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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.

The transition period

We should first of all stress that Spain would be a complete member of the Community from the moment of its accession.

However, taking account of the extent and complexity of the problems involved, it is necessary to have a transition period during which, among other things, the customs territory between Spain and the Community would be unified, the free circulation of labour would be achieved, and during which would be applied the provisions of the Common Agricultural Policy and of the agreements with third countries.

The Commission, in consequence, had estimated that transitional measures should be applied within a period of ten years, and that the duration of each of these transitional provisions should be fixed at the time of negotiations.

3. Positions of the Council of Ministers, the European Parliament and the Economic and Social Committee.

The Council of Ministers, having taken note of the Commission's opinion, pronounced in favour of Spain's request for accession during its meeting on 18 and 19 December 1978. It was agreed that the preparatory work indispensable for the establishment of a common negotiating basis should be carried out as soon as possible and in a positive spirit, and that the negotiations for Spain's accession should open formally in February 1979. The position of the Council was made clear by its President in Office, M. Jean François-Poncet, during the solemn opening of the negotiations (see point 4 following).

In a resolution adopted on 18 January 1979, the European Parliament welcomed the re-establishment of democratic regimes in Greece, Spain and Portugal, and confirmed its political will to see these countries united with the Community. It noted with satisfaction the establishment of regular relations with the Spanish Parliament (+) and asked for the many links existing between the Institutions of the Community, the Member States and the candidate countries to be developed and strengthened.

(+) In this context, we should single out the visit of a delegation from the Spanish Cortes to the European Parliament on 14 to 16 January 1980. During this visit, the first since the election of the European Parliament by direct universal suffrage, a series of recommendations was adopted, in particular on (a) the necessity rapidly to finish the accession negotiations and (b) to be regularly informed on the progress of negotiations. The next meeting between the European Parliament and the Cortes will take place in Spain May/June 1980.

Moreover, in a resolution adopted on 10 May 1979 on the sectorial consequences of enlargement, the European Parliament expressed its concern that, in spite of the favourable long-term prospects, enlargement could cause serious economic difficulties. In consequence it called for adequate and specific measures to be taken in the economic, monetary, budgetary, social, agricultural, regional policy, energy policy and external economic relations sectors.

In addition, the European Parliament asked to be more directly and more closely associated with the negotiations and with the conclusion of agreements on accession to the Community.

The opinion of the Economic and Social Committee was preceded by a detailed study on "The Community's relations with Spain" (1). This study analysed, sector by sector, the situation of the Spanish economy, the changes necessary with a view to entry into the European Community, and the position of professional circles (industry, agriculture, trade unions) both in Spain and the Community.

The opinions on the accession applications of Greece, Portugal and Spain adopted afterwards (28 June 1979) noted that, politically, the enlargement would contribute to stability and the strengthening of democracy in the South of Europe and, thereby, to the consolidation of the democratic system in the whole of Europe. This overriding objective obliges us to find an appropriate and equitable solution to the economic and social problems connected with the enlargement.

The opinion stressed the necessity of adapting the institutional structures of the Community, and in particular its decision mechanisms, to the new dimensions.

As a consultative assembly of the economic and social categories of the Community, the Committee also expressed the wish to see set up as rapidly as possible in the candidate countries democratically structured interest groups.

4. The progress of negotiations

The negotiations on the accession of Spain to the Community were formally started at a solemn opening session held in Brussels on 5 February 1979.

As spokesman of the European Communities, M. Jean François-Poncet, President in Office of the Council of Ministers, gave the context in which the accession negotiations would be situated.

(1) General Secretariat of the Economic and Social Committee 1979 - 112 pages.

Spain would have to accept the Treaties instituting the European Communities and their political aims, as well as the decisions which had been made since their entry into force, i.e. all that is commonly referred to as the "acquis communautaire". We are here in particular concerned with common policies in the sectors of the customs union, trade policy, agricultural policy etc.

This integral acceptance of the "acquis communautaire" calls for a solution to be found to the problems of adaptation which might arise on either side, by transitional measures and not by modifications to the Community's rules.

For his part, the Spanish Minister for relations with the European Communities, M. Leopoldo Calvo Sotelo, placed the request for accession presented by Spain on the road that had led his people to liberty. He confirmed that his government had now declared that they were prepared to accept the Treaties and the "acquis communautaire" : "this is in no way a passive nor an indifferent reception, but one that is active and resolute, since my government shares the political aspirations which have inspired the Treaties".

