

ECONOMIC AND SOCIAL COMMITTEE
OF THE EUROPEAN COMMUNITIES

OPINION

ENLARGEMENT OF THE EUROPEAN COMMUNITY
GREECE - SPAIN - PORTUGAL

Brussels

The European Communities' Economic and Social Committee approved this Opinion at its 169th Plenary Session, which was held on 27 and 28 June 1979.
(Chairman: Mr Raffaele VANNI, Vice-Chairmen: Mr Tomas ROSEINGRAVE and Mr Edmond RENAUD).

The preliminary work was done by the Sub-Committee on Enlargement, chaired by Mr Sjouke JONKER and having as Rapporteur, Mr Alfons PFEIFFER and as Co-Rapporteur, Mr Umberto EMO CAPODILISTA.

This publication is also available in :
Danish, Dutch, French, German and Italian.

A bibliographical slip can be found at the end of this volume.

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Catalogue Number : ESC-79-002-EN



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A. FOREWARD

Between 1977 and 1979 the Economic and Social Committee produced studies on the applications of Greece, Portugal and Spain for membership of the Community. The Committee had done likewise when the United Kingdom, Ireland and Denmark joined the EEC on 1 January 1973. The studies on Greece, Portugal and Spain surveyed the economies and social fabric of the applicant countries and brought together a large number of facts and figures. It was thus possible to have an overall view of the situation in each of the three countries.

In its document entitled "General Considerations of the Problems of Enlargement", the Commission took stock of the problems involved in increasing membership from Nine to Twelve countries and attempted to determine the conditions for successful enlargement. These general considerations were accompanied by an analysis of the economic, social and institutional aspects of enlargement.

On the basis of the Commission's work the Economic and Social Committee decided in November 1978 to draw up an own-initiative Opinion. The latter would take into account both earlier work carried out by the Committee and the Commission document.

A Sub-Committee on Enlargement was set up to this effect and the Committee's Opinion was prepared between December 1978 and June 1979.

The Opinion was finally adopted at the Committee's Plenary Session of 27 and 28 June 1979. The Plenary Session in question was attended by Mr Lorenzo NATALI, Vice-President of the Commission and responsible for questions of enlargement. Mr NATALI also took part in the discussion. The text of the Opinion is to be found in this booklet.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE ON THE APPLI-
CATIONS OF GREECE, PORTUGAL AND SPAIN FOR MEMBERSHIP OF THE
EUROPEAN COMMUNITY

THE ECONOMIC AND SOCIAL COMMITTEE

WHEREAS

in view of Greek, Portuguese and Spanish applications to join the EEC this is an opportune moment for the Economic and Social Committee to deliver an Opinion on all problems connected with enlargement, and whereas previous work of the Committee should also be taken into consideration;

WHEREAS

the most relevant Committee documents are as follows :

- Study of the Economic and Social Committee on Relations between the Community and Portugal (Doc. CES 485/77 + Annexes) of 27 April 1976;
- Study of the Economic and Social Committee on relations between the Community and Greece (Doc. CES 774/78 + Appendices) of 11 July 1978;
- Initial Study of the Economic and Social Committee on the Community's Relations with Spain (Doc. CES 844/78) of 12 July 1978;
- Data from the aforementioned Studies of the Economic and Social Committee (Doc. CES 965/78) of 31 October 1978;

- Opinion of the Economic and Social Committee on Greece's Application for Membership of the European Community (Doc. CES 1141/78) of 29 November 1978;
- Study of the Economic and Social Committee on the Community's Relations with Spain (Doc. CES 611/79) of 23 May 1979;

WHEREAS

the experiences gained from the first enlargement of the Community in 1973 must be taken into consideration,

ADOPTED THE FOLLOWING OPINION :

INTRODUCTION

The Economic and Social Committee is mindful of the fact that the second enlargement of the European Community (from nine to twelve members) is in keeping with the preamble of the EEC Treaty in which the signatories "call upon the other peoples of Europe who share their ideal to join in their efforts". The Committee is of the opinion that enlargement will help to bring about political stability and strengthen democracy in southern Europe, thus consolidating the democratic system throughout Europe.

This overriding aim means that appropriate and just solutions must be found to the economic and social problems arising out of enlargement. This may possibly involve sacrifices and burdens; if so these sacrifices and burdens will have to be shared out evenly among Member States, the acceding countries and the various economic and social sectors and groups.

The ultimate economic aim of enlargement is to increase the prosperity of all through "the constant improvement of living and working conditions". Every opportunity must therefore be seized to generate a new dynamism so as to achieve a rational and efficient division of labour within the new, enlarged Community. One way of doing this is to open up new markets in agriculture and industry. Everything must also be done to prevent the tendency towards stagnation and the weakening of Community solidarity from gaining any more ground.

The European Community must be strengthened, not weakened. Resolute efforts must therefore be made to secure a more balanced development of the various regions of Europe; for the greater the disparities and the wider the gap in standards of living, the more the cohesion and solidarity of the Community are in jeopardy.

The dynamic opening-up of markets in industry and agriculture must go hand in hand with all-embracing Community measures designed primarily to help backward regions and sectors particularly hard hit by enlargement (regional policy, social policy, etc.).

A critical survey must be made of the Community's weaknesses and problems before action can be taken to eliminate them; this will also ensure that the Community will not be further weakened by enlargement. Such a critical survey is vital if efforts to achieve European Union are still to have any chance of success.

The Treaties establishing the Community were drawn up with the firm resolve to "lay the foundations of an ever closer union among the peoples of Europe". The Economic and Social Committee considers it essential that the acceding countries adopt the Community's basic tenets, which are either embodied in the Treaties of Rome and Community secondary legislation or else are implied in the political objectives that have been set. On the other hand, the Community should also be flexible enough to take all necessary measures to ensure that the acceding countries are integrated into the Community without too many difficulties either for themselves or for the Member States.

1. Institutional questions - Community bodies - Participation of economic and social groups

Decision-making and working procedures

Community decision-making is at present extensively blocked by the practice of requiring unanimity for Council

decisions in practically all those areas where the Treaties provide for majority decisions. This state of affairs can only be put right if the Treaties (EEC, EAEC, ECSC) are fully implemented, i.e. if there is an increasing return to majority decisions where these are provided for under the Treaties (see Doc. COM(78) 190 final entitled "Transitional Period and Institutional Consequences of Enlargement" of 24 April 1978, pages 13 and 14).

One way of avoiding a great many difficulties would be to make it clear to the new Members that voting by a qualified majority is an integral and indisputable part of the "acquis communautaire".

Curtailement of the right of veto would give the Commission and Council more room for manoeuvre; it would also enable them to take whatever decisions are deemed necessary in good time - even in a Community of Twelve.

But if things stay as they are at present, the Community of Twelve will find it even more difficult to push through a common European policy.

The Economic and Social Committee considers that the Community Institutions must make a comprehensive, in-depth study of ways in which their internal structures and administrative machinery can be adapted to the new dimension of the Community. In the enlarged Community the aim should be

efficient and comprehensible European Institutions. In other words, the Community must be organized in such a way that it can function properly; decision-making practices that impede application of the Treaties should be abandoned.

The enlarged Community must be capable of making its activities understandable in the languages of all the Member States and it must resist the temptation to use technical and practical difficulties as a reason for barring representatives of certain Member States from using their own language when taking part in the Community's decisionmaking process.

Composition of EEC Institutions

The Economic and Social Committee takes the view that a formal adjustment of the Treaties without any changes of substance should be sufficient to enable the Community of Twelve to function properly (*).

After enlargement the Economic and Social Committee will continue to play its full role as spokesman for economic and social interest groups vis-à-vis the Commission, Council, and

(*) See Doc. COM(78) 190 final of 24 April 1978, pages 9-12.

European Parliament. The Committee therefore considers that Community legislators should take the necessary steps to ensure that the ESC can fully assume its role as Europe's consultative body.

Participation of socio-economic groups from the acceding countries in EEC policy formation

(Doc. CES 901/78, p. 7)

In its capacity as the Community's socio-economic consultative assembly, the ESC hopes that the process of setting up and developing democratic organizations representing economic and social interest groups in the acceding countries will soon be completed.

It is vital for such democratic organizations to exist in the acceding countries :

- (a) so that all economic and social interest groups can be involved in policy formation in the various bodies and institutions of the Community, and
- (b) so that measures requiring the participation of such groups can be carried out in practice (see also Doc. CES 832/78 Appendix 1, pages 1-2).

2. Adoption by the acceding countries of the "acquis communautaire"

Adoption of the "acquis communautaire" as a basic requirement of the Community

The EEC is not a static creation but a living, continually growing body. For more than 20 years now its members have built up a network of common interests in the economic and social spheres - interests that have taken the form of rules and objectives applicable to, and adopted by, all Member States. If the acceding countries are to become part and parcel of this ever-expanding web, then they must accept (a) the basic Treaties of the Community and all the political, economic and social objectives pursued on the basis thereof, and (b) all the various decisions and resolutions taken after the entry into force of the Treaties (secondary legislation). In other words Greece, Portugal and Spain must accept the "acquis communautaire", including all Community objectives and policies at the particular stage they have reached at the time of accession and at the end of the transitional period.

The "acquis communautaire" boils down to the following :

On the domestic front :

Adoption of :

- the customs union and customs law;
- Community policies in the field of the common market and competition, industrial policy, social policy, regional and sectoral structural policies, energy policy, research policy, transport policy, fisheries policy;
- the first steps in the direction of a European consumer policy and an environmental policy;



- the Common Agricultural Policy;
- the present state of economic convergence plus all existing Community agreements on a 'European monetary system' aimed at creating a zone of economic and monetary stability;
- the Community's "own resources" policy and the fund-raising methods applicable thereto.

In relation to the outside world :

Adoption of :

- the association and cooperation agreements with Mediterranean countries;
- the development policy, and particularly the ACP-EEC agreements (Lomé I and II) (opening up of European markets, development aid, stabilization of export earnings, industrial and technical cooperation);
- those aspects of European political cooperation that are designed to secure peace in the Mediterranean area;
- the common commercial policy, i.e. inter alia:
 - the free trade agreements with a number of European countries;
 - the trade agreements concluded with other countries (e.g. Canada);
 - the relations between the EEC and its partners within the framework of GATT;
 - the generalized system of preferences for developing countries.

Transitional period

Essentials :

Unlike the situation when the EEC was enlarged for the first time, the entry of Greece, Portugal and Spain will pose a large number of difficult transitional problems and solutions will have to be found to the problem of how to integrate countries which, in socio-economic terms, fall well behind the Community average. The transitional measures adopted will therefore have to be such :

- that the Community is not slowed down, can be consolidated and can make new progress;
- that sectoral and regional problems currently plaguing the Community, and which frequently occur in the acceding countries as well (e.g. in agriculture as well as the steel, textile, footwear and shipbuilding industries), are not aggravated after enlargement.

The question of the nature and scope of adjustments should therefore be tackled as soon as entry negotiations begin. Solutions to transitional problems will need to be sufficiently flexible.

The pre-accession period

To smooth out adjustment problems, acceding countries should be progressively involved in Community procedures and political cooperation during the period between the signing of the acts of accession and their entry into force. In this respect the Community can draw on the positive experiences of the first enlargement.

