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**AGRICULTURAL ASPECTS
OF SPAIN'S ENTRY
INTO THE E.C.**

OPINION


Brussels 1982



The European Communities' Economic and Social Committee, chaired by Mr Tomás ROSEINGRAVE, approved this opinion at its 190th Plenary Session, which was held on 23 and 24 September 1981.

The preliminary work was done by the Section for Agriculture, having Mr Louis LAUGA as Rapporteur.

ECONOMIC AND SOCIAL COMMITTEE
OF THE EUROPEAN COMMUNITIES

AGRICULTURAL ASPECTS OF
SPAIN'S ENTRY INTO THE E.C.

OPINION

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C O N T E N T S

	<u>Pages</u>
A. <u>OWN-INITIATIVE OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE ON THE AGRICULTURAL ASPECTS OF THE ENLARGEMENT OF THE COMMUNITY TO INCLUDE SPAIN</u>	1
I. GENERAL PROBLEMS RAISED BY THE ENLARGEMENT OF THE COMMUNITY TO INCLUDE SPAIN	3
II. SECTORAL PROBLEMS POSED BY ENLARGEMENT	8
III. FINAL COMMENTS	18
B. <u>REPORT OF THE SECTION FOR AGRICULTURE</u>	19
1. Introduction	19
2. Survey of the Spanish Economy	21
3. Spanish Agriculture	23
4. Spain's Foreign Trade	30
5. Spain's Policy for the Agro-Food Sector	32
6. General Problems Posed by Enlargement as Seen by the Economic and Social Committee	40
7. The General Problems Posed by the Spanish Application for Membership, as Seen by Spanish Socio-Economic Interest Groups	56
8. Specific Problems Posed by Enlargement	60
<u>APPENDIX 1</u> : List of Spanish Socio-Economic Interest Groups	100
<u>APPENDIX 2</u> : Spain's Agricultural Imports	101
<u>APPENDIX 3</u> : Spain's Main Suppliers	102
<u>APPENDIX 4</u> : Spain's Agricultural Exports	103
<u>APPENDIX 5</u> : Excerpts from a speech made by the Spanish Minister of Agriculture, Mr Jamie Lamo de ESPINOSA, during a debate in the Spanish Lower House on 6 June 1979	105

A. OWN-INITIATIVE OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE ON THE AGRICULTURAL ASPECTS OF THE ENLARGEMENT OF THE COMMUNITY TO INCLUDE SPAIN

By opting for enlargement, the Community has expressed a certain political will.

Even if it is seen as both a golden opportunity and a necessity the enlargement of the Community to include Spain must be accepted as a fact that cannot be called into question. The Economic and Social Committee's position and the Opinions it has delivered on this matter are clear.

It is therefore necessary to adopt a resolutely constructive approach to the prospect of enlargement. It must be realized that it will be a complicated undertaking, that the stakes are very high and that both the Community and Spain owe it to themselves to make a success of it.

The task of the present Community, as it embarks on enlargement, is to avoid haste and a rough and ready approach, and to do everything possible to create the conditions for a sound and stable structure. Enlargement must be successful; "cut price" enlargement cannot succeed. The governments concerned realize that they will have to shoulder the responsibilities - especially financial - resulting from the choice they have clearly made in favour of this enlargement of the Community to include Spain.

The integration of Spain into the Community will alter both the size and the make-up of the Community's agricultural sector.

For Spain, as for any applicant state, accession to the Community naturally implies acceptance in its entirety of the "acquis communautaire"; this is the fundamental rule of any Community. Although acceptance of the "acquis communautaire" is a non-negotiable principle, it should not, however, be forgotten that the Community is sovereign and there is nothing to prevent it, when faced with an extension of its territory and a possible change in some economic parameters, from improving this "acquis communautaire" to further its properly perceived interests and, which is what concerns us, to create greater internal cohesion within the Common Agricultural Policy and the organization of agricultural markets.

This enlargement of the Community naturally implies a strict respect for the basic principles of the CAP, including common prices, Community preference and joint financial responsibility.

Of these three principles, it is Community preference which, more than any other, must be implemented immediately and without restriction, since it determines the internal balance of trade and the market systems.

Common prices will have to come into effect gradually, in the course of a transitional period designed to allow the progressive harmonization of costs and prices. This transitional period will have to include effective mechanisms to ensure common prices in trade between the present Community and the acceding State.

While the differences in productivity and costs, and consequently in prices, argue in favour of a transitional period geared to the extent of these differences, alignment with the rules governing production and marketing, as embodied in certain market regimes, must, however, take place immediately, in accordance with the principle of the "acquis communautaire".

Joint financial responsibility means that all the Member States participate on the same bases in the financing of total Community expenditure. This principle incidentally ensures observance of the first two principles mentioned above.

I. GENERAL PROBLEMS RAISED BY THE ENLARGEMENT OF THE COMMUNITY TO INCLUDE SPAIN

The balance of Community markets

Physical features, as well as the country's water resources, limit the capacity for expansion which one might expect of Spanish agricultural production. Nevertheless, an analysis of current yields - well below the average in some sectors of production - suggests that integration into more favourable market regimes, from the point of view both of guarantees and of prices, should help to unleash a latent potential for expansion, at least in some sectors, e.g. fruit and vegetables, wine and olive oil.

The entry of Spain will therefore raise the problem of market balance in those sectors in which the Community is already more than self-sufficient or where the addition of the Spanish produce will bring this about.

For producers a dynamic approach to the problem of market balance implies :

- strict compliance with, and if necessary tightening-up of, production rules in those sectors where the actual nature of the produce or the needs of market organization have led to the adoption of such rules, e.g. the banning of chaptalization in most wine-growing areas;

- strict compliance with, and consequently effective monitoring of, standardization in those sectors where the nature of the produce or the orderly operation of trade requires it; the main example of this is the fruit and vegetable sector.

These two courses of action have the advantage of introducing some kind of control over supply, while avoiding any mandatory limitation of production. These measures, applicable in the same way to all producers and forming part of a policy on quality, have the additional advantage of promoting on equal terms for all the rather neglected principle of regional specialization.

Parallel to these efforts by producers, the Community, for its part, should :

- stimulate demand in the Community; although food consumption in the Community seems to have been levelling out or showing little elasticity in its growth for a number of years, it is by no means certain that the "crisis" will go on for ever, or even that the changes in households' behaviour during the crisis will have an adverse effect on food consumption;
- make a determined effort to conquer external markets. The Community is the world's leading importer, buying from the rest of the world three times more agricultural and food products than it sells, but its export performance has hitherto been determined more by accident than advantage or deliberate policy. Export policy must cover the broadest possible range of processes and unprocessed products.

Community trade with certain non-member countries, especially Mediterranean countries

Over the years, the Community has concluded a whole series of agreements with countries in the Mediterranean basin involving in the main the granting of privileged access for these countries' farm exports. The accession of Spain to the Community, which will eventually result in the abolition of all restrictions on the sales of that country's goods on the enlarged Community market, may seriously jeopardize the current flows of exports from the Mediterranean countries to the EEC. The products affected are mainly tomatoes, olive oil and wine.

While it is true that Spain, as (at present) a non-EEC country, already sends a very considerable proportion of its farm exports to the market of the Nine (82% of its total export of fresh fruit and vegetables; 88% in the case of mandarins, 80% in the case of oranges, 85% in the case of tomatoes, 66% in the case of wine, etc.), the fact remains that a switch towards the Community of some of its exports which at present go elsewhere may, in itself, compromise to a relatively much greater degree the exports of non-EEC Mediterranean countries.

This "substitution effect", presented here in static terms, would be further aggravated by an increase in Spanish production in the sectors concerned.