M. Calvo Sotelo then stressed three points to which the Spanish government attached particular importance :

- a. the question of the free circulation of labour and, more particularly, the conditions for Spanish workers already established in the Community who for years had been contributing to its prosperity;
- b. agricultural questions: the possible comparative advantage in Spain of some Mediterranean productions; the comparatively unfavourable position of other Spanish agricultural products; the attitude of the Community vis-à-vis other non-candidate third countries;
- c. the transition periods : the Spanish government considered as sufficient the maximum period of 10 years envisaged in the Commission's opinion. For reasons of harmony in the process of convergence of the Spanish and Community economies, the opinion of the Spanish government was that we should start with just one period and not depart from it except in unusual circumstances.

Referring to agreements between the Community and other countries in the world, M. Calvo Sotelo confirmed that Spain accepted the obligations arising from these agreements, and offered its own universal vocation, particularly brought out in its relations which it held and wished to extend with Latin American countries.

M. Calvo Sotelo concluded : " ... on the very threshold of negotiations, my government knows that a long and arduous task awaits us before accession and afterwards, but it also knows that, in this collective effort which will be demanded of us, it counts on the initial support of all political tendencies represented in the Parliament which arose from the 1977 elections.

This unanimity on the final objective does not exclude legitimate differences as to the means, and it should not be understood - that would be a grave error - as a desire to join the Community at any price, but as an additional proof of the solidarity which is the internal characteristics of the new Spanish democracy. This solidarity must meet a response from the solidarity of the Community going beyond economic interests and claiming continuing unity among the peoples of Europe".

There were two stages in the progress of negotiations since 5 February 1979. First of all, as President Jean FRANCOIS-PONCET had declared at the first negotiating session with Spain, the Community had prepared a common basis for negotiation. This consisted in several reports relating to the different negotiating sectors and was approved by the Council in September 1979.

It was also at the same time that the negotiations proper started, and their first phase dealt with the preparation of a common overall view so as to identify, in the principal negotiation headings, the problems which would have to be solved during the second phase.

At the same time, the Commission embarked, together with Spain, on a study of derived law as it related to each of the Community's sectors of activity, so as to make the necessary adaptations to the texts in order to take account of Spain's accession and to determine the basic problems that would have to be dealt with during negotiations.

In practice, there were three sessions at ministerial level on 18 September 1979, 18 December 1979 and 22 April 1980, and several sessions at alternates level.

These allowed both delegations to establish their respective positions on the following headings : customs union and free circulation of industrial products, taxation, movements of capital, accession to the European Coal and Steel Community (ECSC), transport, external relations and right of establishment.

On social affairs and agriculture, the Commission forwarded to the Council at the end of March 1980 its proposals on these matters. This should permit, in conformity with the wishes of the Spanish delegation, a Community statement on this heading and then an overall view on the essential points of the negotiation.

5. Consequences of the enlargement for third countries

Spain's acceptance of the "acquis communautaire" would include the acceptance of the preferential and non-preferential agreements concluded between the European Community and third countries, and of all the undertakings vis-à-vis associated and non-associated developing countries (Lomé Convention concluded with 58 African, Caribbean and Pacific states) the system of generalised preferences granted to a number of other countries, food aid, and the undertakings arising from the G.A.T.T. multilateral trade negotiations.

Thus Spain would have to denounce certain agreements concluded by it in fields which would come under the competence of the Community, or to modify agreements it might have with third countries in relations with the Community.

As far as trade is concerned, it is probable that the consequences of the enlargement for third countries would be generally positive because of the alignment of candidate countries on the common customs tariff and their adoption of the Community's commercial policy.

There may, however, be difficulties with the Mediterranean Basin, to which the Community is bound by cooperation or association agreements in the context of the global Mediterranean approach adopted by the Community in 1972. Where these countries are concerned, the enlargement risks affecting certain traditional Community imports from these regions, in particular certain Mediterranean agricultural products.

In the social field, the emigration of workers from Mediterranean third countries could be affected by the Community priority applicable to Spanish workers.

In view of the complexity of the situation outlined above, the Commission has put in motion analyses in depth, so as to be able to measure the exact impact of the enlargement on the relations with Mediterranean countries. The results of these analyses will make it easier to find appropriate solutions.

V. THE SECOND ENLARGEMENT OF THE COMMUNITY

Conclusions

The economic and social challenge constituted by the second enlargement comprises risks and uncertainties, and will imply efforts both from the present Community and from the candidate countries.

This second enlargement, however, is above all the expression of the will of the present Community and of the three candidate countries to maintain democracy in these countries and to make progress together along the road to European unification, and in particular to permit better development of the less favoured regions of the Community.

Finally, concerning the relations with third countries, just as the first enlargement gave an impulse to the Community policy towards these countries (intensification of relations with Australia, New Zealand, India, Canada and the ASEAN countries, the new Convention signed at Lomé with the African, Caribbean and Pacific countries), the enlargement of the Community towards the South should strengthen its links with South America, having regard to the privileged relations of that Continent with Spain and Portugal. In addition, the Community would become the most important riparian entity of the Mediterranean.