The post-accession period - duration of the transitional period

The transitional period proper begins after accession. In the case of a number of sectors it is bound to be at least five years (i.e. the duration of the transitional period during the first enlargement) since the adjustments to be made now are that much bigger.

The actual length of the transitional period will no doubt depend partly on the starting position and level of development of the acceding country in question and partly on the development of the economic situation in Europe and the world.

The transitional period will be sufficiently flexible if it is based on, or generally compatible with, Article 8 of the EEC Treaty (e.g. division into stages and specific transitional programmes for individual sectors and regions). Interested parties and, if need be, the Economic and Social Committee should be consulted in this respect.

The actual transitional measures adopted must also ensure the further development of the Community.

The adjustments which need to be made by acceding countries must receive effective assistance from the Community's various financial instruments; adequate funds must also be released to enable existing Member States to make the necessary adjustments.

Provision will also have to be made to introduce protective measures during the transitional period. These will be available to both new and existing Member States in order to cope with unforeseen difficulties (e.g. when adopting the "acquis communautaire") and to counteract the threat to certain sensitive sectors. Article 135 of the existing Act of Accession could be invoked as a legal basis. The second paragraph of Article 135 in fact states that "the Commission shall, by emergency procedure, determine without delay the protective measures which it considers necessary" and the Community Institutions must be ready to take such measures on the basis of this Article.

It will therefore be necessary to take special measures during the transitional period so that all Member States can fulfil their obligations afterwards. The nature of the measures will depend on the size and seriousness of the problems to be overcome.

The dynamics of the Community's development and the re-shaping of certain policies

After the accession of Greece, Spain and Portugal the Community will take on a new lease of life, increasing its share of world trade and improving the economic equilibrium between the major economic areas of the world. This new dynamism could lead to a re-shaping of certain Community policies. If so, it would also reflect the growing responsibilities of the Community.

The agricultural sector of the EEC will expand as a result of enlargement and the Community's fulcrum will move further south. The socio-economic composition of the new Community will also be different from what it is at present and concrete policies will have to be adjusted accordingly - though without leading to a transformation or dilution of the unique structures of the Community in institutional, social and economic fields.

The European Community was in fact founded to bring about lasting peace in Europe, to increase prosperity and to forge a living bond of solidarity between the peoples of Europe. With a weak and paralysed Community it would be impossible to achieve these aims.

The Economic and Social Committee therefore underlines the need to ensure that the Community continues to remain "operational" and that all its Member States develop harmoniously.

3. Community policies

Common market - competition policy

The establishment of a common market is the most important economic task of the Community and enlargement must not be allowed to slow things down. This means that there must be no slow-down (a) in the completion of the customs union (i.e. not only tariffs, but also practices and procedures), (b) in the abolition of technical barriers to trade and (c) in the opening up of public sector purchases (See Doc. CES 965/78, page 14).

If there is to be full-scale participation in the common market, acceding countries must be prepared to dismantle existing trade barriers and eliminate distortions of competition; this includes the withdrawal of subsidies that distort competition. The aim is to create equal terms of competition. A cornerstone of this policy is acceptance by the acceding countries of the Community's VAT system.

The European Monetary System - the fundamentals of economic policy

The convergence of the nine Member States' economic policies and the move towards economic and monetary union have reached a concrete stage insofar as monetary policy is concerned. Nevertheless, differing conceptions and aims, not to mention differing relative economic and political strengths within the Community, have so far proved to be major obstacles to the attainment of this goal and have held back economic and monetary policies based on the principles of convergence and stability. These differences will become even more pronounced with enlargement.

The goal of economic and monetary union has become more of a reality so we must at all events prevent it from slipping back out of reach again. Closer intra-Community coordination of economic policies is required in order to attain the objectives of full employment, stability, growth and a fair distribution of prosperity. If economic and social policy is to be effective, it must in the coming years be oriented increasingly towards the medium term. This will entail setting medium-term Community objectives whose implementation can be monitored within a regional and sectoral structural policy. (Cf. Doc. CES 965/78, page 15 et seq.).

Greece

The transitional provisions must include :

- two-way safeguard clauses to be used when abnormal competition threatens to throw certain industries out of gear;
- procedures to prevent competition between Greece and the rest of the Community from being distorted by transport subsidies, etc;
- regulations to prevent distortions of competition through currency exchange problems.

(Cf. Doc. CES 1141/78, page 3).

Portugal

In the case of Portugal, the weakest acceding country from the socio-economic point of view, everything must be done to immediately strengthen her economy so that it can be integrated into the Community with as little friction as possible. Care must also be taken to ensure that measures are not taken that will, in the long run, lead to unfair competition.

The Economic and Social Committee is of the opinion that the adaptation of Portuguese production to meet EEC demand implies a thorough knowledge of Community markets. The Community could be of considerable help in this respect (re. detailed recommendations of the Committee, see Doc. CES 485/77, pages 63 et seq.).

Spain

Spain undoubtedly poses the biggest problems when it comes to equal terms of competition within the framework of a common market. This is because Spain has a comprehensive system that promotes her exports to the Community whilst putting up barriers against imports from the Community. The particular measures adopted by Spain include: levying of various customs duties; frequent devaluations of the peseta; compensatory taxes discriminating against imports alongside tax rebates encouraging exports; import price controls; evaluation of the value of goods for customs purposes; introduction of specific duties; interpretation of customs nomenclature; certification requirements; the issue of licences (See Doc. CES 965/78, page 12 and Doc. CES 611/79, pages 60 et seq.).

With the entry of Spain into the EEC Spanish producers, formerly cossetted by a large number of protective measures, will have to cope with economic and social conditions similar to those obtaining in the Common Market. Adjusting current trading practices to the requirements of accession will be particularly difficult both for Spain and the Community of Nine. Setting a timetable for the introduction of equal terms of competition, including adoption of the Community's VAT system, is a matter of compelling urgency to Spain. Agreement on two-way safeguard clauses is also particularly vital in the case of Spain.

Spain must now show the necessary willingness to rapidly make appropriate adjustments to the conditions prevailing in the Community - at least as regards a number of factors exercising a decisive influence on trade flows. It is imperative that concrete progress be made in aligning the legal, economic and social conditions that form the framework for relations between the Nine and Spain. Without such an adjustment, it is to be feared that at the beginning of the transitional period Spain would be forced to ask for exceptions and extensions of deadlines in order to cope with difficulties in certain sectors of its economy (see Doc. CES 611/79 pages 62 et seq. for the current practical problems).

To be more precise, the Commission should - after engaging in consultations and an exchange of information - call upon Spain to immediately make "selective" adjustments in order to fall into line with the conditions prevailing in the Community; these adjustments should then be a key element in entry negotiations (cf. Doc. CES 611/79 fin, page 63).

Spain should accordingly be urged to introduce and implement as soon as possible a series of legal measures which would ensure the "neutralizing" effect of taxes on imports and exports and which would bring about (a) a reduction of the customs duty on imports from the European Community, (b) a change in present administrative practices, and (c) a rapid switch from a multi-stage turnover tax to VAT. These measures cannot be deferred until after Spain has joined the Community.

Social policy

Freedom of movement

Freedom of movement for workers is another fundamental tenet of the EEC Treaty. After the transitional period it must also apply to workers from acceding countries without restriction.

A relatively long transitional period will, however, be needed because of structural and cyclical unemployment in the Community. The actual length will be decided on through agreement with individual acceding countries, due account being taken of the necessary adjustment measures and their effects.

The Economic and Social Committee considers that it basically makes more sense to bring jobs to the unemployed rather than to oblige the unemployed to emigrate in order to find work. For this to come about, investment will have to be stepped up in the countries and regions hardest hit by unemployment - at least insofar as this is possible (cf. Doc. CES 965/78, page 15 and Doc. CES 1141/78, page 3).

The agreement reached with Greece could be taken as a model for the gradual, flexible introduction of the principle of freedom of movement, though it should not be allowed to determine the actual duration of the transitional period.

One possibility would be to make it impossible to recruit workers from any of the new Member States during the transitional period without the explicit agreement of the host country.

Freedom of movement and employment situation

Figures on unemployment in Greece, Portugal and Spain vary a great deal. This is true not only of the figures published by the Community on the one hand and the three applicant countries on the other; there are also wide variations within each acceding country depending on which sources are used (cf. Doc. CES 965/78, page 8).

Greece

Greece would appear to have a comparatively low rate of unemployment (1% in 1978) if we disregard under-employment in agriculture as well as the fact that young people out of work and who have never had a job are not included in the unemployment statistics. According to more recent OECD estimates (position in 1978), 4% would appear to be nearer the mark today.

The special 7-year transitional period already agreed with Greece ought to be about right in view of the overall situation.

Portugal

The unemployment rate in Portugal has risen steadily over the last few years, reaching 14% in 1977. Nor is there anything to suggest that it is going down at the present time (cf. Doc. CES 965/78, page 9). Portugal is in special need of massive aid during the transitional period so that unemployment can be brought down. In view of the high rate of unemployment in Portugal the transitional period will have to be longer than in the case of Greece.

Spain

By the end of 1977 the unemployment rate in Spain had topped the 6% mark. There was a further jump in 1978 and by the middle of that year about 8% of the working population was out of work (Doc. CES 965/78, page 9). With a total of about one million out of work, Spain has the biggest unemployment problem of the three acceding countries in absolute terms. The high level of unemployment, and the fact that Spain has the most difficult adjustments to make in order for there to be fair competition with other countries, call for a relatively long transitional period before complete freedom of movement can be established.

Working conditions

Workers rights and duties

The establishment of democratic regimes in all three acceding countries has been the most important sine qua non for ensuring that the working conditions and rights and duties of workers will either be codified in legislation enacted by democratically elected parliaments, or else freely negotiated between trade unions and employers' associations.

Trade unions worthy of the name have been able to resume their activities in all three acceding countries, though industrial relations can still not be compared with those in the Nine; wage earnings in the acceding countries for example are much lower than those prevailing in the Community of Nine, as are social insurance charges. This applies in the main to Greece (cf. Doc. CES 774/78, p. 87 et seq.), but it is also true of Spain (cf. Doc. CES 611/79, p. 17 et seq.) and Portugal (cf. Doc. CES 485/77, pp. 18 and 21).

In the Economic and Social Committee's view it should be emphatically pointed out in the negotiations that free collective bargaining coupled with the freedom to take industrial action is an essential ingredient of the general process of democratization and, at the same time, a sound guarantee against distortions of factor price relationships which are objectionable from a trade policy angle.

Community legislation which will have to be taken over includes the directives adopted by the Council in recent years - or still to be adopted prior to enlargement - in application of the Social Action Programme (e.g. the principle of equal treatment for men and women workers, the length of the working week and paid annual leave and the directives relating to collective redundancies and employers' insolvency). For this purpose, the Commission will have to present in the foreseeable future a comparative survey of (a) social legislation in the acceding countries and (b) the Community's past achievements and current work in the social sector.