For instance, the 77% of Spanish olive oil exports which are at present sold outside the Community represent more than 100% of the total exports of olive oil from the countries concerned. Similarly, the proportion of Spanish tomato exports which do not go to the EEC (15%) represent 40% of the volume of these Mediterranean countries' exports to the Community, which accounts for over 90% of their outlets.

The Community cannot disregard this problem. At the same time, whatever importance it rightly attaches now, as in the past, to the "global approach" in the Mediterranean area, it must not succumb to internal divisions. In theory, once Spain has joined (although in practice from the end of the transitional period) no mechanism can be allowed which is designed to stand in the way of the replacement of the present exports from the Mediterranean countries by Spanish products.

It is therefore necessary to consider the alternatives that will make it possible to continue to give substance to this "Mediterranean policy", which the Community must pursue and develop.

The following suggestions can be made :

- a) The Community could strengthen and reorientate its technical, scientific and financial cooperation to help the third countries concerned to increase their output of products not easily grown in the EEC (avocados, grapefruit, kiwi fruit) and for which there is a mounting demand in the Community. Under new agreements these products could replace those currently covered by these trade agreements (tomatoes, peppers, etc.).
- b) The Community should give its full attention to the structural deficit in the agro-foodstuffs balance of these non-EEC Mediterranean countries. This is in fact due to a rising demand for basic products such as milk, cereals, etc. In an attempt to close the trade gap these countries export fruit and vegetables to the Community market. To complement the reorientation of production the Community could supply basic products on terms calculated to reduce the import costs of these countries. Supplying goods on special terms would, however, raise problems both inside and outside the Community and these problems would have to be faced.

Community finances

The budget question concerns the operation of the Community as a whole but it also has a special bearing on the CAP, since this is the only policy so far to involve integrated management at Community level, so that it naturally accounts for a decisive portion of the budget. The accession of Spain is bound to have a considerable impact on Community resources, on which the CAP's operating instruments are primarily dependent.

Estimates made by the Commission indicate that Spain's accession will result in a net increase in agricultural expenditure of the order of 1,200 MEUA per year - this at the end of the transitional period.

To this must be added the potential expenditure involved in applying regional development policy, social policy, etc. to Spain. This should of course be viewed in a dynamic context - that of an acceleration of needs. While there is no question of the Community wanting to do more tomorrow for the latest member of the "club" than it has done so far for itself, one can appreciate that the integration in the Community of a vast country (which by itself would in 1981 increase by 32% the total Community working population engaged in agriculture and whose standard of living is at the lower end of the Community scale) will pose once again, but more acutely than in the past, the "structural question", i.e. the need to establish a balance between the regions of the Community with all the challenges and the financial requirements that this implies.

Faced with this prospect, the Community has no alternative. If the Community wishes to implement the choice it has made in favour of enlargement, it will have to be prepared to accept the financial consequences of this choice, which represent an additional factor mitigating in favour of a change in the ceiling on the Community's own resources as soon as the need is felt, which will be before long. This is a political decision that will have to be made primarily by the Member States.

At the same time, the Community should acquire new types of resources alongside its "own resources", which will remain strictly limited for the time being.

II. SECTORAL PROBLEMS POSED BY ENLARGEMENT

Spain's entry into the Community will pose specific problems in a number of sectors. Whilst the extension of the "acquis communautaire" to Spain is liable to create difficulties on certain markets (sensitive products, which are or will be olive oil, wine, and fruit and vegetables) thought should also be given to the difficulties that entering the Community could cause some Spanish sectors, in particular certain animal products such as milk or beef and veal.

As regards overall trade in agricultural and food products between Spain and the Community, there will have to be mechanisms during the transitional period to offset the differences in prices between the present Community and the acceding State. These mechanisms will have to be particularly effective because, on the one hand, price differences will be greater at the start of the transitional period and, on the other, market prices will be subject to greater fluctuations according to the type of guarantees or support mechanisms in the sectors in question.

Enlargement could bring problems for some Spanish sectors covering the so-called "northern products".

As a result of structural factors, changes in supply conditions and producer prices sometimes far in excess of Community prices, certain sectors such as milk, beef and veal and perhaps sugar beet, could find themselves in difficulty.

The role of the transitional period, whose importance both for the present Community and for Spain itself is evident, will be to enable the necessary transitions and adjustments to be made.

Fruit and vegetables

The available statistics on production and prices indicate that, in this sector, the enlargement of the Community to include Spain will create problems in maintaining a balance from the quantitative point of view, in the case of some products. Much will depend, of course, on the way in which Spanish production in this sector develops; the products which are already emerging as potential surplus products, or seem likely to be subject to regional market imbalances, include apples, pears, table grapes, lemons, peaches, tomatoes, onions, peppers, lettuce, etc.

In addition to the purely quantitative factors affecting this sector - which is one of the most 'sensitive' and has only very limited support mechanisms for a very small number of products - there arises the question of price. The risk of market disruption as a result of too rapid a link-up between the present Community and Spain without adequate precautions depends more on the price levels prevailing in the applicant State than on questions purely of quantity.

In the face of the quantitative problems which will confront the Community after enlargement, we must seek ways of bringing cohesion and balance to the sector as a whole in the enlarged Community. Steps must be taken to prevent disruptions, which could affect whole regions. With these aims in view, there is a need to seek a certain measure of complementarity between regions of the Community which takes account of the climatic characteristics of the regions concerned and could alleviate market difficulties and meet consumer requirements.

In order to achieve greater stability in the fruit and vegetable sector there is a need to strengthen Community preference, strictly apply and monitor the observance of Community quality standards, from the producer stage to the consumer stage, to organize along economic lines and, finally, to introduce more efficient methods of managing the Community market.

The need to extend greatly the list of products subject to reference prices has been apparent for a long time, and the prospect of Spanish entry has made this need more pressing. When the Common Market was set up, the Community showed a large deficit in the vast majority of products in this sector; the level of production today makes it urgently necessary to extend reference prices so as to ensure market stability (and this will be even more necessary in the future with the enlargement of the Community). The list of products subject to reference prices should be extended straightaway so that even during the transitional period it will be possible to prevent Spanish produce from causing unacceptable disruptions on the market.

As regards the products for which (in two Member States at certain periods) there are restrictions on imports from non-member countries (cf. Annex III to Regulation 1035/72), experience has shown that this so-called "timetable" system is especially effective in the case of products without a reference price. Since an existing "good solution" should never be abandoned in favour of a possible "better solution", it would be wiser to keep the timetables in force throughout the transitional period. The timetables would only be abolished when reference prices are fixed in advance vis-à-vis non-member countries for the products in question.

Provision should be made in the economic organization of the sector for the strengthening of producers' groups. By controlling sales, or the initial placing of goods on the market, and thus exerting a certain control over supplies from farmers, the producers' groups should, in the long term, indirectly influence the general pattern and development of production.

If producers' groups are to play their part effectively in stabilizing the markets, the Community must deal satisfactorily with the problem posed by the failure of non-members of producer groups to respect the disciplines which group members impose on themselves.

The producers' groups need more comprehensive instruments to improve their management of the market. The intervention mechanisms (purchase on the open market or withdrawal by producers' groups) which at present apply to only a few products, should be extended to a considerably larger number of products. In addition to considerations of fairness towards a sector which has much lower guarantees than

certain other major areas of production, it is also a question of efficiency. Indeed, there are reasons to believe that the extension of intervention mechanisms to a large number of products will have the effect of restoring balance within the sector and will promote diversification of production, instead of the present concentration on the few products benefitting from intervention, which results precisely in more frequent intervention.

Finally, it is important that, in adapting the regulations, provision should be made for more rapid and more efficient implementation of remedial measures in the event of a crisis (e.g. a fall in prices).

