

CURRENT AGREEMENTS WITH THE APPLICANT COUNTRIES

LEGAL BASIS : Article 113 of the EEC Treaty

PORTUGAL : a free-trade agreement was concluded in July 1972 for an indefinite period as part of the policy to develop economic relations with the member countries of EFTA.

When negotiating that agreement the EEC took Portugal's serious economic difficulties into consideration and the terms of the agreement are particularly favourable to Portugal. The agreement, amended by an additional protocol, came into force on 1 November 1978 and provides for the abolition of nearly all customs duties and quotas in respect of imports of Portuguese industrial products into the Community and a reduction in CCT rates of duty on certain fishery and horticultural products and on wine.

The timetable for Portugal to reduce the customs duties on industrial products runs until 1984 and the agreement allows it to impose additional duties on certain particularly sensitive products, such as motor cars and oil, in order to protect its infant industries. As a result, since 1 July 1977, the date by which nearly all industrial products were due to be free of duty under the agreements with the other EFTA countries, duties have been abolished on only a limited proportion of industrial exports from the EEC to Portugal. This proportion is supposed to reach 100% in 1985. No concessions have been made in respect of Community exports of agricultural products to Portugal.

The additional protocol also contains provisions on non-discrimination against Portuguese workers in the Community and reciprocal concessions on social benefits.

A transitional protocol, signed in October 1982, lays down a number of additional timetables for the dismantling of tariffs by Portugal and for an increase in customs duties on a number of products which are particularly sensitive for Portugal.

Financial cooperation : after the revolution of 1974 special financial aid amounting to 150 m ECU, with an interest subsidy of 3%, was granted by the EEC in 1976-77; under a new financial protocol, which came into force on 1 November 1978, a further 200 m ECU in EIB loans, of which 150 m ECU at a reduced rate of interest, were granted to Portugal for investment projects to be carried out by 1981.

A further agreement, concluded in December 1980, provides for the granting of 150 m ECU in EIB loans and a credit facility of 125 m ECU as part of the aid prior to accession. The loan component will probably be increased in the course of 1983.

SPAIN : the preferential trade agreement of June 1970 came into force in October of that year. As early as 1962 Spain had indicated its desire for association with the EEC, as a possible prelude to accession.

The preferential agreement consists of two phases: during the first phase, lasting 6 years, the two parties were to introduce initial tariff reductions; the Community agreed to more significant concessions than those made by Spain given their respective levels of development. At the end of this period, the agreement was to be renegotiated; this did not occur, however, since Spain now wishes to devote all its efforts to accession. It is also perhaps afraid that a renegotiated agreement might be less favourable to it because of its economic development in recent years; at present it ranks tenth among the industrialized countries of the world.

En II/C/1

Under the agreement the average rate of customs duty (25%) levied by Spain on industrial products was reduced by approximately one-quarter, as against a 55% reduction in the EEC rate of 8%. The exchange of letters of 1976 extended the provisions of the agreement to the three new Member States and an additional protocol has now been concluded to take into account the accession of Greece.

As Spain had asked that its trade relations with the EEC should be examined in the light of its future accession, no attempt has been made to renegotiate the 1970 agreement.

PE 83.000

II/C/1

## ECONOMIC STATISTICS OF THE APPLICANT COUNTRIES (1980)

	EUR 10	Spain	Portugal
<u>General</u>			
Size, '000 km <sup>2</sup>	1657.6	504.8	92.0
Population, '000	271 644 <sup>(1)</sup>	37 650 <sup>(1)</sup>	9 620 <sup>(2)</sup>
Density per km	163	74	111
Live births per '000 population	12.6	15.1	16.3
Infant deaths under 1 year per '000 live births	12.0	11.1	26.0 <sup>(3)</sup>
<u>Employment</u>			
Activity rate: Total	42.0%	34.5%	45.3%
Men	54.0%	49.5%	55.8%
Women	30.7%	20.0%	35.4%
(in '000	107 252	11 254	3 917
Civilian employment (Agriculture	8.2%	18.9%	28.5%
(Industry	38.3%	36.1%	36.0%
(Services	53.5%	45.1%	35.2%
Unemployment (1981)			
in '000	9 009 <sup>(4)</sup>	2 010 <sup>(5)</sup>	n.a.
in %	7.9	15	n.a.
<u>National accounts</u>			
GDP per head; EUR 10 = 100			
Current prices and exchange rates	100.0	54.6	23.6
1975 prices and 1975 purchasing power parities	100.0	70.8	45.0
GDP per head, volume indices			
1975 = 100	115.2	105.2	122.6
1971 = 100	125.2	126.3	135.9
Gross value added at market prices by branch in 1978			
Agriculture, forestry and fishing	3.9%	8.8%	14.5%
Industry	41.1%	36.8%	42.9%
Services and General Government	55.0%	54.4%	42.6%

.../...

cont'd

	EUR 10	Spain	Portugal
<u>Finance</u>			
Conversion rates			
1 ECU = ... in 1971	1.0000	73.0042 Ptas	30.4755 Esc
1 ECU = ... in 1981	1.0000	103.0928 Ptas	68.7129 Esc
Official discount rate (%)	7.25-20.50 <sup>(5)</sup>	8.0	18.0
<u>Foreign Trade in 1981:</u>			
Imports in mio ECU	303 802 <sup>(6)</sup>	28 735	8 767
of which: 1) from EC 10	-	29.1%	38.0%
2) food, tobacco and beverages		8.7%	13.9%
Exports in mio ECU	266 660	18 215	3 715
of which: 1) to EUR 10	-	42.9%	53.7%
2) food, beverages and tobacco		16.9%	10.4%
<u>Balance of payments</u>			
Current account in mio ECU: 1979	-8 905	821	-38
: 1980	-29 264	-3 577	-770
<u>Agriculture</u>			
Utilized agricultural area	61%	55%	46%
Wooded area	21%	30%	40%
Crop production in '000 t			
Cereals (total)	124 515	17 898	1 114
Sugar	12 589	861	10
Vegetables (total), 1979	32 959	8 109	1 764
Fresh fruit, 1979	15 877	7 650	600
Animal production '000 head			
Cattle, total	78 334	4 679	1 110
Milk cows	25 051	1 762	309
Pigs	78 288	10 715	3 300
Sheep and goats	62 687	16 647	5 955
<u>Industry</u>			
Index of industrial production			
1975 = 100	117.0	116.9	145.8
1971 = 100	124.0	159.0	180.0

(1) 1981 (2) 1976 (3) 1979 (4) % of working population (5) % of Labour Force  
 (6) Extra-EC (7) F. R. Germany 7.25% - Greece 20.50%

Source: Basic statistics of the Community, EUROSTAT  
 Review 1971-1980, EUROSTAT  
 Labour Force Statistics, OECD  
 CRONOS - ZPVD, EUROSTAT