Employment policy

If it is borne in mind :

- that the annual net increase in population in the acceding countries - taking the average for the years 1966 to 1976 - is well above the rate of increase in the Nine (Cf. Doc. CES 365/78, p. 5), and

- that the structural changes which will have to be made in view of the accession of the three new members will most probably have an effect on the employment situation in the enlarged Community (Cf. Doc. CES 965/78, p. 14), with a considerable drop in the number of persons employed in agriculture due to increased productivity.

then employment prospects, at least from the present-day point of view, are not rosy unless further efforts are made to improve matters (the number of unemployed in the future Community of Twelve is already 7.5 million).

For this reason and because workers will have to be given complete freedom of movement at the end of the transitional periods, the mastering of unemployment is the most urgent task. The unemployment problem itself can only be solved by a more intensive and selective employment policy within the framework of a vigorous structural policy for industry and the regions and by making use of all the funds available (*).

Greece

The economic crisis in the Western world has induced numerous Greek emigrants to return home since 1975. This trend poses problems for the Greek economy since the labour market finds it difficult to absorb this reflux of labour (cf. Doc. CES 774/78, p. 86 and elsewhere).

(*) For details see the Chapters on Regional Policy and Other Important Policies.

Portugal

The general problem of high unemployment has been exacerbated in Portugal by three factors :

- the return or repatriation of roughly 600,000 - 800,000 Portuguese from Africa;
- the release from military service of roughly 150,000 persons;
- the considerable drop in out-migration since 1973 (cf. Doc. CES 485/77, p. 15 et seq. and elsewhere).

Spain

So far (i.e. up to the end of 1978) far too few new jobs have been created in industry to cater for the annual influx of new job-seekers on the labour market plus all those farm-workers who have left the land. This is no doubt why Spain seems to attach great importance to emigration to countries of the Community; in some Member States this will pose considerable problems (cf. Doc. CES 844/78, p. 14 and elsewhere, and Doc. CES 611/79, p. 9).

Social security

Migrant workers

The Economic and Social Committee considers that the principles of Article 51 of the EEC Treaty and the secondary legislation derived therefrom, must be applied in full to workers from the acceding countries at the same time as the latter are

granted freedom of movement. These workers should have the same rights as workers from the Nine, e.g. with regard to the possibility of aggregating periods of insurance when moving to a new job in another country of the Community. Until the end of the transitional period there must also be some guarantee that child allowances are based on the rates applicable in the country of employment.

Social security in general

With the exception of matters concerning migrant workers, the harmonization of national social security legislation has hardly made any progress at all in the Community in recent years (cf. ESC documentation "The Stage Reached in Aligning Labour Legislation in the European Community", page 10).

Thus Member States' laws on social benefits such as pensions, child allowances, sickness insurance and unemployment benefits have still not been harmonized and will have to be dealt with after enlargement. Nevertheless, before Spain joins the Community, she will have to stop Spanish firms from making lump-sum social security contributions at a lower rate rather than paying them on an individual basis and in accordance with numbers on the payroll. The correct application of social security legislation by Spanish firms touches on workers' basic rights to social security; moreover, the abolition of the practice described above is a vital step in the direction of fair competition within the Community.



Problems associated with basic and advanced vocational training

A survey of the problems associated with basic and advanced vocational training in the acceding countries should be used as the basis for developing the "general principles for implementing a common vocational training policy" (cf. Article 128 of the EEC Treaty).

The European Vocational Training Centre should take part in this survey, using the instruments it has at its disposal. Studies, pilot projects or surveys of specific issues are some of the methods that could be used.

The training of skilled labour and executive staff in Portugal (Doc. CES 485/77, p. 67) poses a particular problem and great efforts will have to be made in both industry and agriculture to satisfy the heavy demand for these two categories of personnel. The European Community should bring such people under the umbrella of national and Community educational and vocational training schemes wherever possible and should bear at least a part of the cost (possibly under the Financial Protocol). Such training is essential if Portugal is to be able to make effective use of the funds provided by the Community's financial instruments (Social Fund, Regional Fund, Agricultural Guidance Fund, European Investment Bank).

Use of financial instruments and in particular the European Community's Social Fund

An active employment policy in the enlarged Community calls for the increased and coordinated use of existing

financial instruments (Social Fund, Regional Fund, Agricultural Guidance Fund, etc.). This should be reflected in an overall Community programme based on a survey of the problems faced by the regions (be they in the Nine or the acceding countries) and by structures particularly hard hit by enlargement.

Regional policy

The Commission rightly points out that "the persistence of regional imbalances (in the Nine) even threatens the proper functioning of the common market itself" (Doc. COM(77) 195 fin and Doc. CES 901/77, page 4). Enlargement will aggravate the situation even more in view of the disparities between a number of regions in the applicant countries and the regions of the present Community.

There is a similar situation in Greece, Spain and Portugal (Doc. COM(78) 120 fin p. 7 et seq, and Doc. COM(78) 200 fin p. 167 et seq). In general, per-capita income is much higher in those regions where the industrial and services sectors have expanded and there is a higher concentration of population (Biscay, Madrid, Guipuzcoa and Barcelona in Spain; Attica and Piraeus in Greece; the northern coastal regions of Portugal) than elsewhere. In these more prosperous regions the per-capita GDP is about 50% higher than in other regions.

Regional policy ranks high among Community policies.

The general aims of Community regional policy are endorsed by the Committee (cf. Doc. COM(77) 195 fin., points 11-14, and Doc. CES 901/77, page 5).

Regional policy must also make a contribution towards an active Community employment policy. This is essential if people are to enjoy better living standards in general. Regional policy should therefore seek to create permanent jobs offering satisfactory working conditions and incomes. If the undesirable flows of labour to the congested areas in the acceding countries and, after the transitional periods, from the acceding countries to the countries of the Nine could be reduced, this could already be counted as a success for regional policy.

Estimating how much money needs to be earmarked for the Regional Fund cannot be disassociated from the need to monitor the Fund's effectiveness. The more effective financial assistance is as a means of achieving the Community's regional policy aims, the sooner increased funds will be made available to the Regional Fund. This will probably entail a shift in the use of the Community's financial instruments. In an earlier document (Doc. CES 901/77), the Committee worked out the following principles for the effective use of funds (principles which are also valid for enlargement):

- It is important that the conditions for the effective use of funds and for the independent projects of beneficiaries are closely examined and defined; it is also important that strict criteria are drawn up and applied for implementing projects and monitoring results (e.g. in the form of regional surveys in the areas receiving assistance).

- The Regional Fund's limited resources must be less and less scattered over extensive areas and an excessive number of projects. When there is dilution only a small proportion of funds reaches the areas in greatest need. It is the most backward regions that should be given priority. Not only is this highly desirable, it is also in the interests of Community integration.

- It is necessary to avoid giving the impression that the areas receiving assistance are in fact to be subsidized indefinitely. Merely arousing such an expectation could have a negative effect on the efforts of these regions to help themselves. The Committee feels that this is another reason why results should be monitored continuously.

- Where the Regional Fund's resources are made available for productive investments, the size of the grant should be determined in part by the number of jobs created. Thus, when a choice has to be made between two productive investments which might create the same number of jobs in the short term, preference should be given to the less capitalintensive investment in the interests of an active mediumterm employment policy in the regions.

In addition to the effective use of funds, particular importance should be attached to the coordination of all the Community's structural policies, non-structural policies and financial instruments which could have a regional impact.

The purpose of this coordination should be to prevent new problems from arising and old problems from being exacerbated. A study should, therefore, be made of the extent to which

transfers of resources from one region to another can contribute to balanced growth without worsening the situation in regions from which the transfers emanate.

In the Committee's view it goes without saying that the regions of the Nine particularly hit by enlargement should also be granted aid to enable them to adjust.

Finally, the Committee considers that more funds should be made available in future in view of the bigger role regional policy will be called upon to play. (Doc. CES 901/77).

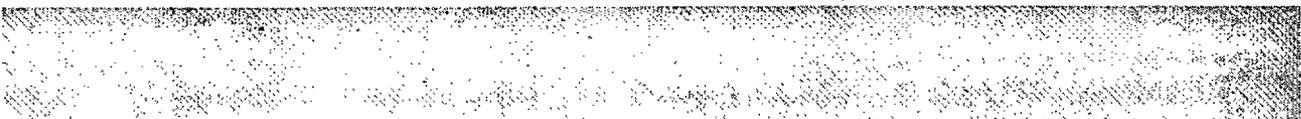
Other important Community policies

Industrial policy

Industry in the Nine:

- still operates in a climate of considerable international economic uncertainty;
- is undergoing a continuous process of adjustment to the new international division of labour;
- is greatly affected by overcapacity at world level in a number of key sectors.

As a result of enlargement, production capacity in the Community industries particularly affected by the above factors will increase whilst the existing differences in production conditions in other sectors will be intensified.



This summary analysis of the situation is enough to show that the acceding countries must adopt existing Community provisions and mechanisms concerning structural adjustments, particularly as regards steel, shipbuilding, textiles and the leather industry. It is essential that the acceding countries should feel obliged - even during the negotiation period and not simply after agreement has been reached - to abstain from acts detrimental to the interests of the Community; this would be in keeping with the principles laid down in Article 5 of the EEC Treaty. This means in particular that it will be necessary to refrain from new national and Community assistance measures aimed at expanding production capacity in sectors where there is already general overcapacity.

What is needed rather is adaptation of production capacities and structures to the pattern of demand in the Twelve and possibly an orderly cutback of production capacity in sensitive sectors on the basis of a prior survey of capacity and demand.

In this connection consideration could be given to setting up notification departments for all major investments.

The Community will have to encourage adherence to Community strategies by means of specific financial aids. In addition, there will have to be greater transfers of resources to the weak Community regions affected by enlargement, so that they will be able to cope with the consequences of the accession of three new Member States.

As part of the adjustment of trade and industry to the new market structures of the enlarged Community, measures to enhance the competitiveness and efficiency of small- and medium-sized enterprises and craft industries will be particularly expedient from the point of view of maintaining and creating jobs, since firms in these categories tend to be more labour-intensive than large firms. What springs to mind in this connection are specific measures in the areas of training and the promotion of small-scale business activity, in order to improve the quality of these firms' products and services and their organizational structure and marketing methods.

The Committee would draw attention here to the need to progressively dismantle the restrictions on freedom of establishment in the Member States for the purpose of pursuing one of the activities specified in Article 52 of the EEC Treaty. Priority should be given to those activities for which freedom of establishment would particularly promote the development of production and trade.

The only sensible way to implement industrial policy, as a sectoral policy on specific structures, is to link it as closely as possible with regional structural policy. The principles developed for regional policy, especially as regards coordination and the efficient use of funds, apply here.

The ESC would like to see a harmonization of sectoral and regional policies (a) to avoid over-capacity in certain sectors, (b) to avoid strong competition for support measures

that produce hardly any extra employment and (c) to prevent the dilution of measures to stimulate the economies of the very poorest regions in the Community. A common policy also needs to be developed in this field.

The policy on sectoral structures must, in the framework of a coherent Community industrial policy, be extended to all major industries and be closely linked to regional policy. It is necessary to gain a better insight into the various sectors and to further develop structures and instruments which can successfully adjust and reorientate production.