Citrus fruit

In addition to the general problems of the fruit sector, the question of marketing premiums arises in the case of citrus fruit; Spanish accession would eventually deprive these of much of their meaning. Marketing premiums, however, in addition to taking account of peripheral and scattered location, are also in keeping with the specific nature of some types of citrus fruit production in some parts of the Community.

If the marketing premium is abolished, it goes without saying that the corresponding reference prices - which have occasionally been neutralized in exchange for the premium - should be revived and updated at regular intervals. This process should at all events not take place until the end of the transitional period.

Because of their present variety policy (blood oranges), Italian orange producers should retain the marketing premium for the duration of their ambitious conversion programme.

Wine

There must be no delay in applying the Community ban on new plantings to Spain too.

Similarly, the adoption by Spain of the "acquis communautaire" will mean the abolition of the practice of "coupage" between red wines and white wines. Continuation of this practice would not only make the long-term management of vineyards more difficult, but would also make the Community's intervention mechanisms, which apply to red wines on the one hand and to white wines on the other, impracticable or difficult to check.

The banning of red/white "coupage" will aggravate the surpluses of Spanish white wine, which will depress Community prices. In this context proposals will be made, firstly, for a reorganization plan and a change to red grape varieties in definite wine-producing areas, and, secondly, for programmes for grubbing and abandonment of production in those areas which do not meet the criteria for wine-growing areas and where white wine production predominates. These measures would be in line with reorganization and conversion programmes undertaken in the past in certain parts of the Community.

The ban on irrigation which has already been imposed in Spain and which applies either as a custom or a rule in the present Member States, should be formalized and extended to the whole Community, with the exception of specific and strictly delimited areas in which occasional irrigation is a sine qua non for the viability of vineyards.

At the same time, the use of products obtained from grapes (grape must or grape sugar) - which should in due course be laid down as the sole method in the regulations - should gradually replace traditional chaptalization (beet sugar) in the wine-growing areas where enrichment by the addition of sugar is still allowed.

Above and beyond the guidelines proposed above concerning supply, there are greater risks of imbalance than the Community has ever faced before, as a result of the addition to the Community's potential of the world's largest area under vines.

In this context, the regulations governing wine-growing should provide for an increase in preventive distillation which could be carried out at the start of the year on the basis of the most recent forecasts of harvests and stocks. To enhance the effectiveness of preventive distillation, means must obviously be provided for achieving the target quantities. Making distillation more attractive by means of price levels would not seem to be the most effective way : either the objective will not be achieved because the price will be too low, or the price will be "too adequate" and preventive distillation will overshoot the target.

Two possibilities are worth considering :

- a) making preventive distillation obligatory, like the wine deliveries which can at present be required depending on the yield;
- b) making preventive distillation more attractive by, for example, making those engaging in it eligible for storage contracts in the course of the year.

Measures to be taken in connection with enlargement should be concerned with the normal development of demand no less than with controlling supply. It is therefore essential that the Community take the necessary steps to remove the barriers to consumption and, in particular, that it complete as soon as possible the harmonization of customs and excise duties, first of all among the different types of beverages within each State and then among the States themselves.

Olive oil

Spain far exceeds self-sufficiency and has a self-supply rate of the order of 140%.

Although lower than in Greece, for example, Spanish consumption per head of population is considerably higher than the Community average.

Whereas in the Community the price ratio of olive oil to other vegetable oils is 2.4 : 1 for the consumer (i.e. taking into account aid to consumption) in Spain it is 1.6:1.

Community protection for oilseeds is non-existent and for vegetable oils it is minimal; protection is greater in Spain.

The price guaranteed to the Community's producers (including production aid) is approximately twice the current Spanish intervention price, which could encourage an increase in production in Spain.

If Spanish protection for oilseeds and oils is reduced to bring it into line with Community protection, and at the same time Spanish prices are raised in line with Community prices, the resulting change in the price ratio of olive oil to other vegetable oils could well have a serious effect on Spanish consumption and lead to surpluses whose disposal would involve considerable expenditure.

The question of olive oil and other vegetable oils affords an example of the way in which the concept of the "acquis communautaire" can be interpreted both strictly and in a liberal spirit.

The main aim in fact in the olive oil sector is to achieve a price ratio which would allow consumption levels to be maintained in the enlarged Community without this consumer price ratio entailing a marked increase in expenditure.

Simple extension to Spain of the existing Community price and protection systems in respect of imported oilseeds and vegetable oils would necessitate - if overall consumption is to be maintained in the enlarged Community - a level of aid to consumption which would place a heavy burden on Community finances : the extra expenditure arising from the application to Spain of the current Community regime as it stands is estimated at about 650 MEUA by the end of the transitional period.

Spain and Italy are the largest producers of olive oil in the world. The equation is changing, so the approach must change.

Instead of applying the present Community system to Spain it would be better to seek a regime less costly to the Community within the framework of an overall policy on oils and fats that takes account of the economic and social importance of olive oil in the enlarged Community.

It is all the more essential to consider a less costly regime of this kind in view of the fact that the particularly liberal arrangements governing imported oilseeds and vegetable oils seem to be increasingly incompatible with the Common Agricultural Policy.

The various proposals which have been put forward since the establishment of the EEC, in particular the introduction of a tax on all oils and fats - a proposal which has always come up against considerable practical difficulties - make it essential to carry out a thorough consideration of this problem with a view to removing the many outstanding ambiguities.

The Committee has called upon the Commission to carry out such an examination on a number of occasions. As the Commission has so far not acted upon this request, the Section will shortly endeavour to meet this need.

In conjunction with the measures to restore general balance to the market for olive oil, measures should be taken at the production level with a view to :

- 1) adopting programmes to encourage grubbing in areas where a switch to other crops is possible;

- 2) adopting re-organization programmes to improve the productivity of olive plantations, eventually reduce production costs and thereby cut marketing costs by adjusting to market demands;
- 3) ensuring that as soon as Spain becomes a member of the EEC no grants may be provided in that country in respect of new planting over and above those permitted by the rules in the present Community.

On the demand front, there is a need to take stock of and make an economic assessment of potential outlets on outside markets, including the Middle East and Latin America, where eating habits should provide scope for an increase in olive oil consumption.

III. FINAL COMMENTS

It is not a matter, therefore, of isolating the markets of the Community in its present form from Spanish markets, but of taking account of the special characteristics of all partners - present and future - to achieve greater cohesion, which must remain the prime objective of the Community.

The venture is fraught with many difficulties. The present Community will have to proceed with great caution. We have seen this in connection with the transitional period, during which there will have to be effective mechanisms for adjusting prices in trade as Spanish prices are brought into line with Community prices. This will have to take place over an appropriate period so that on either side of the boundaries of the present Community, agricultural activities regions and ultimately the people behind these activities and these regions, can adjust to the new Community dimension.

They will not be able to do this on their own however. The burden of enlargement cannot fall on agricultural production alone and on farmers located (in the case of those who are most directly affected by enlargement) in what are already the most difficult regions of our Community.

By opting for enlargement the Community has expressed a very clear political will. But every political decision entails the commitment of the financial resources necessary for success. Unless these funds are available the enlargement of the Community would bring increased difficulties for all parties. These difficulties could make the existing obstacles in the Community more serious and could heighten the disappointments which have already occurred. If we were to fail in this venture the Community would suffer a severe blow; failure might sow seeds of disintegration which could have the most far-reaching effects. Enlargement is a challenge. We have accepted the challenge. Failure is out of the question for both the Community and Spain.