Annex

Economic profile of Spain

Population

Spain has nearly 37 million inhabitants over a territory of 505,000 km², or a population density of 73 inhabitants per km². The active population in 1978 was 13,185,000 of which 29.6% were women.

The demographic statistics bring out that the Spanish population is younger than that of the Community. The birth rate in 1978 was 17.2% as against 12.1% for the Community. Between now and 1990, a rate of population growth is foreseen of 9% as against 1.5% in the present Community.

Employment in agriculture in relation to the active population fell from 40% in 1960 to 20.2% in 1978 (compared to an average of 8% in the Community). Industry now accounts for 37.3% of jobs (Community average 39.5%) and services 42.5% (Community average 52.6%).

Industry

Spanish industry occupies an important place internationally. Among other figures illustrating its growth we may quote the production of steel which rose from 1.9 million tonnes in 1960 to 11.3 million tonnes in 1978, and the production of automobiles which rose from 40,000 in 1960 to 989,000 in 1977. The index of chemical production rose from 100 in 1962 to 623 in 1978. In 1977/78 Spanish shipyards were third in rank in world production.

This industrial development, which benefited from tariff and para-tariff protection was based, on the one hand, on large availabilities of labour and, on the other hand, on an important degree of internal savings, to which was added funds remitted by migrant workers, tourism revenues and direct foreign investments.

However, certain sectors of industry, including textiles, steel and shipbuilding have, for some time, as in the case of the Community, faced difficulties connected with the worldwide situation of these industries. Faced with these difficulties, the Spanish government has undertaken plans for reconversion and investment.

Agriculture

Agriculture, like industry, has played a fundamental role in Spain's economic development. Agricultural exports represent one quarter of total exports.

Spanish agriculture is above all competitive in the production of fruit and, in particular, of citrus fruit, vegetables and olive oils, which constitute more than a third of total production and 74% of Spanish agricultural exports (of which more than half go to the Community).

The climatic conditions of the country and the heterogeneity of production structures mean that highly competitive sectors such as that of the "Mediterranean" products co-exist with others where productivity is less satisfactory.

This sector has, however, a real development potential, and important efforts are being made to improve structures, develop irrigation and use the soil which so far has been inadequately exploited.

Energy

The energy resources are relatively unimportant. In spite of its hydroelectric and coal production, Spain depends on outside sources for 75.9% (1967) of its energy supplies.

An energy plan, established in 1978, aims at moderating consumption, while ensuring satisfactory and diversified supply which allows gnp growth. The measures proposed aim at reducing, between now and 1987, dependence on imports to 54.2%, and at diversifying sources of supply.

This leads to a more than proportional growth in the production of electric energy based on national resources of coal and hydroelectricity, and on less onerous foreign resources (in the nuclear field). These, and the uranium deposits possessed by Spain are, on the other hand, the basis of a vast investment programme for the construction of supplementary nuclear power stations.

In preparing this strategy, account has been taken of environmental protection and the defence of consumers in the domestic sector and in small industries.

Spain's trade

The sectorial distribution of Spain's trade with the rest of the world was as follows for 1978 :

	Imports %	Exports %
Food, drink and tobacco	11.7	19.0
Energy and lubricants	28.2	3.7
Raw materials, oils and fats	14.6	5.2
Machinery and transport materials	19.7	25.7
Other products	25.7	46.4

Source : Basic Statistics of the Community, 1979

The Community is by far the biggest supplier and the biggest customer of Spain. As first customer group, the Community (46.3% of total exports) is ahead of Africa (11.4%), North America (10.1%), Asia (9.8%), the other European countries such as Switzerland, Sweden, etc. (8.9%), ALALC (The Latin-American Free Trade Association) (7.5%) and COMECON (2.7%). (1978).

As first geographical supplier group of Spain, the Community (34.6% of total imports) is ahead of Asia (25.5%), North America (14.1%), Africa (9%), ALALC (6.7%), the other European countries (Switzerland, Sweden, Austria, etc.) (5.5%) and COMECON (2%) (1978).

Source : OECD.

Balance of payments

Spain's current balance of payments, until 1977, was greatly in deficit, but this was transformed into a surplus of 1.2 milliard dollars for 1978 and was of the same order for 1979. The origin of this positive result, among other things, was a particular increase in exports. Imports, on the other hand, increased far more slowly. Besides, revenues from tourism increased, although less rapidly than before. For 1980, because of the general slow-down in the world economy, the current balance of payments should once more be in deficit.

Gross internal product

In 1978, the gross internal product per head was 3,147 UCE which was between that of Italy and that of Ireland. Services represent the largest component in GNP (50%), followed by industry (40%) and agriculture (10%).