A detailed description of the problems raised by industrial structure and the assistance and adjustment measures which have already been partly initiated can be found in the comprehensive Committee studies on :

- Greece (Doc. CES 774/78)
- Portugal (Doc. CES 485/77)
- Spain (Doc. CES 844/78 and Doc. CES 611/79)

In the case of Spain there is a very high and partly under-utilized production capacity in particularly sensitive sectors such as steel and shipbuilding but also in the textile and footwear industries. In fact these sectors account for a considerable proportion of Spain's total industrial output.

Energy and research policy

Energy policy (*)

The Committee notes with regret that the problems far outweigh the positive achievements of the Community's energy policy (see also Doc. COM(78) 120 fin., p. 10, and Doc. COM(78) 200 fin., p. 126 et seq.).

Enlargement will further exacerbate these problems since the Community's already high degree of dependence on energy imports will become even greater.

The rise in energy prices and the anticipated growth in the energy imports of the acceding countries could aggravate balance-of-payments difficulties and jeopardize economic growth and the convergence of economies in the enlarged Community. A fresh political impetus must, therefore, be given to Community measures to reduce dependence on energy imports. The following steps in particular are called for:

- greater efforts to conserve energy;
- greater efforts to investigate and exploit new energy sources (this could lead to new approaches to the exploitation of solar energy in the acceding countries, which enjoy abundant sunshine);
- a common policy towards third countries in order to safeguard supplies on a long-term basis;
- promotion of the European Community's energy resources;

(*) See Doc. COM(78) 613 final and the Working Document of the Section for Energy, (Doc. R/CES 252/79, Parts 1 and 2 of 1 and 16 March 1979.

- steps to ensure that the Community keeps up with technical progress while reducing health and environmental risks to a minimum.

The acceding countries must as soon as possible join in these Community efforts to diversify energy sources and save energy by improving existing technologies in the areas of energy production and consumption. It is particularly important that Spain should cut down its very high energy consumption even before accession (see Doc. CES 611/79, p. 34/35). Spain also has a state monopoly of the sale of oil, thus distorting competition; this situation must be brought to an end.

Research policy

Europe's research and technology policy forms the scientific and technological basis for every European policy - and thus for all policies that play a role in connection with enlargement.

Community research policy should be concerned with the coordination of national research policies and the definition and implementation of Community research programmes.

Priority should be given to the following areas of major concern :

- long-term safeguarding of resources (raw materials, energy, agriculture, water);

- steps to enhance the international competitiveness of the enlarged Community;
- improvement of living and working conditions;
- protection of nature and the environment.

Transport policy

In a Community of Twelve the common transport policy will still have as its objective the establishment of a common transport market free from unfair competition. Transport problems arising out of the geographical distances in the enlarged Community will therefore have to be resolved in accordance with fair competition and the principles underlying the Community's structural policy.

In the case of road haulage it will be necessary to come to an arrangement with Yugoslavia concerning transit traffic between Greece and the other Member States. Any solution will have to take account of the interests both of Yugoslavia and the Community.

Maritime transport

The fact that Community tonnage will increase by over 55% as a result of the accession of Greece, Spain and Portugal heightens the need for early implementation of Community solutions to maritime safety problems (in particular, protection

against ecological disasters ensuing from accidents involving supertankers). If this can be achieved, the new Member States will have to base themselves on - and accept any protective legislation already in force when they join. (Doc. CES 205/79, p. 19).

The fact that the mean annual loss ratio (expressed as a percentage of total tonnage) for the Nine is 0.13%, as compared with 0.51% for the acceding countries, indicates that the vessels of the latter are older than those of the Nine and also that greater risks attach to these older vessels.

Nor must one overlook the heavy involvement of Greek shipping companies in the ownership and operation of flag-of-convenience vessels, i.e. vessels entailing above-average risks.

The mean annual loss ratio of typical flag-of-convenience countries such as Liberia, Panama, Singapore and Cyprus is 1.25% and is accounted for mainly by supertankers (Doc. CES 205/79 Appendix 1, Tables 2, 4, 4a, 8 and 9).

Greece's particularly liberal approach to the right of establishment - it allows firms from other countries (and especially from Eastern Bloc countries) to form Greek companies - is liable to aggravate the Community's transport problems with the COMECON countries.

In its Study on East-West transport the Committee recommended a system for controlling foreign capital similar to that in Austria (75% national capital and not more than 25% foreign capital) as a step towards a solution. It would reiterate that recommendation here.

Rail transport

The Community authorities are called upon to press, in the accession negotiations, for a better link-up between the Spanish railway network and the Community's goods and passenger transport systems. This means that rolling stock will have to be made adaptable to the different railway gauges existing in Spain on the one hand and EEC countries on the other; this will have to be done through measures that are technically sound and calculated to expedite the flow of traffic. This could also help to ease the congestion on the Spanish road network.

Common Agricultural Policy

General Problems of Enlargement for Agriculture

The enlargement of the Community from Nine to Twelve members will pose serious problems for the agricultural sector. This is particularly true of the present Community and especially its Mediterranean areas, but it is also true of the agricultural sector of the acceding countries.

This is because, as the analyses of the Commission (Doc. COM(78) 200 fin. p. 59 ff and p. 168 ff, etc.) and the Economic and Social Committee (see inter alia Doc. CES 1223/75 of 27 November 1975) show, the Mediterranean regions show similarities as to the products, climate and the general problems encountered there.

The growth of the Community from nine to twelve Member States will increase the number of people employed in agriculture by 55%, the agricultural area by 49%, the number of farms by 57%, but production only by 24% - proof of low productivity in the acceding countries.

In 1975, the number of people employed in agriculture as a percentage of the total workforce was 8.7% in the Community of Nine, (for the Mediterranean countries: Italy 15.8%, France 11.6%), 22% in Spain, 34.5% in Greece and 28.1% in Portugal - proof of the importance of agriculture for employment, especially in the acceding countries.

Article 39 of the EEC Treaty states that the main objectives of the Common Agricultural Policy include:

- an increase in agricultural productivity,
- a fair standard of living for the agricultural community, by increasing individual earnings.

In view of the situation in the acceding countries the pursuit of these objectives will give rise to the following problems:

- there will be a significant reduction in the number of people employed, or rather underemployed, in agriculture who will have to be absorbed in other sectors of the economy (Doc. COM(78) 120 final, page 9);

- owing to the high proportion of small farms with a low output and a low income in the acceding countries, the problem of such low output-low income producers, which already exists in the Community of Nine, will become even more acute, even allowing for the expected rise in agricultural productivity in the acceding countries

(Doc. COM(78) 200 final, page 62).

(This assessment of the situation will remain valid for the first few years after enlargement).

The problems arising from regional disparities will also get worse. There are serious regional disparities within the Community, and the Mediterranean areas lag behind the others in economic terms. The Community's regional policy has not yet succeeded in eliminating these discrepancies. Nor has the common structural policy for agriculture been implemented yet.

It will therefore be necessary to reinforce the structural policy.

- by bringing the socio-structural Directives up to date so that they can be applied effectively in the regions concerned, and
- by a corresponding increase in the financial aid available,

in order to resolve the structural problems in both the Community and the acceding countries (see Doc. COM(79) 122 final of 19 March 1979 and Doc. COM(78) 200 final of 27 April 1978, page 69 ff). In implementing the structural policy for

agriculture, the principles for the effective use of funds must be respected.

In this respect, the Committee would reiterate its view (Doc. CES 841/78 fin, page 3 ff) that all the measures designed to solve the above problems (see Committee Opinion of 13.7.1978) must be adopted with a view to maintaining or creating jobs in the rural areas of the Mediterranean.

In particular, the Community must implement integrated overall programmes relating to the various sectors of the economy of these regions in order to give them scope for balanced development within the European Community.

Production and Marketing Problems

The enlargement of the Community will have a major impact on production and marketing structures in particular. From the strict point of view of production, transition to a twelve-member Community will double the acreage under vines (2,379,000 hectares to 4,383,000 hectares), will boost olive production from 2,163,000 to 6,051,000 tonnes, rice output from 1,000,000 to 1,578,000 tonnes and the tomato crop from 4,300,000 to 8,000,000 tonnes. In view of the resultant changes in the degree of Community self-sufficiency in these products, the Economic and Social Committee would ask the Commission to supplement Table No. 45 in the Annex to Doc. COM(78) 200 final so that the Committee has the data needed (e.g. wine) to deliver a final opinion on the question of surpluses.

It is also necessary to take account of the fact that in the case of certain important Mediterranean products the average yield per hectare, particularly in Spain and Portugal, is generally lower than in the Community:

<u>Product</u>	<u>Community</u>	<u>Greece</u>	<u>Portugal</u>	<u>Spain</u>
durum wheat	3810 kg/ha (1976)(1)	1865 kg/ha (1977)(2)	1021 kg/ha (1973)(3)	1600 kg/ha (1973)(4)
wine	6090 l/ha (1975/76)(1)	5829 l/ha (1975)(2)	3086 l/ha (1976)(3)	1625 l/ha (1976)(4)

The degree of mechanization and use of fertilizers is also considerably lower than in the Community.

There is thus enormous scope for these countries to increase agricultural output, in particular by improving production methods and making more use of irrigation. Developments in recent years show that the latter is already well underway.

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- (1) The Agricultural Situation in the Community: 1977 Report (in conjunction with the Eleventh General Report on the Activities of the European Communities, Brussels-Luxembourg, January 1978, pages 262/263 and 316/317).
 - (2) FAO Yearbook on Production, volume 31, 1977 and information from the Commission, Directorate-General for Agriculture.
 - (3) Commission's Opinion on Portugal's application for membership - submitted to the Council - Doc. COM(78) 220 final, Brussels, 23 May 1978, tables 8 and 9, and information from the Commission, Directorate-General for Agriculture.
 - (4) Commission's Opinion on the accession of Spain - submitted to the Council - Doc. COM(78) 630 final (Annex); Brussels, 1 December 1978, tables 11 and 14, and information from the Commission, Directorate-General for Agriculture.

This growth potential must be viewed in conjunction with another fact. Current prices in the three applicant countries for most Mediterranean agricultural products (olive oil, wine, fruit, etc.) are much lower than Community prices.

Accession to the EEC and the resulting price increases in the three countries can act as a considerable stimulus to the production of fruit, vegetables, wine and olive oil.

There is a risk of creating large surpluses of certain Mediterranean products, while there may be a drop in the present structural surpluses of such continental Community products as sugar and milk products; the present imbalance is so great however, that accession is unlikely to redress it in full (Doc. COM(78) 120 final, page 7).

If these trends materialize, as seems likely, there could be a major change in the problems of the Common Agricultural Policy. The problem of structural surpluses in the most important Mediterranean farm products could be added to that of the structural surpluses in certain continental farm products. This trend could have undesirable economic and financial consequences for agricultural producers in the Mediterranean region and for the enlarged Community as a whole.

This would have serious economic repercussions for the Community's Mediterranean producers and financial repercussions for the enlarged Community itself.

A further element of uncertainty which should not be neglected is the low income inelasticity of demand for most Mediterranean products. Gradual changes with possible consequences for demand are, however, conceivable in the case of certain products.