B. REPORT OF THE SECTION FOR AGRICULTURE (Rapporteur: Mr LAUGA)

1. INTRODUCTION

In late May 1980 the Economic and Social Committee decided to draw up a Study on the agricultural implications of Spanish membership of the Community, as a contribution to the work on the problems posed by enlargement.

One reason for producing the Study was the undertaking given by the Committee to Spanish socio-economic interests, at the Brussels conference of June 1979, to continue discussions on all the difficulties connected with the accession of Spain.

The Section for Agriculture, instructed to prepare the Committee's work on the matter, set up a Study Group comprising :

Chairman : Mr CAVAZZUTI

Rapporteur : Mr LAUGA

Members : Mr BUKMAN
Mr DE GRAVE
Mr EVAIN
Mr JASCHICK
Mr MURPHY
Mr PAGGI
Mr RAINERO
Mr ROUZIER
Mr WICK
Mr ZINKIN
Mr EMO CAPODILISTA (in his function as
Chairman of the Section for Agriculture)
Experts : Mr PILOT
Mr FRIEDEBERG
Mr LAMAGNI

The Study Group met ten times between 25 June 1980 and 16 July 1981.

On 21, 22 and 23 January 1981 the Study Group visited Spain at the invitation of the Spanish government, and had comprehensive initial discussions with a delegation representing the relevant Spanish socio-economic interests. There was a further discussion in Brussels on 4 June 1981, at a meeting of the Section for Agriculture.

The names of the Spanish organizations met on these two occasions are listed in Appendix I to this paper.

In April 1981, in the light of the initial findings of the Study Group, the Committee decided to produce an own-initiative Opinion and Report instead of a Study.

The Own-initiative Opinion (1) is based on the present Report. The Section for Agriculture adopted the two documents on 16 July 1981 unanimously, less 4 abstentions.

This Report deals systematically with the main enlargement issues. It takes account of the views put forward by Spanish socio-economic interest groups at the above meetings.

2. Survey of the Spanish Economy

Population

Spain with its population of some 36 million has, together with Ireland, the highest population growth rate in the Community (1970-79, Spain 0.9%, EEC 0.5%/year).

The country has an area of 505,000 km².

Its population density is slightly less than 70/km².

Out of a working population of 13.5 million (37.5% of the total population) :

- 20% work in agriculture,
- 38% work in industry, and
- 42% work in the service sector.

Economic trends

Spain's economic growth rate between 1965 and 1969 averaged 5.9% (as compared with a Community average of 3.5% over the same period). Following the oil crisis, the growth rate failed to exceed the 1% mark in 1975 and 1976 but picked up slightly in 1977, albeit against a background of continuing high unemployment, a balance-of-payments deficit and an inflation rate of around 25% (figure for 1977).

(1) CES 385/81 fin.

The figures already available for the first months of 1979 offer no hope of an end to the crisis. Inflation has risen above the 20% mark (compared with 19% in 1978), the growth rate is about 1.9% (lower than the 1978 rate), there has been an 18% increase in wages, the unemployment total has gone up 200,000 and is now 1.3 million (9.5% of the working population) and company investments have also fallen off.

However, there is one ray of light in this rather gloomy picture and that is the increase in Spanish exports (up 5% in real terms), which has enabled Spanish industry to increase its share of foreign markets still further. To round off this picture of the Spanish economy, mention should be made of the country's energy and industrial policies.

Energy policy

Spain has reacted less to the oil crisis than most other countries in Europe. Its energy prices are still far less than the Community average, being some 20% below the lowest in the Community. Energy consumption per unit of production ranks amongst the highest of OECD countries. Oil's share of energy supplies has risen from 35% in 1960 to 60% in 1979. Coal production now covers only 15% of needs as opposed to 40% fifteen years ago. Natural gas accounts for only 2% of energy supplies (EEC average : 16%). Nonetheless, a ten-year plan drawn up in 1978 and designed to conserve and diversify energy sources has just passed through Parliament.

Industrial policy

Parliament has just approved a major programme of investments to be carried out by the National Institute for Industry (INI) :

- Short-term aims : To put the companies controlled by INI on a healthy footing and to invest in companies with profit-making potential.
- Medium-term aims : To act as a driving force in advanced technology sectors (electronic data processing, energy, raw materials).

To streamline the shipbuilding and steel industries.
- Long-term aims : To set up a number of large-scale basic industries in Spain (steel, petrochemicals).

3. Spanish Agriculture - General Statistics

Gross agricultural product (GAP)

1960 : 20% of GDP

1979 : 9% of GDP (Community average : 4%)

Growth in GDP : 1970-1975 : 5.4%/year

1975-1978 : <2%/year

Growth in GAP : 1970-1978 : 3.8%/year

Thus, despite the sustained growth in farming, there has been a decline in its share of the economy as a whole.

Farming population

1960 : 40% of the working population

1979 : 20% of the working population (Community average : 8%)

Furthermore, farming is not the main occupation of 48% of the farming population.

Utilized agricultural area (UAA)

28 million hectares or 55% of the country's total area (Community average : 60%)

However, there is an enormous potential comprising :

- 5 million hectares of fallow land,
- 3.5 million hectares of meadow and rough grazing land, and
- 2.6 million hectares of irrigated land to which 60,000 hectares are being added each year.

Thus, 10% of the UAA is irrigated as compared with 5% in France.

(in hectares)	Total area	Area irrigated	%
Non-citrus fruit	734,708	213,464	30 %
Citrus fruit	204,620	204,620	100 %
Vegetables	468,457	345,000	70 %
Vineyards	1,700,000		
<u>incl.</u> vineyards in production	1,560,000	23,363	1.4%
<u>incl.</u> table grapes	89,500	25,070	28 %

Farm sizes

	<u>Spain</u>	<u>EEC</u>
1 - 5 hectares :	57 % farms 10.8% UAA	42 % 6.1 %
50 hectares :	4.3% farms 46.1% UAA	6.3 % 41.2 %

These apparent similarities between the sizes of Spanish and EEC farms disguise the fact that in Spain small-holdings and latifundia play an important part :

Spain :

. small farms	< 1 ha	: 1.4% UAA
. large farms	> 1,000 ha	: 0.3% farms 27 % UAA
	> 100 ha	: 3 % farms 59 % UAA

EEC :

. large farms	> 100 ha	: 0.2% farms 22 % UAA
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Incomes

Disparities in incomes between small and large farms

Spanish farmers' output per hectare farmed - which varies greatly from region to region - is also worth less than output in the EEC.

Products

Characteristics

Crop production exceeds livestock production despite the Spanish authorities' efforts to reduce the gap.

1964 : crop production : 66% of total production
livestock production : 34% of total production

1979 : crop production : 58% (Community average : 40%)
livestock production : 42% (Community average : 60%)

Fruit, vegetables, wine, rice and olive oil make up 60% of crops. Fruit and vegetables alone account for 43% or 25% of final agricultural production (EEC : 17%).

Livestock production consists mainly of beef and veal (=20% of livestock or 8.6% of final agricultural production).

