to vehicles and textile products. These rules are much more severe than in Europe even if it does not contravene the openly GATT.

-Services. After the conclusions reached experts, unsuccessful in attempts to achieve agreement on services sphere within GATT, could lead to and constitute a discrimination against but not for the benefit CE. This is meant, among others, the potential trade between Mexico and CEE.

-Products food. EEC countries may suffer a loss in exports to Mexico in the sector products such as meat, sugar and milk products. However, say experts EEC , NAFTA will generally a positive impact on the development of commercial relations between EEC Latin American countries

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<sup>4</sup> x x x - Accord de Libre - Echange Nord-american, "VUE D'ENSAMBLE ET DESCRIPTION" (Canada, SUA, Mexic) - August 1992, Canada

### 3. TRANSATLANTIC RELATIONSHIP BETWEEN EU AND USA

This relationship remains the most important in the world in economic terms even if it is formalized by any particular legal instrument to confer advantages parties special report with third parties. Traditionally, each of the two economies represented except neighbors: EFTA in the case of Canada UEE, - in the case of United States most important trade partner of the other. Although declining to 20 years ago, when it was intended for about a third of American exports, the market UE continue to absorb 20.9 percent of exports to the United States in the year 2009, while USA is still the main outlet community of exports, with a weighted by 18.61 percent in 2009. The situation is similar to import, where UE holds a proportion of 14.2 percent of total imports of USA, and the United States is the origin of imports about 13 percent of extra-community of EU in whole or in the year 2009.

Even if dynamic transatlantic trade is something lower than the trade conducted by UE and USA to other regions of the world, the two economies will continue to remain strong interrelated. An argument to this effect exists and strong mutual flows through the existence of foreign direct investment: more than half the stock accumulated direct foreign investment in the American economy comes from EU, as 40 percent of total foreign investment on the UE have the origins in the United States. The employment of around three million Americans are the result investment from Member States UE and West European subsidiaries of American companies achieved a turnover of 700 billion dollars in UE.

Besides quality common to actors overall the shore economically and politically, the two partners connecting strong and that share a common set of values from the principles of a democratic system of governance and human rights and continuing with faith holding the virtues of market economy. As a result relationship transatlantic has both a component bilateral as well as one multilateral, the two partners acting most times in a concert in the other international organizations for promoting principles and objectives equally divided.

Mediatization disagreements occasioned sometimes disagreements on some trade issues and frequency of use term "trade wars" for them to describe can generate a perspective on false character relationships American community. No doubt that they are not devoid of terrain, and some friction based on the differences of principle: UE for instance, objected to some tendency towards unilaterally and over manifested in commercial policy American, and the States attest this firms American awarding government contracts in Member Countries UE. Such conflicts are still uncertain, and their number (apparently very important) must be reported to the size of exceptional everything reciprocal trade; they are always those frictions have been managed in a spirit of responsibility and restraint and not have been left to degenerate into conflicts of proportions, with destructive impact on bilateral trade flows. Moreover, starting in 1994, the two sides have agreed the establishment of a mechanism jointly "Early Warning" to enable them to identify in the early stages of areas concern, thus facilitating solve them quickly. Finally, be revealed that commercial relationship USA. "UE, taking into account and of its size, is among the most balanced in the world trade balance in terms mutual, a feature not found in the case of external relations of major trading powers, and in particular Japan, characterized by a state of almost imbalance. End of the Cold War "a transatlantic relationship has conferred revigorante dynamism aimed to develop new mechanisms for cooperation to cope with challenges launched by the New World Order. The new dimensions of this Partnership have been him since

November 1990, in the "Transatlantic Declaration" which lays down common objectives of the two partners, Their partnership principles, and which has laid the foundations of institutionalized framework for consultations, consisting of the meetings at the top-between the Council Presidency UE, the Commission and the president USA. An important step on the line is objectives and mechanisms transatlantic partnership was made with the adoption, in the Madrid Summit (3 december 1995) The transatlantic agenda which proposes the creation of a transatlantic economic space, the progressive reduction in eventual elimination of barriers which may still hampering mutual flows of goods, services and capital.

Transatlantic agenda includes a common plan of action, whose main objective in immediate economic relations bilateral field making references at:

- complete removal of barriers negotiation of tariff and non-tariff in order barriers to trade with computer technology;
- accelerating efforts to resolve remaining issues in suspensor after the Uruguay Round, mainly in the liberalization of telecommunications and maritime transport;
- an agreement for mutual recognition of procedures for testing and certification of compliance technical standards that a decisive step on the line removal" of technical barriers "of barriers to trade in goods;
- continuing and deepening cooperation between authorities in the field of application of competition policy, cooperation whose bases were put through a bilateral agreement dating from 1991.
- carrying out a study on ways to facilitate trade in goods-and, further reduction and non-tariff barriers and tariffs elimination;
- the establishment of a recognition of the Agreement to include certification procedures and testing;
- to village efforts of individual property rights problems solved, there will be a conference on "intellectual property rights";
- expansion in the future of the financial services;
- there will be an understanding on customs cooperation in space transatlantic. The agreement must include: -customs cooperation: simplifying customs procedures, computerisation, exchanges of information, joint access to basic data, consultations within the framework of international bodies, working methods, -mutual assistance: protection of intellectual property rights, commercial frauds, severe restrictions on trade with the by, -exchanges of experience.
- it will strengthen bilateral cooperation based on agreement between UE and USA 1991; it will examine options aimed at Deepening cooperation in matters of race, including the possibility of agreement in the future;
- in the transport problems will follow: -the establishment of a working group for consultations on the implementation system Global Navigation Satellite; -developing cooperation between UE and USA of the traffic; -development seminars on safe maritime transport and skills crews.

Romania, part of the European Union, participate actively in implementing measures presented since USA and member NAFTA represents an organization as strong as well as UE. Due to a foreign policy common to all member countries, UE is the largest trade bloc of the world. Romania, like Greece, Portugal and Spain who joined more than the EU is considered the country developed and thus is put in a position to grant countries in developing countries, along with Partner countries, certain concessions which must not cause adverse effects of national economy. Participation in

transatlantic relations has made relations with countries NAFTA to develop more comprehensive.

#### 4. ECONOMIC RELATIONS OF ROMANIA WITH MEMBER COUNTRIES OF NAFTA

Romania has not had direct ties with NAFTA and still does not propose conclusion of a commitment to this group but the economically, North American continent represents one of the first for Romania geographic areas of interest, trade with countries in this part of the world holding a weighted importance in total foreign trade sector results.<sup>5</sup>

By creating, with each of the three countries to a legal framework as appropriate, setting up of joint commissions and their organization sessions, setting up of official economic representations on Romanian near embassies, and by supporting coastdown delegates from various fields and participation in international events in the area, Romania has sought to gather in permanent economic links and develop trade with USA, Canada and Mexico.

Having regard to the United States is the most powerful member of the Organization NAFTA, Romania's relations with these countries will be understood in the light relations with USA, but it has understood the importance other states is very low. However must be taken into account and specificity of relations with Mexico but especially with Canada. In trade with the United States cannot be forecast a regulations about bilateral, meaning a zone of free trade. So, in a first phase, Romania has applied to imports USA, fees GATT, which has caused elements of discrimination in bilateral relations.

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<sup>5</sup> Opreșan, I. and staff, *Impact of North American integration on Romania's economic relations with the U.S., Canada and Mexico*