Moreover, once the acceding countries join the EEC, they will not be able to obtain supplies of meat and dairy products on the world market at prices lower than the Community's. As members of the Community, they will have to buy these products in central and northern Europe and forego the present duties which will have to be transferred to the Community in the form of levies. They will also lose the opportunity for trade with non-Member States since they will no longer be able to buy meat and dairy products from those markets. This will present the acceding countries with additional problems of adjustment.

As a result of their aligning customs duties on the common external tariff and acceding to EEC commitments under the GATT and the various other agreements and conventions (with the Mediterranean countries, Lomé, etc.), even Greece, Portugal and Spain might find that certain of their agricultural sectors (and the vegetable fats and oils sector in particular) are in a critical situation.

To sum up, therefore, the accession of the three new Member States will have two consequences in the agricultural sector. First, there will be a drop in structural surpluses, e.g. in sugar and milk products, and in the level of self-sufficiency for products in which the Community is already deficient, such as vegetable proteins. Secondly, there will

be a higher degree of self-sufficiency in Mediterranean farm products. The Community could soon show surpluses in some of these products, such as wine, olive oil and some fresh and processed fruits and vegetables; in the case of some products which hitherto have been imported from third countries, the acceding States could become practically sole suppliers to the Community.

All of this will also have a major impact on non-EEC countries, particularly those Mediterranean countries with whom the Community has preferential agreements. Any increase in the Community's level of self-sufficiency in Mediterranean farm products will make it very difficult for them to export their products; this is made all the more significant by the fact that in the case of the Maghreb and Mashrak States and Israel, these exports account for a large part of their trade with the Community, i.e. about 70% of their total exports of farm products.

These considerations would seem to call for a general policy which takes account of :

- the demands of the Community's Common Agricultural Policy, and
- the need to bring the various preference agreements into line with each other and with the new situation created by enlargement.

It follows that implementation of a strategy for Mediterranean agriculture in accord with our new partners is becoming more necessary and more urgent. The growth potential of the countries which have applied for membership should be used for products other than the traditional Mediterranean crops and especially for high-protein products (Doc. COM(78) 200 final, page 63).

In this connection the other objectives of Article 39 of the EEC Treaty could be important, i.e. :

- stabilizing markets;
- assuring the availability of supplies, and
- ensuring that supplies reach consumers at reasonable prices.

Here account must be taken of the export possibilities which would be opened up by a dynamic job-creation policy in the enlarged Community's Mediterranean regions (see also ESC Study, Progress Report on the CAP, published in February 1975, section VI C(a) and (d)).

The acceding countries must apply mutatis mutandis the principles of Article 5 of the EEC Treaty and prepare themselves as of now to implement Community provisions immediately upon commencement of the transitional period; this applies to the organization of the markets, the structural policy provisions and the specific rules for production surveillance and switches already in force in the Community (wine, beet and milk). It also

applies to provisions enacted between now and enlargement and to regulations concerning competition (market-dominating enterprises), quality standards and the protection of the environment and the consumer (especially where food is concerned).

The ad hoc supervisory instruments must ensure that commitments are not evaded by one means or another (Doc. CD 19/79, 9 March 1979).

Proposed Measures

From the foregoing it is clear that if serious agricultural problems are to be avoided when the Community is enlarged, in-depth and long-term measures will be needed.

Accordingly, there should be a transitional period with a fixed cut-off date. This general transitional period must, however, be long enough to allow a realistic possibility of aligning economic conditions in the EEC and the acceding countries. The ESC considers that, within this general transitional period, specific transitional periods of appropriate length should be agreed for specially sensitive problems and products. The ESC thinks that, if a flood of competing products from the acceding countries is not to have the adverse effects feared by Community farmers, the Community must, in this period with respect to Mediterranean agriculture :

- provide for the possibility of implementing specific safeguard clauses for the most sensitive branches of production and products; and

- adopt, in the short term, measures designed to :

- . improve the socio-structural Directives by introducing a better criterion for comparison;
- . bring about Community programmes for particular areas and/or particular production sectors aimed at eliminating structural and natural disparities between the various agricultural regions and reducing, if not eliminating, the permanent imbalances on the markets for certain agricultural products;
- . bring about integrated regional development operations using a combination of several financial instruments (ERDF, EIB, Social Fund, EAGGF) in geographically limited areas (see Commission Proposal Doc. COM(79) 122 fin of 19 March 1979, and document on Spain);
- . coordinate financial measures in such a way as not to disturb the normal management of the CAP (Doc. CES 965/78);
- . revise and adapt various market organizations in order to tackle the new production-consumption relationships for Mediterranean products and enable all the producers affected (fruit and vegetables, wine, olive oil, durum wheat) to enjoy better security of income
(Doc. CES 985/78, CD 18/78 and document on Spain);
- . define overall market rules for processed products (fruit and vegetables) and new market organizations for certain Mediterranean crops insofar as this is necessary;
(Doc. CES 965/78);

- . promote the consumption of Mediterranean agricultural products, in particular by abolishing the consumption taxes levied in some Member States, or by improving the market development premium system;
- . implement aid and investment programmes for initiatives which partake of both agriculture and tourism (including integrated activities).

Furthermore, given that the accession of the three countries could impose constraints on Mediterranean agriculture whilst continental farming could be advantaged in the short and medium term, the Committee considers that the burdens of enlargement should not fall exclusively on one socioeconomic group (see Doc. CES 841/78 fin, p. 8) and that the Community as a whole should assume the responsibility for its own decisions.

Fisheries Policy

The doubling of the Community's fishing fleet/and fishing population as a result of the accession of Greece, Portugal and Spain will give rise to problems of adaptation and necessitate major changes to elements of the common fisheries policy.

In this case too, the basic rule is that the acceding countries should take over the existing Community provisions.

The following things will have to be done as a direct result of the accession of Greece, Portugal and Spain :

- Redistribution of catch quotas in the Community's pond in accordance with the Commission proposals currently before the Council and which to some extent have already been implemented by the majority of Member States;
- Recasting of fisheries agreements which the acceding countries and the Community have concluded, or are in the process of concluding, with non-EEC countries.

As regards catch quotas, use can be made of the outline fisheries agreement of 23 September 1978 between Spain and the Community which, although not yet ratified, has been applied in practice, and which already contains unilaterally determined catch quotas for Spanish fishermen in the Community pond and for fishermen from the Nine in the Spanish 200-mile fishing zone.

As the three acceding States gradually conform with the Community's fisheries policy, they must also fall in with its basic tenet, namely conservation and rebuilding of the fish stocks in the Community pond.

At the same time, Spain, which has the third-largest modern fishing fleet in the world (as big as the French, Italian and West German fleets put together), should get down to reducing Spanish fishing capacity to a level commensurate with the new limited catch possibilities of Community fishermen in the Community pond and in non-Member countries' waters. In this connection too, legislation should be passed in Spain to make sure that the Spanish fishing industry starts to apply, during the transitional period, the provisions which are in force in the other Member States concerning fishing methods, conservation of fish stocks and mesh sizes.

Community consumer policy

The consumer protection measures taken so far in the Community represents the first steps towards an effective consumer policy. The accession of Spain, Greece and Portugal must not jeopardize the progress achieved or impede further development.

Community environmental policy

It goes without saying that the efforts to achieve an effective environmental policy must not be endangered as

a result of enlargement. The development of protective and minimum standards in respect of pollutants gains new significance through the Community's increased responsibility for controlling pollution in the Mediterranean. Enlargement means in fact that the highly indented northern coast of the Mediterranean will come almost completely under Community jurisdiction. It is therefore necessary for the Community as such to accede to the convention on the control of pollution in the Mediterranean and develop an active policy in this sphere.

Areas of Community external relations specially affected by enlargement

Mediterranean policy

One of the main consequences of enlargement will be a stronger Community presence in the Mediterranean area. The Twelve will thus have greater responsibility in all matters connected with the safeguarding of peace and economic development in this area, and this will have to be reflected in a concrete overall Community policy.

Existing treaties and agreements must be activated and further developed.

The association agreement with Turkey, one of the Community's oldest "allies" in the Mediterranean area, must



not be jeopardized by the accession of Greece. Greece must accept the terms and objectives of the association agreement in full and actively support the Community's friendly relations with Turkey. This implies that every effort will have to be made to settle the outstanding disputes with Turkey in the near future, if possible before Greek accession (continental shelf in the Aegean, Cyprus). The Community's greater interest in securing peace in this new peripheral region of the enlarged Community must find expression in sustained and patient efforts to induce these two countries linked with the Community to find a just and balanced solution to the disputes mentioned.

This aim of securing peace must also be pursued in relations with the North African States and the coastal States of the southern and eastern Mediterranean.

In this connection the Committee supports the Council's endeavours to establish a sustained and constructive dialogue between the Community, the Arab world and the countries of Africa. This will be conducive to the economic and social development of all regions bordering on the Mediterranean and to the safeguarding of the Community's raw materials supplies. It will also help to solve urgent problems in the North-South Dialogue. The acceding countries will have to accept the economic commitments that the Community has entered into (or will enter into before accession) as part of its overall policy vis-à-vis the Maghreb and Mashreq countries and Israel (Doc. CES 1041/77).

Trade relations with the COMECON countries

The Member States' trade links with COMECON are governed by Community legislation dating from 31.12.1974. Industrial cooperation is dealt with separately.

On accession the new Member States will have to fall in line with Community arrangements complying with the legal provisions in force at that time.

Relationship between the Community and GATT

The Community speaks for the Member States in GATT matters.

On accession the new Member States will have to accept the Community's commitments in GATT and vis-à-vis the various contracting parties (including those arising from the Tokyo round). Similarly they will be eligible for concessions made to the Community by the other contracting parties of GATT.

When the accession talks have been wound up, the Community will, in accordance with Article XXIV, paragraph 6 (establishment of a Customs Union or Free Trade Area), have to submit its dossier. The Economic and Social Committee believes that the Community will be entitled to compensation from the other contracting parties in view of the fact that the acceding countries currently apply higher customs tariffs than those of the Community Common Customs Tariff. (After the first enlargement, the Community had to grant compensations because alignment on the Common Customs Tariff meant that, on average, the new Member States had to increase customs duties on imports from outside the Community).

The agreements with the EFTA countries

The large free-trade area for industrial products that the Community and the EFTA countries have formed since 1 July 1977 will be further expanded by the accession of Greece and Spain, so that duty-free exchange of goods will be possible in practically the whole of Western Europe.

Community development aid policy

Entry into the EEC of three less economically developed countries must not mean that the Community's trade policy towards developing countries will be more protectionist or that the financing of enlargement through regional and sectoral policies will be at the expense of the Community's development aid.

System of generalized preferences

The concessions which the Community currently grants to approximately 10 developing countries (excluding all the Eastern European state-trading countries except Rumania) are renewed annually under an autonomous 10-year agreement which expires on 31 December 1980.

Like the rest of the developed world, and in the light of the last UNCTAD conference, the Community will probably decide to renew the Generalized Scheme of Preferences (GSP), possibly for a further ten years. The scheme will however probably be made more selective, so as to ensure that it mainly benefits the developing nations.