Spanish production as a percentage of the production
of the Nine for some leading products (averages for 1975-1977):

- Rice	: 37%
- Apples	: 11%
- Citrus fruit	: 96%
- French beans	: 34%
- Wine	: 19%
- Peaches/pears	: 16%
- Table grapes	: 18%
- Tomatoes	: 50%
- Olive oil	: 82%
- Apricots	: 86%
- Potatoes	: 17%
- Onions	: 75%

Levels of self-sufficiency
(averages for 1975-1977)

Products can be divided into three categories :

a) Surplus products :

Fruit and

vegetables : Citrus fruit (1978) : 235%

... oranges : 206 %
lemons : 198 %
mandarins : 377 %

Fresh non-citrus fruit : 110%

Fresh vegetables : 127%

Olive Oil : 146%

Rice : 121%

Wheat : 104%

Wine (1975/76) : 126%

b) Products in slight deficit or in slight surplus owing to domestic or protective measures which have boosted home production :

- Barley	: 116%
- Eggs	: 102%
- Poultry	: 99%
- Lamb/mutton	: 97.1%
- Pigmeat	: 94%
- Milk	: 97.7%
- Cheese	: 94%
- Apples	: 103%
- Peaches	: 105%

c) Products in heavy shortage :

- Maize	: 32%
- Vegetable fats and oils	: 40%
- Beef and veal	: 90%

Prices (1979/80)

Indices for main Spanish products on the basis of Community price index of 100 :

<u>Common wheat</u>	: Producer price : 99.7 (equivalent type III) 98.1 (equivalent type IV)
<u>Durum wheat</u>	: Producer price : 82.1
<u>Maize</u>	: Producer price : 111.2
<u>Olive oil</u>	: Producer price : 64.6 (1978-1979)

Fruit and Vegetables (1977/78-1978/79) : The producer prices for fresh fruit and vegetables are lower than the Community prices except in the case of cauliflowers (103) and table grapes (112) (*)

Wine : White wine : approx. 60 (average 74-78)
Red wine : 101.9

Sugar beet : Producer price : 105.4 (1978/1979)

Milk and dairy produce : Producer price : 109.4) depending on transport costs reimbursed for areas in deficit
Cow's milk : 116.9)
Butter : 120.7)
Skimmed milk powder : 175.8

Beef and veal : 97.8 (official price) - market price: 104.1

Pigmeat : 94.1 (official price) - market price: 109.7

(*) Spanish prices (EEC = 100)
(average 1977/78-1978/79)

Cucumbers	80	Peaches	104	Oranges	53
Cauliflowers	103	Table grapes	112	Lemons	63
Tomatoes	79	Pears	92	Mandarins	45
		Apples	61		
		Cherries	73		
		Plums	68		

4. Spain's Foreign Trade

Despite the significant headway made by industrial products, agricultural products still account for a major share of Spain's foreign trade, representing 17% of imports and 20% of exports.

Imports

The massive imports of feed grain (mainly maize), oilseeds (soya) and certain livestock products (beef, veal and dairy produce) are the reason for Spain's deficit in agricultural trade with the rest of the world, which now stands at 522 MEUA (cf. Appendix I).

Spain's three main suppliers of agricultural products are the USA (35%), Argentina (12%) and Brazil (8.22%) (cf. Appendix II).

Import figures for 1977 (MEUA)

	World	%	of which EEC 9	%
All products	15,576.7	100	5,320.1	100
Ind. products	13,230.4	84.9	5,081.0	95.5
Agr. products	2,346.3	15.1	239.1	4.5

It can be seen that Spain's aggregate imports from outside the EEC are twice as high as its aggregate imports from the EEC itself. What is even more remarkable is that only 10.2% of its agricultural imports come from the EEC.

Generally speaking, Spanish border levies are higher than the EEC's and will have to be reduced if Spain joins the Community. As a result, the markets in some products might be thrown into disarray (e.g. the olive oil market might be flooded by imports of other vegetable oils).

Exports

Spain's agricultural exports consist mainly of wine, olive oil and fresh and processed fruit and vegetables (cf. Appendix III).

Some 60% of Spain's agricultural exports go to the Community of the Nine. Because it imports very little from the Nine, Spain has a surplus of more than 800 MEUA in its agricultural trade with the Community.

Export figures for 1977 (MEUA)

	World	%	of which EEC 9	%
All products	8,942.2	100	4,138.6	100
Ind. products	7,117.9	79.6	3,072.0	74.2
Agr. products	1,824.3	20.4	1,066.6	25.82

5. SPAIN'S POLICY FOR THE AGRO-FOOD SECTOR

Structure of production

According to the industrial census of Spain carried out by the National Institute of Statistics in 1979 (supplemented, for the industries not covered, by Ministry of Agriculture data), the food industry comprises some 65,000 establishments. In 1978 the total value of production was 1.5 billion pesetas or 13% of GNP.

The sector has a highly fragmented structure, the average workforce per establishment being 6 as against 11 for the entire industrial sector. If the sector is broken down according to size of workforce, the problem of small firm size becomes even more evident, 75% of the establishments having less than 5 workers, 22% having between 5 and 50 and 3% having more than 50.

The attached table shows the number of establishments and the number of workers for the various industrial activities in the sector.

Location varies basically according to the stage of processing, establishments engaged in primary processing (slaughterhouses, establishments producing compounds animal feedingstuffs, etc.) tending to be situated in rural areas and secondary-processing establishments in urban and suburban areas.

The food industry is most heavily concentrated in the following provinces, which have a total of more than 10,000 workers in this sector : Barcelona, Madrid, Valencia, Alicante, Murcia, Sevilla, Cadiz, Jaen, La Coruna, Pontevedra and Navarra. The bulk of the establishments in the first four provinces are engaged in secondary processing. In Murcia and Navarra the main activities are vegetable preserving; in Cadiz, wine-making; in Jaen, oil pressing; in La Coruna and Pontevedra, fish preserving; and in Sevilla, oil pressing and the production of table olives and wine.

The food industry employs a total of 335,000 workers or 14% of the total industrial workforce, which makes it the industrial sector with the largest number of workers.

A better picture of the degree of fragmentation of the food industry is obtained if the sector is broken down according to activity. The establishments posing a major structural problem are flour mills, bakeries, wine producers, wine bottlers, oil mills, slaughterhouses, dairies (especially cheese-making), chocolate, confectionery and biscuit factories and soft drink factories.

Reasonably-sized establishments are to be found among factories, breweries, fruit and vegetable collection and processing stations, vegetable preserving factories, milk and collection and processing stations and fish preserving factories. The other sectors are in an intermediate position.

Administrative responsibilities

Responsibility for the Spanish food industry is shared by two ministries : the Ministry of Agriculture and the Ministry of Industry and Energy. The Ministry of Agriculture has a Directorate-General for Agricultural Industries, which is concerned with the primary processing of agricultural raw materials. The Ministry of Industry has a Directorate-General for the Food Industry and Small Firms, which deals with secondary processing. There are only two exceptions to this rule - the sugar industry and the extraction of soya oil (the raw material being imported), which, although coming under the heading of primary processing, are assigned to the Ministry of Industry and Energy.

Main problems of the food industries

The majority of these problems are due to the very small size of the establishments. Mention can be made on the following problems in particular :

- the firms in question are usually not very technologically advanced and have a large number of workers in relation to capital invested, with low productivity per worker;
- the scanty finance available owing to the difficulties which small firms generally have in gaining access to the capital market;
- difficulties in obtaining supplies of raw materials, owing to the fragmentation of agricultural production, which makes it necessary to draw on a large number of very scattered sources of supply;

- the supply of raw materials is moreover irregular, because of the major fluctuations in the volume and quality of harvests as a result of the great influence that climatological conditions have on agricultural production in Spain;
- the unsatisfactory quality of the raw materials for industrial processing (the industry normally utilizes the cyclical surpluses of products intended to be consumed fresh);
- the very unsatisfactory marketing structure. There are very few firms operating over wide areas; most firms confine themselves to regional markets;
- the same applies to foreign trade; apart from the traditional export sectors (wine, canned food, etc.) Spanish industry is active only to a very small extent on foreign markets.

In general, the Spanish food industry (with some exceptions) is not a big competitor of the Community food industry. This is evident from the fact that average sales for the Spanish food industry in 1978 amounted to 27 million pesetas, i.e. barely one tenth of the average sales of the Nine's food industry.

