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SPAIN AND THE EUROPEAN COMMUNITY

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I. INTRODUCTION

The aim of this note is to retrace the history of relations between the European Community and Spain since 1962 when, after a long period of inward-looking, Spain made its first approach towards association with the Community.

Spain is going to enter a Community which, with Greece and Portugal, will extend further towards the South and will take on a new geographical, economic and political dimension.

II. THE 1970 SPAIN-EEC TRADE AGREEMENT

From 1962 onwards, the Spanish Government had made approaches with a view to an "association which might one day reach total integration". Exploratory conversations took place from 1964 to 1966 with a view to negotiating an agreement which would have a strictly commercial content. The negotiations lasted from 1967 to 1970. The trade agreement between Spain and the EEC was signed on 29 June 1970 and entered into force on 1 October of the same year (1).

1. Provisions of the agreement

The contracting parties undertook to "consolidate and extend the existing economic and commercial relations" and to lay down "the bases for a progressive enlargement of mutual trade"; they stressed the concern of the EEC to develop its economic and commercial relations with the countries of the Mediterranean basin.

The preferential agreement is based on Article 113 of the EEC Treaty. It provides, during a first stage which is to last at least six years, for "the progressive suppression of obstacles to the bulk of trade." The passage to a second stage, aiming at establishing a free trade zone, the modalities of which have not been defined, is subject to negotiations between the parties.

A joint committee, composed of representatives from the EEC and Spain, has been instituted to monitor the correct execution of the agreement. The agreement may be cancelled by either of the parties at six months' notice. It does not cover the coal and steel sectors which are dependent on the ECSC Treaty.

In the industrial field, the Community applies tariff concessions of 40% or 60% (according to products) on almost all imports from Spain. In the agricultural sector, about half of the imports benefit from tariff preferences of between 25% and 60%.

(1) Official Journal of the European Communities N°
L. 182 of 1970.

Spain's tariff concessions are of 25% or 60% according to products. A large part of the imports coming from the Community benefits from these concessions.

2. The adaptation of the agreement

Shortly after the entry into force of the agreement, the Spanish authorities and the Community were concerned with the repercussions there might be from the accession of New Member States - and in particular Great Britain - to the Community. The United Kingdom, in fact, constituted the chief export market for Spanish agricultural products, often not covered by the agreement; and its tariff was to be raised to be aligned with that of its new partners.

Spain could not accept a simple technical and legal adaptation of the 1970 agreement; on the contrary, it was looking for basic adjustments, taking account of all the implications of the enlargement, including the concessions already granted to certain countries of the Mediterranean Basin.

Negotiations with a view to a new agreement in the context of the Community's Mediterranean policy took place in 1973 and 1974, after a protocol had been signed on 29 January 1973 providing, for 1973, the provisional non-application of the 1970 agreement to the new Member States. The negotiations reached an impasse: the Community proposed as an objective industrial free trade accompanied by fresh agricultural concessions, whereas Spain wished to establish a link between free trade in the industrial and agricultural fields. A compromise began to emerge at the end of 1975, but the negotiations were interrupted by the Community which intended to protest against the violations of human rights in Spain.

After the enthronement of the king Juan Carlos I on 22 November 1975, contacts were re-established.

At the beginning of 1976, the Spanish government indicated that it now wished to situate its relations with the Community in the perspective of an accession to the Community. In consequence, as the Spanish authorities saw it, there was no use in concluding a free trade agreement as envisaged in the context of the Community's overall Mediterranean approach.

In these conditions, in April 1977, near the end of the transitional period provided by the act of accession for the United Kingdom, Denmark and Ireland, negotiations were entered into for the regularisation of economic relations between Spain and the enlarged Community.

The solution was to conclude an exchange of letters dated 25 July 1977 which permitted the provisions of the agreement between the three new Member States and Spain to be applied autonomously on 1 July 1977.

III. SECTORIAL PROBLEMS

1. Steel

Spain has been a traditional importer of steel products from the Community, and has also become its largest supplier.

To attain price discipline and avoid disturbances on the Community market in the present crisis situation, an informal arrangement was concluded with Spain in April 1978.