Needless to say, the future Member States will have to accept the Community GSP lock, stock and barrel as part of the Community patrimony. They must expect to face stiffer competition in certain areas from countries, even developing countries, from whom they are heavily protected at the moment.

When debating the new ten-year agreement, the Community should therefore take account of the interests of the countries which have applied to join the Community.

The Lomé Convention

Enlargement of the Community will not, in the cases of Greece and Spain, lead automatically to a change in the geographical scope of the Lomé Convention. Of the former Portuguese colonies, Cape Verde Islands and Guinea-Bissau are already signatories. And it is not out of the question that Mozambique and Angola will also accede.

Relations with Latin America

Because of the historical ties between Spain and the countries of Latin America the enlarged Community may be able to forge new political and economic links with this part of the world. The Community should not, however, make available to these countries the preferential and 'non-reciprocity' agreements that have been concluded with the ACP countries (see Doc. CES 611/79, point 5.18.).

4. Financial aspects

Community Budget and Value-Added Tax

Budget

The Economic and Social Committee would stress the fact that the acceding countries must accept EC budgetary provisions, including the regulation on "own resources", just as the new Member States had to do on the occasion of the last enlargement of the Community. The acceding countries will have to accept the administrative rules with regard to adoption of the EC budget, the decision on the introduction of "own resources" and the implementing provisions.

Value-Added Tax

This obligation to accept all the budgetary provisions further implies - and the Committee is in full agreement with the Commission on this matter (see Commission Document No. COM(78) 630 fin., pages 67 and 68) - that the acceding countries will have to incorporate into their national laws in the near future the provisions on the introduction of VAT throughout the EEC and the related Directives to enable the EEC share of national VAT revenue to be calculated and collected satisfactorily.

Financial planning

The estimates of the overall cost of the enlargement of the Community which have been made so far (see Commission Document No. COM(78) 200 fin., pages 92 to 104) have generally been limited to an extrapolation of the 1978 EEC budget by applying the current methods and levels of intervention by the financial instruments to the three prospective member countries, without taking account of the problems arising with regard to integration both in respect of particular areas and sectors of the existing Community and the acceding countries. It is therefore urgently necessary for the Commission to draw up a plan of action dealing with all the issues involved in the enlargement of the Community. An analysis of the costs involved would have to be appended to the plan. The increase in the EEC budget consequential upon enlargement should be determined and implemented as part of a medium-term financial plan for the Community.

Any action which might need to be taken in the light of this medium-term financial plan with regard to a possible increase in the Community's "own resources" and the diversification and strengthening of the revenue side of the EEC budget would also have to be planned on a medium-term basis.

Financial Instruments (*)

The Economic and Social Committee does not consider that it is advisable to endeavour to solve the structural problems linked to the enlargement of the Community by setting up an ad hoc enlargement fund. This could give potential new member countries expectations which the EC would in practice be unable to satisfy. There would, however, seem to be a need to draw up an action plan on enlargement with a view to solving all the problems affecting both particular regions and sectors of the existing Community and of the acceding countries as a result of the enlargement. This action plan should provide the framework for coordinating measures taken with financial aid from the Community. An essential aim in this respect is to coordinate the use of the existing financial instruments. This coordination should prevent EEC funds from being spread too finely and prevent the effect of grants from EEC funds being cancelled out because of a lack of coordination.

Although the problem that will be created by the regional and sectoral imbalances in an enlarged Community will not differ fundamentally from the problem in the present Community, enlargement will nevertheless place further strain on the Community's economic and social cohesion, which is already not too solid. In order, therefore, to enable the entire enlargement operation to be carried out successfully, the transfer of financial resources from richer to poorer regions will be

(*) For further information on this section see the Committee's publication entitled "Action of the European Community through its Financial Instruments" 1979, pages 275 ff. (esp. 299-300).

required in addition to what is provided under the existing programme. The way the financial resources are used should be geared directly to the desired social and economic development in the Member States.

Such an aid programme should form an accompaniment and a basis for predetermined transitional rules designed to enable the acceding countries to reach a reasonable level of economic development and thereby ensure that the transitional period is completed satisfactorily.

In this connection enlargement could give rise to a critical examination of the procedures for making allocations from EEC funds. The following points should be noted in this respect :

Regional Fund

In the case of the Regional Fund one of the aims should be to set aside a particular percentage of the sums available for Community measures which are not linked to quotas (see point 3.2.6. above). The funds made available for such measures would have to be increased to make them adequate for the tasks involved.

Social Fund

There will be a very considerable increase in the number of priority areas eligible for aid from the Social Fund (see Document No. CD 60/78, pages 6 and 7). Almost the whole of Portugal and Greece and a large number of Spanish regions will be added to the current priority areas, namely, the Irish Republic, Northern Ireland, Greenland, the south of Italy and the French overseas territories.

There will therefore be a tremendous extension of the "Regional Fund Areas" which also receive top priority when it comes to aid from the Social Fund for projects of a regional nature. In this connection the question arises as to whether these top-priority measures are detrimental to or even absorb the funds for a large part of the other Social Fund measures (to aid people or sectors) which have a lower priority rating.

The Economic and Social Committee would stress its view that a large part of the sums available from the Social Fund should be allocated for vocational training and the retraining of workers in the least developed areas. There should, however, not be any reduction in the measures taken hitherto in these areas to help young people, people leaving agriculture, handicapped persons and women workers.

An overall plan

An overall plan with regard to the use of EEC financial instruments for overcoming the problems arising in connection with enlargement should therefore include provision for the following:

- training and retraining facilities in less developed areas (Social Fund and Regional Fund);
- retraining facilities for people leaving farming (Regional Fund and the Guidance Section of the Agricultural Guidance and Guarantee Fund) and the related questions of improvements in production and market structures (Guidance Section of the EAGGF);
- investment to improve infrastructures and the structure of industrial production and services in the less developed areas (Regional Fund and European Investment Bank).

Account must be taken of the following concrete requirements :

- Regional Fund : The non-quota section used for Community measures must have sufficient funds at its disposal;
- Social Fund : Updating of the distribution of allocations referred to in Articles 4 and 5 of the Decision No. 71/66/EEC as amended by Decision No. 77/801/EEC, OJ No. L 337 of 27 December 1977;
- Guidance Section of the EAGGF : increases in the funds available which have not been increased for many years; redefinition of the specific measures on the occasion of the enlargement.

The use of EEC financial instruments should, therefore, form part of an outline plan for tackling the problems arising in connection with enlargement; this plan must, of course, be based on the national and, where available, Community programmes and policies served by the financial instruments. To this end there is a need to :

- provide a definition, which would apply to all the financial instruments of the following :
 - . priority sectors
 - . priority beneficiaries (workers)
 - . priority regions, all regions of the Community being divided into groups according to their development and redevelopment needs;
- create a system providing for the "integrated" use of a number of Community instruments at the same time in order to tackle problems which could not be solved satisfactorily by the use of a single EEC financial instrument;
- set out different levels of EEC financial participation for the various regions, these levels being geared to the level of development of the region concerned;
- determine the level of participation of EEC financial instruments solely on the basis of the costs of the proposed projects.

This overall plan for tackling the problems of enlargement should be worked out as the negotiations with the acceding countries progress and should come into effect gradually as Greece, Portugal and Spain join the Community.

This overall plan would provide the Community with a set of instruments which would match up to the special "Enlargement Fund", which the Committee does not support; such a plan would be sufficiently flexible and effective to enable the adjustment problems consequential on enlargement to be tackled, whether these problems affect areas and sectors of the existing Community or the acceding countries.

One of the logical consequences of drawing up this overall plan of action to deal with the issues arising from enlargement should be an increase in the funds available to the EEC financial instruments to enable them to meet the new circumstances. The Economic and Social Committee considers it very important in this respect to make a detailed calculation of the appropriations needed so that the general public in the Community of Twelve knows what price has to be paid for the political and economic benefits to be derived from enlargement.

The Economic and Social Committee realizes that any further quantification of the effects of enlargement, particularly with regard to employment, production as well as the size and structure of the Community budget, is problematic and can at best be only approximate. The Economic and Social Committee would nevertheless welcome Commission attempts to make a rough assessment of the effects of enlargement as soon as entry conditions have been negotiated in detail and are clear to all. This could form the basis for possible corrective measures (e.g. in the agricultural sector), and provide guidelines for medium-term action.

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A P P E N D I X

The Community's links with the
applicant countries

- Basic data -



RELATIONS BETWEEN THE EUROPEAN COMMUNITIES AND THE COUNTRIES THAT HAVE APPLIED FOR MEMBERSHIP

APPENDIX TO THE OPINION OF THE SUB-COMMITTEE ON ENLARGEMENT - APPLICATION OF GREECE, PORTUGAL AND SPAIN FOR MEMBERSHIP OF THE EUROPEAN COMMUNITY

BASIC FEATURES

	G R E E C E	P O R T U G A L	S P A I N
A. INSTITUTIONAL MACHINERY			
1. Type of agreement	Association Agreement (63/107/EEC) OJ No. L 26 (1963), p. 293 ff.	Regulation laying down an agreement - Council Regulation (EEC) No. 2844/72 of 19.12.72 (OJ No. L 301 (1972), p. 164 ff.	Regulation laying down an agreement - Council Regulation (EEC) No. 1524/70 of 20.7.70 (OJ No. L 182 (1970) p. 1 ff.
2. Date of entry into force	1 November 1962	1 January 1973	1 October 1970
3. Duration	No limit set	No limit set "Either Contracting Party may denounce the Agreement by notifying the other Contracting Party. The Agreement shall cease to be in force twelve months after the date of such notification". (Art. 37)	No limit set Earliest date for completion of first stage : 30 September 1976 (Art. 1) The agreement may be denounced by either Contracting Party giving six months' notice (Art. 16)
4. Cooperation Bodies	<u>Council of Association</u> Terms of reference are laid down by the Agreement (Art. 3). Can take decisions. Consists of members of the governments of the Member States, of the Community's Council and Commission, and of the Greek government. Decisions must be unanimous (Art. 65).	<u>Joint Committee</u> Makes <u>recommendations</u> and takes <u>decisions</u> in the cases provided for in the Agreement. Acts by <u>mutual agreement</u> . Consists of representatives of the Community and Portugal (Arts. 32 and 33)	<u>Joint Committee</u> Makes <u>recommendations</u> and takes <u>decisions</u> in the cases provided for in the Agreement. Acts by <u>mutual agreement</u> . Comprises representatives of the Community and of Spain (Arts. 13 and 14).
5. Agreement Objectives	<u>Promote the continuous and balanced strengthening of trade and economic relations</u> between the Parties, while taking full account of the need to ensure an accelerated development of the Greek economy and to improve the level of employment and the living conditions of the Greek people. (Art. 2(1)).	<u>Progressive elimination of obstacles to the bulk of their trade</u> , in accordance with the provisions of the General Agreement on Tariffs and Trade concerning the establishment of free trade areas (Preamble).	<u>Consolidate and extend economic and trade relations</u> between the Community and Spain (Preamble).