Participation of farmers in the food industry

Only 4% of the entire food industry is in the hands of associations of farmers. Notwithstanding this small percentage, there are some activities in which associations of farmers play a preponderant role. They are strongly represented in the wine-making sector (over 50%), in cold stores for fruit and vegetables (over 40%), in oil mills, stations for the collection and processing of milk, and grain-drying plants (between 30 and 40%) and in the production of table olives and compound animal feedingstuffs (between 20 and 30%).

Policy for promoting the food industry

The entire policy for promoting industry laid down by the government for this sector is based on Law No. 152/63 of 5 December, which fixes the maximum tax concessions and subsidies that may be granted. Under this Law various specific programmes of support for industry have been implemented by Decree. The programmes in question cover the following :

Food industry sectors of special interest

The legal basis for this programme is Decree No. 3288/74 of 14 October. The following activities have been declared to be of special interest by the Ministry of Agriculture: meat preserving, drying, dehydration, freeze-drying and freezing, the refining and packaging of oils and the processing of milk. The Ministry of Industry has not declared any sector to be of special interest. In 1978 firms in the sector asked not to be declared to be of special interest because of the small amount of the aids and the fact that bureaucracy made it impossible to obtain them. The aids linked to such a declaration comprise certain limited subsidies, preferential access to government credit, customs duty exemption of up to 95% on equipment needed, provided it can be proved that this is unobtainable in Spain (which is almost always impossible) and 95% exemption from the general tax on business transactions in respect of capital goods for initial installation.

Geographical areas declared to be preferential locations for agricultural industries

The intention was to grant aids to promote the industrial development of the most backward provinces. Because of comparative disadvantages, more and more provinces were declared to be a preferential location for agricultural industries until practically all of Spain was eligible for this type of aid.

Major areas of industrial expansion

The same principle applies to all kinds of industry. As these major areas have been established (at present Galicia, Andalucia, Extremadura, Castilla la Vieja and Leon), so the declarations as preferential location for agricultural industries have declined in number and now cover only 15 provinces.

There are other specific aids for industries fostered by associations of farmers and industries set up in IRYDA zones.

The concessions granted here are the same as those mentioned in connection with the declaration of preferential interest.

Price Policy

The government controls the market for agricultural produce by regulating production and organizing the market.

Independently of this control, the Spanish government still fixes the retail prices of the following food products :

- Pasteurized milk
- Sugar
- Sunflower-seed oil
- Bread
- Flour
- Bottled common beverage wine
- Other products, such as sugar beet pulp, molasses and compound animal feedingstuffs.

Presence of public enterprises

In contrast to the normal pattern in most Member States, there are public enterprises operating in the Spanish food sector, particularly in certain branches. They are important in the milk and meat sectors (in the latter sector there are not only public enterprises coming under the National Institute for Industry but also considerable State participation in municipal slaughterhouses). Public enterprises are also active in the manufacture of tomato-based products, ice cream, the extraction of oils, honey and the freezing of fish.

Table of activities in the Spanish food industry

(Source : Spanish Ministry of Agriculture)

Activities	Number of establishments	Number of workers
Manufacture of olive oil	3,561	13,773
Manufacture of animal and vegetable oils and fats (excluding olive oil)	227	4,838
Livestock slaughtering, cutting-up of carcasses, sausage-making and meat-preserving	2,187	34,929
Manufacture of dairy products	1,198	16,205
Manufacture of vegetable juices and vegetable preserving	639	26,004
Fish preserving and manufacture of other marine products	602	17,382

Manufacture of milling industry products	7,084	10,825
Manufacture of pasta products and starch products	86	2,365
Baking, flour confectionery and biscuit manufacture	23,777	50,135
Manufacture of sugar and allied products	52	4,270
Manufacture of cocoa, chocolate and sugar confectionery	690	8,099
Manufacture of animal feedingstuffs (including fish meal)	800	7,720
Manufacture of various food products	1,280	9,460
Manufacture of ethyl alcohol and fermentation	697	4,312
Wine-making	15,388	16,118
Cider-making	282	650
Brewing and malting	62	10,954
Production of mineral waters, aerated waters and other soft drinks	1,330	11,659
Drying and dehydration of crop products	515	2,336
Handling, grading, selection and cold storage of fruit and vegetables	2,143	71,989

Production of dried fruit (peeling, cutting and trimming)	355	1,523
Grading and selection of agricultural produce	170	904
Bottling of wine and other products	1,077	4,525
Manufacture of alcohol, blended spirits, liqueurs, etc.	123	877
Production of grape musts	83	243
Cold storage, preserving and fast ripening of agri- cultural produce	96	1,377
	<hr/>	<hr/>
TOTAL :	64,494	333,432

6. GENERAL PROBLEMS POSED BY ENLARGEMENT AS SEEN BY THE ECO-
NOMIC AND SOCIAL COMMITTEE

Spanish membership of the Community will have a major impact on the CAP for a variety of reasons.

(i) Because of its size, Spanish farming will change the face of farming in the Community. Spanish membership will increase :

- the Community's utilized agricultural area by 29%;
- its irrigated Mediterranean farmland by 80%;
- its working population engaged in agriculture by 32%; and
- the number of farms in the Community by 32%.

When these increases of close on one-third in the Community's farmland and farming population are considered alongside the 14% increase in the Community's consumption potential, it is clear where one problem will lie.

(ii) The present Community's internal problems are in danger of being compounded by Spanish accession.

Firstly, there is the problem of those products which are in surplus. The greater market provided by Spanish membership will not be able to absorb the products in surplus in the Nine or the products which are likely to be in surplus once Spanish products are integrated in the Community market (wine, fruit, vegetables).

Secondly, the accession of three Mediterranean countries is going to give a new dimension to the problems facing the southern regions of the present Community, which are already the most backward in socio-structural terms. There is already a North-South conflict within Spain and one of the main weaknesses of the CAP has been its inability to correct structural differences. Will it then be able to prevent further inequalities from being born? On the other hand, the accession of three Mediterranean countries will give more political weight to producers in the south of the Community.

Finally, notwithstanding current financial problems, enlargement will mean a more rapid increase in expenditure than revenue if the aforementioned disequilibria are to be wiped out. The Commission has estimated that enlargement will cost 1,200 MEUA/year net.

(iii) The Community's trade with the rest of the world will be affected in two main ways by Spanish membership :

- The Community's deficit in agricultural products will increase, since Spain obtains 90% of its agricultural imports from outside the Nine;
- The enlarged Community will be more than 100% self-sufficient in wine, olive oil and numerous fruits and vegetables. Consequently serious problems will be encountered by our non-EEC suppliers of these products, in particular those of the Mediterranean area (Tunisia, Morocco and Cyprus and, to a lesser extent, Egypt, Turkey and Israel). To offset these countries' loss of earnings, the enlarged Community will no doubt be under pressure to provide financial compensation.

General organization of markets

A distinction is made in Spain between regulated products, for which there are guaranteed prices, intervention measures and subsidies, and non-regulated products. Nevertheless intervention measures are not ruled out in the case of non-regulated products.

About 60% of the value of final agricultural production is accounted for by regulated products. Regulated products are to be found in most of the major production sectors (embracing both animal and plant-derived products) with the exception of fruit and vegetables.

There are three types of price regime covering regulated products :

- (i) - a single guaranteed price to the producer (wheat, beet, etc.)

- (ii) - a guaranteed minimum price (olive oil, oilseeds, feed-grain, etc.)
- (iii) - a guaranteed price (which in certain cases can be replaced by a "lower intervention price") coupled with a target price and a "higher intervention price".