This arrangement, the validity of which was limited to 1978, was renewed for 1979 by an exchange of letters dated 11 April 1979. It was extended for 1980 by a second exchange of letters dated 25 February 1980.

The anti-dumping procedures which had affected direct imports from Spain of certain steel products were all abolished by the Commission in 1979.

Consultations are held regularly between Spanish and Commission representatives to examine trends in exports of Spanish steel products to the Community.

There has also been a first exchange of views on the prospects of accession. The technical discussions on this subject have started.

2. Fisheries

After the extension, on 1 January 1977, by a concerted action, of the limits of the fishing zones of Member States of the Community to 200 sea miles from the Atlantic and North Sea coasts, the Commission was authorised to open negotiations with certain third countries on access to fishery resources and control measures necessary in particular for the conservation of species.

A framework agreement negotiated between the Community and Spain was initialled on 23 September 1978 (1). While waiting for the conclusion of this agreement, it is applied de facto in the sense that consultations take place on annual systems for reciprocal fishing concessions. These annual systems aim to achieve progressively a satisfactory balance in mutual fishing possibilities.

3. Textiles and shoes.

At the end of 1977, the Community concluded with third countries, in the context of the international agreement on trade in textiles, more than twenty five-year agreements aimed at guaranteeing and disciplining textile exports to the Community whose production capacities appeared threatened in the short term by competition from low-cost suppliers.

(1) The agreement was signed on 15 April 1980.

The overall Community trade policy for textiles also covered imports from countries having preferential links with the Community, such as Spain. Negotiations were held to regularise imports from those countries. For Spain, they resulted in the setting up, from May 1978, of a system of administrative cooperation aimed at permanently controlling patterns of trading and permitting, in case of difficulties, adequate solutions to any problems. This system was improved in the context of the joint action memorandum concluded on 20 February 1979.

In the context of this system the Commission, by a Regulation of 1 February 1979, set up a system of Community supervision of imports of certain textile and clothing products from Spain. On 11 December 1979, this system was extended to 31 December 1980. It makes the admission to the market of products of Spanish origin dependent on the presentation of a document permitting import into the Member States of the Community.

The institution of Community supervision for all suppliers including Spain was also decided on for shoe imports, until a more flexible system could be set up which did not require the prior granting of an import licence.

IV. TOWARDS SPAIN'S ACCESSION TO THE EUROPEAN COMMUNITY

1. The application for accession

In February 1976, shortly after the enthronement of King Juan Carlos, the Spanish Foreign Minister, M. de Areilza, indicated during a visit to the Commission, that Spain might apply for accession to the Community as soon as the process of progressive democratisation of the country had been completed.

On 28 July 1977, immediately after the June elections, the new Spanish Foreign Minister, M. Oreja Aquirre, officially presented to the President in office of the Council, the Belgian Minister M. Simonet, the letters from President Suarez containing his country's request for accession. This application came two years after that of Greece (June 1975) and four months after that of Portugal (March 1977).

The European Commission welcomed the wish expressed by Spain, and on 20 September, the Council officially acknowledged receipt. The Council then charged the Commission, in contact with Spain and the Member States, with preparing an opinion prior to the opening of negotiations.

Many contacts and meetings took place in Brussels and Madrid with the Spanish authorities to identify the problems which might arise when Spain was integrated into the Community, and to draw the conclusions on these problems which were to be stated in the opinion.

The opinion was adopted by the Commission on 29 November 1978 and communicated to the Council of Ministers (1).

2. The Commission's opinion

The Commission informed the Council that it welcomed the application for accession and was happy about the prospect of seeing a democratic Spain participating in the unification of Europe. It thought that negotiations on accession should be opened as soon as possible and carried through with a will to find the most satisfactory solutions to the problems posed.

The Commission considered that the addition of the Spanish market, which had considerable development potentialities, would have beneficial effects on intra-Community trade, and that these would be still further accentuated by the possibilities opened on Latin American markets, because of Spain's traditional links with that continent.