	G R E E C E	P O R T U G A L	S P A I N
6. Objectives to be achieved through	<p>a) establishment of a customs union;</p> <p>b) <u>joint measures</u> by the Parties; <u>alignment of their policies</u> in the areas covered by the agreement;</p> <p>c) making available to the Greek economy within the framework of the Financial Protocol to the Agreement, of <u>resources</u> which will assist it to develop at a higher rate (Art. 2(2)).</p>	<p><u>Customs duties</u> and charges of equivalent effect to be phased out (Arts. 3, 4 and 5).</p> <p>Customs duties on exports and charges having equivalent effect to be abolished (Art. 7).</p> <p><u>Quantitative import restrictions</u> and measures of equivalent effect to be abolished (Art. 14).</p>	<p>The progressive elimination of obstacles to the main body of trade between the European Economic Community and Spain is to be brought about in two stages:</p> <p>The first stage is to last not less than six years.</p> <p>Transition from the first to the second stage is to be effected by mutual agreement between the Contracting Parties if the conditions for it have been satisfied.</p> <p>The first stage is to be governed by provisions listed in the Agreement (Art. 1). (These conditions solely concern trade and the operation of the Joint Committee).</p>
7. Agreement foreseen? (Yes/No). If so, on what conditions.	<p>Yes. "As soon as the operation of this Agreement has advanced far enough to justify envisaging full acceptance by Greece of the obligations arising out of the Treaty establishing the European Economic Community, the Contracting Parties shall examine the possibility of the accession of Greece to the Community". (Art. 72).</p>	<p>No, though not explicitly ruled out. The two Contracting Parties are willing "to examine, in the light of any relevant factor, and in particular of developments in the Community, the possibility of developing and deepening their relations where it would appear useful in the interests of their economies to extend them to fields not covered by this Agreement" (Preamble).</p>	<p>No.</p>
8. Latest Amendments to the Agreement	<p>Financial Protocol between the European Economic Community and Greece, signed in Brussels on 28 February 1977. Entry into force : 1 August 1978. (OJ No. L 225-1978, p. 25 ff)</p> <p>Provides for <u>Community participation</u> in measures to promote, by endeavours supplementary to those of Greece, the rapid development of the Greek economy and the complementarity of Greek agriculture with Community agriculture (Art. 1).</p> <p>Amount of Community aid : 280 million European units of account (EUA) :</p> <ul style="list-style-type: none"> - 225 million EUA in the form of loans (150 million EUA to have 3% interest subsidy) - 45 million EUA in the form of outright grants - 10 million EUA in the form of loans on special terms. 	<p>Agreement in the form of an exchange of letters amending the Agreement between the European Economic Community and Portugal by changing certain tariff specifications. (OJ No. L 302-1970, p. 28 ff.)</p> <p>This Agreement was preceded by a Financial Protocol (covering loans from the European Investment Bank to the amount of 200 million units of account, with up to 150 million units of account carrying an interest subsidy of 3% per annum) and an Additional Protocol (concerning trade measures, social, industrial, technological and financial cooperation). (OJ No. L 274-1978, p. 1 ff)</p>	<p>Protocol laying down certain provisions relating to the Agreement between the EEC and Spain, consequent on the admission of new Member States to the EEC.</p> <p>Council Regulation (EEC) No. 680/73, of 26 February 1973 (OJ No. L 66-1973, p. 1 ff).</p>

	G R E E C E	P O R T U G A L	S P A I N
B. FIELDS COVERED BY THE AGREEMENT			
1. Political Cooperation	<p>Establish ever closer bonds between the Greek people and the peoples brought together in the European Economic Community.</p> <p>Preserve and strengthen <u>peace and liberty</u> by joint pursuit of the ideals underlying the Treaty establishing the European Economic Community. (Preamble).</p>		
2. Economic Cooperation	<p>Ensure a continuous <u>improvement in living</u> conditions in Greece and in the European Economic Community through accelerated economic progress and the harmonious expansion of trade, and to reduce the disparity between the Greek economy and the economies of the Member States of the Community. (Preamble).</p>	<p>Consolidate and extend the <u>economic relations</u> existing between the Community and Portugal and ensure, with due regard for fair conditions of competition, the harmonious development of their commerce for the purpose of contributing to the work of constructing Europe. (Preamble).</p>	<p>Consolidate and extend <u>economic and trade relations</u> between the European Economic Community and Spain. (Preamble).</p>
3. Financial Aid	<p>The Association entails :</p> <p>"Making available to the Greek economy, within the framework of the Financial Protocol to the Agreement, of resources which will assist it to develop at a higher rate" (Art. 2(c)).</p> <p>"The loans provided for in the Financial Protocol can attain a total amount of <u>125 million US dollars</u>. This amount is to be used in the five years following the entry into force of the Protocol".</p> <p>"Loans shall bear interest at the same rate as that charged by the European Investment Bank at the time of signature of the loan contract".</p> <p>"However ... the loans may, for up to two-thirds of the total ... qualify for interest rebates of 3% per annum, if the nature of the project for which financing is requested so requires". (Financial Protocol).</p> <p>The Contracting Parties are to "seek all means of promoting the investment in Greece of capital from countries of the Community which can contribute to the development of the Greek economy". (Art. 62, 2nd para.).</p>		

	G R E E C E	P O R T U G A L	S P A I N
4. Commercial affairs			
4a. Common customs tariff and Customs duties	<p>"The Association shall be based upon a <u>customs union</u> which, save as otherwise provided in this Agreement, shall cover trade in goods and shall involve the prohibition between Member States of the Community and Greece of customs duties on imports and exports and of all charges having equivalent effect, and the <u>adoption</u> by Greece of the <u>Common Customs Tariff</u> of the Community in its relations with third countries.</p> <p>Save as otherwise provided in this Agreement, the transitional period for attainment of the Customs Union shall be 12 years". (Art. 6).</p> <p>Exception provided for Article 15 in respect of certain tariff headings : 22 year transitional period ... (basic data).</p>	<p>There are no <u>arrangements</u> from Portugal to adapt the <u>Community's Common Customs Tariff</u>.</p> <p>"No new customs duties on imports shall be introduced in trade between the Community and Portugal.</p> <p>Customs duties on imports shall be progressively abolished in accordance with the following timetable :</p> <ul style="list-style-type: none"> - on 1 April 1973, each duty shall be reduced to 80% of the basic duty; - four further reductions of 20% each shall be made on : <p>1 January 1974 1 January 1975 1 January 1976 1 July 1977"</p> <p>(Art. 3) (basic data).</p>	<p>"Products originating in Spain shall, on importation into the Community, be governed by the provisions of Annex I.</p> <p>Products originating in the Community shall on importation into Spain be governed by the provisions of Annex II". (Art. 2, (1) and (2)) (basic data).</p>
4b. Quantitative restrictions	<p>"<u>Quantitative restrictions</u> on imports and exports, and all measures having equivalent effect, shall, without prejudice to the following provisions, be <u>prohibited</u> between the Contracting Parties (Arts. 22 and 28)".</p> <p>"All quantitative restrictions applied by Member States to imports from Greece shall be abolished not later than 22 years after the entry into force of this agreement". (Art. 25 (5) and Art. 26 (8))</p> <p>"Quantitative restrictions on exports, and all measures having equivalent effect, shall be prohibited between the Contracting Parties. The Member States of the Community and Greece shall, by the end of the transitional period laid down in Article 6 at the latest (12 years) abolish all quantitative restrictions on exports and any measures having equivalent effect". (Art. 28).</p>	<p>"No new quantitative restrictions on imports or measures having equivalent effect shall be introduced in trade between the Community and Portugal.</p> <p><u>Quantitative restrictions</u> on imports shall be <u>abolished</u> on 1 January 1973 and any measures having an effect equivalent to quantitative restrictions on imports shall be abolished not later than 1 January 1975". (Art. 14).</p>	<p>"Imports into the Community of products originating in Spain which are covered by provisions of this Annex, including the products set out in list A and B but excluding those listed in Articles 3 and 10, shall be admitted without <u>quantitative restrictions</u>" (Art.1 of Annex I).</p> <p>"Spain shall refrain from introducing any new quantitative restrictions on imports of products originating in the Community other than those listed in Annex II to the Treaty establishing the European Economic Community.</p> <p>This obligation shall apply, however, only to 80% of the value of total imports of these products, calculated on the basis of the average for the years 1966, 1967 and 1968". (Art. 4 (1) of Annex II).</p>

	G R E E C E	P O R T U G A L	S P A I N
5. Free movement of workers, freedom of establishment and freedom to provide services	<p>"Freedom of movement for workers under Articles 48 and 49 of the Treaty establishing the Community shall be secured between Member States and Greece at a date and in accordance with rules to be determined by the Council of Association, but not before the end of a transitional period laid down in Article 6 of this Agreement". (Art. 44).</p> <p>"The Contracting Parties shall, in progressive and balanced stages, facilitate the establishment of nationals of Member States in the territory of Greece and of nationals of Greece within the Community, in accordance with the principles of Articles 52 to 56 and Article 58 of the Treaty establishing the Community, except for the provisions of those Articles which lay down the time limits and the procedure for attaining freedom of establishment". (Art. 47).</p> <p>"The Council of Association shall, during the transitional period laid down in Article 6 of this agreement (12 years), decide on the appropriate measures to be adopted to facilitate the provision of services between the Community and Greece". (Art. 49).</p>		
6. Transport	<p>"In accordance with rules and conditions which it shall determine, the Council of Association shall extend the transport provisions of the Treaty establishing the Community to Greece, with due regard to the geographical situation of that country". (Art. 50, (1)).</p>		

	G R E E C E	P O R T U G A L	S P A I N
7. Agriculture	<p>"The Association shall extend to agriculture and trade in agricultural products" (Art. 32).</p> <p>"The functioning and development of the Association in respect of agricultural products shall be accompanied by progressive harmonization of the agricultural policies of the Community and Greece. Harmonization must be established by the end of the 22-year transitional period". (Art. 33).</p>	<p>"The Contracting Parties declare their readiness to foster, so far as their agricultural policies allow, the harmonious development of trade in agricultural products to which the Agreement does not apply". (Art. 17 (1)).</p> <p>"In the event of specific rules being established as a result of the implementation of its agricultural policy or of any alteration of the current rules or in the event of any alterations or extension of the provisions relating to the implementation of agricultural policy, the Contracting Party in question may adapt the arrangements resulting from this Agreement in respect of the products which are the subject of these rules or alterations.</p> <p>In such case the Contracting Party in question shall take due account of the interests of the other Contracting Party. To this end the Contracting Parties may consult each other within the Joint Committee provided for in Article 29". (Art. 10).</p>	
8. Coal and Steel (ECSC)	<p>"This agreement shall not apply to products within the province of the European Coal and Steel Community" (Art. 69).</p>	<p>Agreement between the Member States of the European Coal and Steel Community and the European Coal and Steel Community, of the one part, and the Portuguese Republic of the other part (OJ No. L 350-1973, p. 53 ff).</p> <p>"No new customs duties on imports shall be introduced in trade between the Community and Portugal.</p> <p>Customs duties on imports shall be progressively abolished in accordance with the following timetable :</p> <ul style="list-style-type: none"> - on 1 April 1973 each duty shall be reduced to 80% of the basic duty. - four further reductions of 20% each shall be made on : <ul style="list-style-type: none"> . 1 January 1974 . 1 January 1975 . 1 January 1976 . 1 July 1977" <p>(Article 2, ECSC Agreement)</p>	<p>"The Governments of the Member States agree that questions arising out of trade in products covered by the Treaty establishing the European Coal and Steel Community may be reviewed as necessary, under procedures and conditions to be laid down by mutual agreement at the appropriate time and according to the circumstances".</p> <p>"The Spanish Government agrees that</p> <p>(letters exchanged on 29 June 1970 in Luxembourg between the Heads of the two delegations on products covered by the Treaty establishing the European Coal and Steel Community).</p>