In addition to these price regimes there are also intervention measures. These operate not only at market level but may, with certain products, apply at source (restrictions on acreage, etc.).

These price regimes very frequently go hand in hand with vigorous State intervention in the organization of domestic and, above all, foreign trade.

Without going into the intricacies of Spanish regulations, it is clear - as was pointed out when discussing different products - that Spain has up to now practised a greater level of "interventionism" than the EEC under the CAP. The question therefore to be asked is whether the dismantling of this network of regulations - even if carried out stage-by-stage in certain sectors - will merely mark a change in the method of management, with the economic realities remaining the same, or whether there are likely to be shifts in the pattern of Spanish agricultural production.

Agricultural structures

The last census on agricultural structures in Spain dates back to 1972. At that time there were still 2.6 million production units (860,000 being smaller than 1 ha of UAA and 1,700,000 being bigger than 1 ha of UAA).

Breakdown of the total number of farms with at least 1 of UAA

	<u>EEC</u>	<u>SPAIN</u>
	in %	
> 1 < 5 ha	42.1	57.0
5 10	17.3	18.5
10 20	17.4	12.0
20 50	16.9	8.2
> 50	6.3	4.3

Breakdown of UAA

	<u>EEC</u>	<u>SPAIN</u>
	in %	
> 1 < 5 ha	6.1	10.8
5 10	7.3	10.2
10 20	14.8	13.1
20 50	30.6	19.8
> 50	41.2	46.1

Although there is still no set of complete, up-to-date statistics available, it can be stated that there has been an increase in the number of large farms over the past ten years.

Of the 5.8 million people working - at least on a part-time basis - in agriculture in 1972 :

- 42% were owner or tenant farmers (i.e. 2,600,000)
- 52% were family members
- 6% were wage-earners.

Only 52% of the farmers were engaged principally in agricultural activities.

More than 25% of the farmers were more than 65 years old.

The decline in numbers working on the land gathered pace in the 1970s. The percentage of the total working population employed principally in agriculture fell from 28% to 20% between 1970 and 1977, whilst the annual decrease in the number of farmers was only 0.6% between 1962 and 1972.

To improve its production structures. Spain has :

- irrigated land for cultivation;
- carried out a major land-reparcelling programme;
- carried out rural development schemes by concentrating resources in specific areas for a limited period.

As far as marketing and processing structures are concerned, Spain runs an aid scheme to encourage the establishment of agro-food industries in socially and economically deprived rural areas, as well as a scheme to develop agricultural industries in a number of insufficiently developed sectors.

While it is not possible to go into any great detail in this document there is no doubt that the best way to assess the capacity, potential and limitations of Spanish agriculture is from a regional point of view.

Finally, it is certainly possible to get some idea of the course which might be taken by Spanish farming in the coming years by analyzing the Spanish authorities' plans for the short- and medium-term (cf. Appendix IV : Excerpts from the inaugural speech of the Spanish Minister of Agriculture, Mr Jaime Lamo de ESPINOSA, during a debate in the Spanish Lower House on 6 June 1979).

Fisheries

General statistics

Fishing provides a living either directly or indirectly for about 700,000 people in Spain (as opposed to 600,000 in the present Community). Of these 700,000 people some 111,000 are fishermen (123,000 in the Nine) and 18,600 are employed in fish processing (41,000 in the Nine).

The Spanish fishing fleet consists of 17,174 vessels (EEC : 52,608) with a total tonnage of 785,000 tonnes (EEC : 1,193,000 tonnes).

In 1979 Spanish vessels caught a total of 1.2 million tonnes of fish, including some 173,000 tonnes not for human consumption (the corresponding figures for the EEC were 4.8 and 1.6 million tonnes).

Per capita consumption of seafood in Spain is twice as high as it is in the present Community.

Fishing activities

Spanish fishermen depend heavily on access to other countries' waters. From what are inevitably rough figures it can be estimated that about 450,000 tonnes of fish - or more or less 40% of total landings - were caught in Spanish waters in 1979, either in the Mediterranean or the Atlantic. Another 100,000 tonnes - or 9% of the total - were caught in Community waters (Bay of Biscay, south-west coast of Ireland, west coast of Scotland), a slightly lower quantity was netted in Portuguese waters and about 500,000 tonnes came from other countries' waters (mainly the Atlantic coastline of Africa and the North Atlantic).

Fleet structure

In 1977 the inshore fleet comprised 15,247 fishing vessels with a total tonnage of 237,115 GRT and provided employment for 65,200 fishermen. About one-third of these vessels were more than twenty years old.

The middle and near water fleet totalled 1,104 vessels with an overall tonnage of 218,371 GRT and provided employment for 14,400 fishermen. About 11% of these vessels were more than twenty years' old.

The deep sea fleet comprised 728 vessels with a total tonnage of 332,263 GRT and provided employment for 15,700 fishermen. About 7% of this fleet was at least twenty years' old.

Fish processing industry

One third of landings go to the fish processing industry, which produces about 140,000 tonnes of canned fish. The main varieties of fish canned are sardines (40% of total), tuna (15%), bonito, mackerel and anchovy.

Trade

Although Spain's trade balance in the fisheries sector as a whole is positive, it has in recent years been a net importer of fresh, chilled and frozen fish (especially hake, anchovy and sardines) as well as molluscs and crustaceans.

In 1979 imports amounted to 17,000 tonnes of fresh fish, 100,000 tonnes of frozen fish and 90,000 tonnes of crustaceans and molluscs. The Community supplied a large portion of Spain's imports of fresh fish, crustaceans and molluscs, but only a small percentage of its frozen fish imports.

Spain is a net exporter of canned fish (60,000 tonnes per year, of which approximately 10% go to the Community).

Spain's fisheries policy

Spain has one of the largest fishing fleets in the world but relatively limited stocks of fish of its own. It has therefore had particular difficulty in coping with the oil price hike and the general extension of national fishing limits to 200 miles. Be this as it may, it has signed numerous agreements to give its fishermen access to other countries' waters and has also taken a number of steps to restructure its fleet.

Fishing agreements have been concluded with the Community and with numerous other countries (Portugal, Norway, Canada, USA, Morocco, Mauritania, Senegal, South Africa, Equitorial Guinea, Chile). Some of these agreements, such as the one with the Community, grant reciprocal access to fishing grounds, while others are simply cooperation agreements or grant fishing rights in return for tariff concessions (e.g. the agreement with Canada) or financial compensation.

Spain is also a signatory to a considerable number of international fishing conventions. Fleet modernization has been the subject of several programmes in the past in Spain. On top of this, joint ventures are encouraged by provisions, drawn up in 1976, which are a particularly interesting innovation in the field of international law. They embrace loans, the covering of non-commercial risks, duty-free import quotas for the joint ventures' catches, etc.

At the moment the conservation of fish stocks is being tackled simply on a technical plane, e.g. measures laying down the size of meshes and minimum fish sizes and temporary bans on fishing in certain areas. So far at least no action has been taken to restrict fishing by laying down total catches and quota allocations for each species of fish. However, this situation could change, at least temporarily, following the adoption on 28 March 1980 of a general decree relating to the organization of Spanish fishing.

Marketing standards are applied to both Spanish and imported fish. Price legislation does not provide any support for producers but consumer prices are monitored. Imports are subject to licences, which are granted at the discretion of the authorities. Variable levies have to be paid on some imports in addition to customs duties.

The main problems

Spain's accession to the Community is likely to prove complicated, mainly because of the imbalance between the size of its fishing fleet and its own fish stocks. To make matters worse the present Community is also confronted with the same problem, though to a lesser degree.

There are bound to be conflicts of interest when the time comes to include Spain in the allocation of the quotas for fishing grounds where Spain has traditional fishing rights.