However, the accession would not be made without difficulties, and it was therefore important, in the interests both of the Community and of Spain, to take the necessary measures and precautions to ensure its success. This success could be counted on only if the insertion of the Spanish economy into that of the Community could be carried out without intolerable tensions for either party and if, when this was achieved, the Community were strengthened rather than weakened - and this made it all the more urgent to take action to strengthen the cohesion of the Community.

After having reviewed the Community's economic situation and that of Spain, the opinion proceeded to evaluate the impact of the accession on the various sectors of activity.

Sectorial aspects in general

In certain sectors, the Spanish economy is a most effective competitor to the Community. This might lead to considerable tensions for certain sectors of the Community economy, if adequate measures were not adopted in good time and worked into the process of integration which would follow the accession itself. This would in particular apply to certain regions which were more exposed than others, either because of their economic structure or because of their geographical situation.

For the Spanish side, the weight of the Community economy might, unless similar precautions were taken, also cause tensions of the same nature for certain sectors and certain regions where income is essentially earned from productions which could not stand up to Community competition.

(1) Supplement 9/78 of European Community Bulletin

This is why it is imperative to take the necessary precautions on both sides to facilitate the insertion of Spain into the Community. In particular, the gap between the respective development levels, which constitutes one of the most obvious sources of tension, must be reduced as far as possible.

Industrial sector

In the industrial sector, we would have to meet three requirements :

- eliminate the present imbalance in dismantling of tariffs and para-tariff barriers between the Community and Spain, in virtue of the application which was made of the 1970 preferential trade agreement ;
- harmonise the basic conditions of competition, in particular of taxes and subsidies;
- rapidly associate Spain with the actions of industrial re-structuring and joint disciplines foreseen for crisis sectors both in the Community and in Spain.

Agriculture

Spain occupies a particular place among the candidate countries, from the agricultural point of view : its accession would, in fact, involve for the Community a 30% increase in its agricultural surface, a 31% increase in its active agricultural population and a 31% increase in the number of its farms.

Agricultural exports, which represent about 23% of total exports, play an important role in the country's trade balance. About 58% of these exports go to the present Community, whereas only 10% of Spanish imports come from the Community.

The most difficult problems will be concentrated around "Mediterranean productions" and, for this reason, will have repercussions which will affect certain regions which are among those least developed in the Community. This is why, although Spain should be able to adopt the Common Agricultural Policy as soon as it accedes to the Community, the convergence of prices would have to be made progressively while, during the transition period, mechanisms would have to be set up in order to avoid the free circulation of products causing disturbances in Community markets during that period.

In addition, the enlargement would bring about an increase in the problems connected with structural imperfections of farms and inadequacies of farmers' incomes. The result would be that we would have to increase our efforts to reduce differences in productivity between farms in the Community. Structural actions would have to be adapted to regional requirements, and consider in particular the situation of the least favoured regions, since, in addition, these would be most affected by the accession of Spain. The financial participation of the Community would have to take account of the degree of acuteness of the problems caused for these regions.

Regional and social policy

In the enlarged Community, there would be a considerably greater proportion of under-developed regions, faced with problems of reconversion, and characterised by a weak economic environment..

Besides, in Spain, the restructuring foreseen for industrial sectors in difficulty and the very extensive constraints in the craft sectors of the country might cause particularly acute problems of adaptation and reconversion for certain provinces.

The measures of restructuring in industrial sectors, both in Spain and in the Community, and the acceleration of the flight from the land, would also have, in the first stages, considerable repercussions on employment. The extent of the problems that would face the enlarged Community in the labour market would make it still more necessary to give particular attention to employment in coordinating economic and social policies of Member States at Community level, in particular to avoid disparities between rates of employment in different regions, and migration caused by the constraint of unemployment.

External relations

The accession of Spain would have a double impact on the Community's external relations. On the one hand, it would increase the commercial power of the Community, and on the other hand it would have repercussions on certain aspects of its external policy, particularly concerning its relations with the Mediterranean countries, whose exports are more competitive than those of Spain, which Spain would tend to develop after accession. The Community would have, as soon as possible, to carry out a policy of active concertation with these countries, and seek for ways and means of restructuring trade.