	G R E E C E	P O R T U G A L	S P A I N
9. Energy.		"Protocol No. 7 lays down the treatment applicable to imports into Portugal of certain ... petroleum products". (Art. 15 (2)).	
10. Applicability under the Agreement of certain Community rules	<p>"The Contracting Parties recognize that the principles laid down in Articles 85, 86, 90 and 92 of the Treaty establishing the Community should be applied in their relations within the Association (competition rules) (Art. 51).</p> <p>The Agreement also adopts other common rules from the Treaty concerning :</p> <ul style="list-style-type: none"> - tax provisions (Arts. 95, 96, 97 and 98 of the Treaty) (Arts. 53 and 54); - dumping (Art. 91 of the Treaty) (Art. 56); - approximation of laws (Art. 100 of the Treaty) (Art. 57). 	<p>The Agreement adopts the rules of the Treaty establishing the Community concerning :</p> <ul style="list-style-type: none"> - competition rules (Arts. 85, 86 and 92 of the Treaty) (Art. 26); - dumping (Art. 91 of the Treaty) (Art. 28). 	<p>"Any internal fiscal measure or practice giving rise, directly or indirectly, to discrimination between the products of one Contracting Party and like products of the other Contracting Party shall be prohibited". (Art. 3).</p> <p>"If one of the Contracting Parties finds in its relations with the other Contracting Party that dumping is being practised, it may, after consultation in the Joint Committee provided for in Art. 13, take protective measures against such practices ...". (Art. 9 (1)).</p>
11. Policy, vis-à-vis third countries	<p>"The Contracting Parties shall consult each other in the Council of Association in order to achieve, in the transitional period laid down in Article 6 (12 years), the coordination of their commercial policies in relation to third countries, in particular in the fields mentioned in Article 113 (1) of the Treaty establishing the Community".</p> <p>"At the end of the transitional period laid down in Article 6, the Community and Greece, meeting in the Council of Association, shall coordinate their commercial policies more closely with the aim of achieving a commercial policy based on uniform principles" (Art. 64 (1) and (2)).</p>		

	G R E E C E	P O R T U G A L	S P A I N
12. Protective measures	<p>The Agreement provides for the adoption of protective measures in the following cases :</p> <ol style="list-style-type: none"> 1) "Where one of the Contracting Parties considers that disparities, resulting from the application to imports of customs duties, quantitative restrictions, or any measures having equivalent effect as also from any other measure of commercial policy, threaten to cause deflections of trade or economic difficulties in its territory". (Art. 10). 2) When these measures are "necessary for protecting and promoting the development of a processing industry which did not exist in Greece at the date of entry into force of this Agreement" (Art. 18) or "to promote the development of specific sectors of the Greek economy or to meet any shortage of basic foodstuffs". (Art. 28). 3) "The Contracting Parties may adopt any protective measures which they consider to be needed to overcome difficulties due to the absence of a decision of the Council of Association on the matters covered by Articles 52 and 53 (competition and tax rules) or to the non-application of the measures adopted by the Council of Association in relation thereto". (Art. 55). 4) The existence of dumping. (Art. 56). 5) Where Greece or a Member State is in difficulties or is seriously threatened with difficulties as regards its balance of payments. (Art. 60). 	<p>The Agreement provides for the adoption of protective measures by the Contracting Parties in the following cases :</p> <ol style="list-style-type: none"> 1) Failure by the other Contracting Party to fulfil an obligation under the Agreement (Art. 25); 2) Adoption by the other Contracting Party of commercial practices "incompatible with the proper functioning of the Agreement" (Art. 26); 3) "Where an increase in imports of a given product is or is likely to be seriously detrimental to any production activity carried on in the territory of one of the Contracting Parties and where this increase is due to : <ul style="list-style-type: none"> - the partial or total reduction in the importing Contracting Party, as provided for in the Agreement, of customs duties and charges having equivalent effect levied on the product in question, and - the fact that the duties or charges having equivalent effect levied by the exporting Contracting Party on imports of raw materials or intermediate products used in the manufacture of the product in question are significantly lower than the corresponding duties or charges levied by the importing Contracting Party". (Art. 27). 4) "If one of the Contracting Parties finds that dumping is taking place in trade with the other Contracting Party". (Art. 28). 5) "If serious disturbances arise in any sector of the economy or if difficulties arise which could bring about serious deterioration in the economic situation of a region". (Art. 29). 6) "Where one or more Member States of the Community or Portugal is in difficulties or is seriously threatened with difficulties as regards its balance of payments". (Art. 31). 	<p>The Agreement provides for the adoption of protective measures by one of the Contracting Parties in the following cases :</p> <ol style="list-style-type: none"> 1) Existence of dumping. (Art. 9). 2) "If serious disturbances occur in a sector of the Spanish economy (a sector of the economy of the Community or of one or more Member States) or prejudice its external financial stability, or if difficulties arise which adversely affect the economic situation in a region of Spain (of the Community)". (Art. 11).

DOCUMENTS REFERRED TO IN THE OPINION

Title	Ref. No.	Date
Study of the Economic and Social Committee on Relations between the Community and Portugal	CES 485/77 + Appendices	27.7.1977
Study of the Economic and Social Committee on Relations between the Community and Greece	CES 774/78 + Appendices	11.7.1978
Initial Study of the Economic and Social Committee on the Community's Relations with Spain	CES 844/78	12.7.1978
Data from the aforementioned Studies of the Economic and Social Committee	CES 965/78	31.10.1978
Opinion of the Economic and Social Committee on Greece's Application for Membership of the European Community	CES 1141/78 OJ C 105 of 26.4.79	29.11.1978
Study of the Economic and Social Committee on the Community's Relations with Spain	CES 611/79	23.5.1979
Transitional Period and Institutional Consequences of Enlargement	COM(78) 190 Final	24.4.1978
Working paper on Aspects of Enlargement (concerns chapter C of document COM(78) 200 fin. and discussion of the Section for Social Questions on 5.7.1978)	CES 901/78	August 1978
Appendix to the Minutes of the 121st meeting of the Section for Social Questions on 5.7.1978. Statement by Mr WATHELET, Commission representative	CES 832/78 Appendix 1	27.7.1978
The stage reached in aligning labour legislation in the European Community - booklet -		June 1978
Guidelines for Community Regional Policy (Communication and proposals submitted by the Commission to the Council)	COM(77) 195 Final	7.6.1977

Title	Ref. No.	Date
Economic and sectoral aspects - Commission analyses supplementing its views on enlargement	COM(78) 200 final	F : 25.4.1978 D : 27.4.1978
Opinion of the Economic and Social Committee on Guidelines for Community Regional Policy	CES 901/77	29.9.1977
Energy objectives for 1990 and Programmes of the Member States (Communication of the Commission to the Council)	COM(78) 613 final	16.11.1978
Working document of the Section for Energy and Nuclear Questions on the Communication from the Commission to the Council entitled "Energy Objectives for 1990 and Programmes of the Member States"	R/CES 252/79 Part 1 Part 2	1.3.1979 16.3.1979
Report of the Section for Transport and Communications on Problems Currently Facing Community Shipping Policy, particularly the Growing Importance of the New Shipping Nations, the Development of Flags of Convenience and the Discrimination against Certain Flags	CES 205/79	23.3.1979
Study of the Economic and Social Committee on the Prospects for the Agricultural Products of the EEC's Mediterranean areas	CES 1223/75	27.11.1975
General Considerations of the Problems of Enlargement	COM(78) 120 final	D : 19.4.1978 F : 24.4.1978
Proposals on Policy with Regard to Agricultural Structures	COM(79) 122 final	19.3.1979

Title	Ref. No.	Date
<p>Opinion of the Economic and Social Committee on the Various Commission Proposals on the Development of the Mediterranean Regions of the Community and their Agricultural Problems</p>	<p>CES 841/78</p>	<p>13.7.1978</p>
<p>The Agricultural Situation in the Community : 1977 Report (in conjunction with the Eleventh General Report on the Activities of the European Communities, Brussels - Luxembourg, January 1978)</p>		
<p>FAO Yearbook on Production, volume 31, 1977 and information from the Commission, Directorate-General for Agriculture</p>		
<p>Commission's Opinion on Portugal's application for membership - submitted to the Council Tables 8 and 9, and information from the Commission, Directorate-General for Agriculture</p>	<p>COM(78) 220 final</p>	<p>23.5.1978</p>
<p>Commission's Opinion on the accession of Spain - submitted to the Council Tables 11 and 14, and information from the Commission, Directorate-General for Agriculture</p>	<p>COM(78) 630 final Annex</p>	<p>1.12.1978</p>
<p>Study of the Economic and Social Committee entitled "Progress Report on the Common Agricultural Policy" - booklet -</p>		<p>February 1975</p>
<p>Comments by Mr RAINERO on the impact of Spanish agriculture on the EEC</p>	<p>CD 19/79</p>	<p>9.3.1979</p>
<p>Summary of Bureau decisions, meeting of 28 February 1978</p>	<p>CD 18/78</p>	<p>28.2.1978</p>
<p>Study of the Economic and Social Committee on Community Policy Towards Southern and Eastern Mediterranean Countries</p>	<p>CES 1041/77</p>	<p>26.10.1977</p>

Title	Ref. No.	Date
Action by the European Community through its Financial Instruments - booklet -		1979
Comments by Mr RENAUD on Enlargement	CD 60/78	
Social Fund	Decision 71/66/EEC modified by Decision 77/801/EEC OJ L 337 of 27.12.77	



European Communities - Economic and Social Committee
"Enlargement of the European Community" (Greece-Spain-Portugal)
Own-initiative Opinion of the Economic and Social Committee
Brussels : General Secretariat of the Economic and Social
Committee

1979 - 75 pages
DK, D, E, F, I, N.

In its Opinion on the problems of enlargement of the Community from Nine to Twelve members, the Economic and Social Committee agrees on the political and economic conditions that need to be fulfilled if enlargement is to be successful. The Committee considers that enlargement will help to bring about political stability and strengthen democracy in southern Europe, thus consolidating the democratic system throughout Europe. As far as economic aspects are concerned, the Committee feels that every opportunity must be seized to generate a new dynamism. This can be achieved, inter alia, by opening up new markets in agriculture and industry.

If the European Community is to be strengthened, resolute efforts must be made to secure a more balanced development of the various regions of Europe.

The Committee considers that enlargement must be based on the existing Treaties and on the Community's secondary legislation. Acceding countries must therefore wholeheartedly accept the "acquis communautaire".