

# Integration vs. Partnership

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# The Key Difference I

- Integration is about institutional reforms while partnership is not
- Put differently, enlargement relies on institutional reforms as means to improved economic and political performance; partnership relies on improved economic performance due to improved policies as the basis for institutional reforms

# Key Difference II

- Integration is about provision of certain public goods: i.e., security, stability, certainty; that is achieved through internalization of external relations
- Partnership is about coordination and cooperation and not about provision of public goods, at least not directly

# Effects of Enlargement

- Trade integration
- Investment integration
- Convergence
- Transfers

# Effects of Partnership

- Free trade
- More efficient allocation of resources
- Lower risk to investments
- Uncertain end game

# Problems with Potential Enlargements

- Case I: Western Balkans
- Case II: Turkey
- Case III: Grey and other zones