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BACKGROUND INFORMATION

COMMUNITY SUBMITS ENLARGEMENT TREATY TO GATT

WASHINGTON, D.C., March 13 -- The Accession Treaty and related documents by which the European Community "of Six" will become the "Ten" was submitted to the General Agreement on Tariffs and Trade on March 6 and 8, in accordance with with GATT rules.

The four prospective members (the United Kingdom, Ireland, Denmark, and Norway) signed the Treaty in Brussels on January 22. It and the other legal texts specifying the conditions of Community membership will come into effect on January 1, 1973, after completion of the ratification process.

Customs Unions Allowed by GATT Article XXIV

The GATT will study the Treaty and related texts to decide whether or not the arrangements for the enlarged Community meet the GATT definition of a customs union. GATT Article XXIV, by permitting the formation of customs unions, excuses customs unions members from extending tariff concessions made within the union to other GATT members. Thus, for customs union members, Article XXIV acts like a waiver of GATT's "most-favored-nation" clause by which a tariff concession accorded to one GATT member must be extended to all.

To qualify for an Article XXIV "exemption," a customs union may not result in duties or other customs regulations that are more restrictive than

those applied by its members prior to its formation. In addition, the interim agreement leading to customs union must include a plan and schedule for union "within a reasonable length of time."

Tariff Alterations to Be Renegotiated

The Accession Treaty designates a transition period of five years, 1973-78, during which the new member countries will gradually align their tariffs and economies with the Community's. Full customs union will be realized in 1978.

After ratification of the Accession Treaty, the Community will submit additional documentation so that the GATT members can renegotiate tariffs altered by enlargement.

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NOTE: An unofficial summary of the legal content of the Accession Treaty and related documents can be purchased for \$0.60 from the Washington, D.C. Information Service Office. A "Background Note: Anatomy of Enlargement" is available free of charge.