
I. THE EUROPEAN ECONOMIC COMMUNITY

The European Community unites the economies of 12 countries: Belgium, Britain, Denmark, France, the Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

Legally, there are three European communities, but they share the same institutions:

- the European Coal and Steel Community (ECSC), created in 1951;
- the European Atomic Energy Community (Euratom), created in 1957;
- the European Economic Community (EEC), created by the First Treaty of Rome and which came into being on January 1, 1958.

In July 1968, the six original members completely removed customs duties and quotas on internal trade. Goods now move freely among all member states, and each member charges the same duty on a given importation from third countries. (Britain and Ireland brought their external tariffs into accord with the Community in 1977, thereby doing away with the "Commonwealth Preference" which, until then, was enjoyed by Canadian exports.)

A series of free trade agreements between the Community and its six neighbours, Austria, Finland, Iceland, Norway, Sweden, and Switzerland, known collectively as the European Free Trade Association (EFTA), sees industrial goods traded duty-free between the 18 states. Only goods that originate in the free trade area enjoy such duty-free treatment. Regulations stipulate the maximum percentage of third country value (components, material or labour) that may be incorporated into products to maintain their "origin" status for inter-EEC/EFTA trade.

Turkey is an associate member and its agreement provides ultimately for full membership. Malta and Cyprus also have association agreements that provide for a customs union with the EEC.