Non-Community stocks are also going to pose some problems. A part of the Spanish fishing fleet depends on the numerous agreements concluded by Spain, but the Community is likely to find it difficult to accept some of these agreements, especially where they provide for tariff concessions.

All the problems associated with fleet structure will depend largely on the solutions found with regard to Community and non-Community stocks. However, it is already clear that the tariff regime provided for in the provisions on joint ventures is incompatible with Community rules and regulations. Once again, however, these joint venture provisions are of considerable help in keeping the Spanish fishing fleet in operation.

Because Spanish sardine and tuna-fish canners are particularly competitive, Spanish membership of the Community is likely to pose serious problems for canners in the present Member States. Not only does the Common Customs Tariff protect Community canners at the moment, but it is also possible in some Member States to impose quantitative restrictions (there still being no common regime for trade with non-Community countries in these products).

Fishing vessels in service, according to tonnage (as of December
31 each year)

	1973	1976	1978
<u>Totals</u>			
Number of vessels	16,402	17,148	17,174
Tonnage (GRT)	698,977	807,365	785,642
Engine power	2,114,881	2,666,303	2,730,831
Fishermen	109,919	113,241	111,005
<u>Industrial fishing fleet</u>			
- More than 250 GRT (deep sea) :			
Number of vessels	505	724	735
Tonnage (GRT)	273,873	370,676	357,509
Engine power	596,101	935,087	935,506
Fishermen	12,449	16,994	16,674
- 100-250 GRT (middle and near water) :			
Number of vessels	1,448	1,485	1,432
Tonnage (GRT)	236,618	246,534	237,359
Engine power	681,922	766,884	761,965
Fishermen	22,007	22,379	21,561
- 20-100 GRT (inshore) :			
Number of vessels	2,602	2,606	2,594
Tonnage (GRT)	131,917	132,275	132,506
Engine power	531,624	605,474	640,883
Fishermen	34,233	33,024	32,526
<u>Non-industrial fishing fleet</u>			
- Less than 20 GRT (powered vessels) :			
Number of vessels	11,847	12,333	12,413
Tonnage (GRT)	56,569	57,880	58,268
Engine power	305,234	358,861	391,677
Fishermen	41,230	40,844	40,244

Tentative estimates of per capita consumption of fishery products in selected countries - average for 1973-1974 and 1975

Country	Average 1973-1974				product
	% of total			kg/unit	
	Fish fresh and frozen	Fish processed	Shellfish	All products	
Denmark	45	40	15	34.7	34.6
France	44	30	26	21.5	21.5
West Germany	51	44	5	11.5	11.5
United Kingdom	71	20	9	18.9	17.9
Total EEC	53	32	15	16.2	-
Ireland	-	-	-	66.0	66.8
Norway	-	-	-	47.3	47.2
Portugal	51	45	4	58.5	50.4
Spain	58	16	28	38.5	38.5
Sweden	-	-	-	31.0	29.8
United States	-	-	-	15.7	15.9
Japan	-	-	-	68.8	74.7

Source : FAO

Utilization of landings (product type)

Percentages of total landed weight

Product Type	1971	1973	1975	1977
Fresh or chilled	43.0	45.0	45.3	32.1
Frozen	20.0	18.4	20.4	20.6
Cured (dried, smoked, salted)	9.0	9.6	2.3	2.9
Canned	18.0	19.0	21.9	30.0
Processed into meal or oil	10.0	10.0	10.1	13.8
Other	-	-	-	0.6

Source : OECD

MAIN SPECIES LANDED

Species	1970		1978	
	Tonnes	%	Tonnes	%
Sardines	120,236	13.76	202,280	23.18
Mussels	109,725	12.56	65,760	7.53
Whiting	151,691	17.36	107,275	12.29
Horse mackerel	108,428	12.41	104,105	11.93
Octopus	41,848	4.79	-	-
Cod	92,312	10.56	34,796	3.99
Hake	40,977	4.69	54,386	6.23
Anchovy	56,052	6.41	84,259	9.65
Squid	13,132	1.50	-	-
Mackerel	41,191	4.71	36,878	4.23
Tuna	7,228	0.83	48,011	5.50
Shrimps/prawns	3,931	0.45	35,474	4.06
Bonito	25,826	2.96	2,631	0.30
Cuttlefish	12,900	1.48	34,738	3.98
Bream	13,245	1.52	10,271	1.18
Megrim	11,280	1.29	13,839	1.59
Bogue	7,521	0.86	9,655	1.11
Clam (carpet shell)	2,442	0.28	6,540	0.75
Norway lobster	3,576	0.41	6,300	0.72
Sole	3,005	0.34	3,468	0.40
Conger	3,631	0.42	3,832	0.44
White shrimps	324	0.04	4,771	0.55
Red mullet	3,020	0.35	3,146	0.36
Spring lobster	276	0.03	393	0.05
TOTAL	873,797	100.00	872,808	100.000

Source : Annario Estadistico 1979.

Tonnes	I M P O R T S						E X P O R T S					
	1977		1978		1979		1977		1978		1979	
	World	EEC	World	EEC	World	EEC	World	EEC	World	EEC	World	EEC
03.01	46,507	7,762	77,465	10,381	121,078	19,428	56,727	32,349	44,006	23,218	53,242	29,442
incl. - fresh	6,516	4,980	6,771	6,620	16,645	15,199	6,272	4,331	3,936	3,775	8,930	6,371
- frozen	39,958	2,626	70,209	3,742	103,618	4,202	49,983	25,621	39,640	19,268	44,108	22,909
03.02	15,829	7,283	19,130	8,219	30,698	8,787	13,434	9,158	12,088	6,635	11,672	7,098
03.03	49,026	20,751	85,868	38,780	90,214	39,335	59,240	12,329	81,359	19,086	84,339	18,088
incl. - fresh	9,615	8,241	27,635	26,109	30,180	28,294	11,244	10,952	15,143	14,879	17,558	17,425
- frozen	35,868	9,538	54,524	9,589	55,926	7,577	47,970	1,370	66,153	4,195	66,823	13,227
05.15	209	113	2,368	1,546	4,047	3,650	475	315	359	356	68	69
16.04	465	295	430	270	663	441	49,992	9,684	52,908	7,216	52,158	4,785
incl. - sardines	52	0.1	8	0.1	8	0.1	38,165	6,588	42,485	4,489	41,717	2,550
- tuna	0.1	0.1	2	1	7	7	3,792	808	4,173	1,138	5,138	784
16.05	2,681	635	2,264	835	2,411	722	7,924	5,232	6,830	4,254	5,468	2,998
23.01	38,924	10,012	43,952	7,539	45,762	10,630	5,331	3,809	21,964	19,311	0	13,639
TOTAL	153,641	46,851	231,477	67,570	294,373	83,003	193,123	72,876	219,514	80,076	206,947	76,119

Source : OECD

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7. THE GENERAL PROBLEMS POSED BY THE SPANISH APPLICATION FOR
MEMBERSHIP AS SEEN BY SPANISH SOCIO-ECONOMIC INTEREST
GROUPS

In agriculture, there is a great deal of common interest but the problems which will arise in a number of key sectors - such as milk, livestock farming, sugar, soft wheat - will affect wider areas, and doubtless more people, in Spain than in the present Member States.

Spanish food products will help to secure better living standards for Community consumers.

Spain will have no truck with the idea that Spanish membership would reinforce the recession in individual regions and sectors, and thus impose a strain on the Community.

Spain deplores the continuing failure to work out an arrangement for her official and private interests to be represented at talks on the improvement of current Community rules. It is also concerned by the unjustified delay in opening proper negotiations on the agricultural sector. This contrasts with the progress already made in other sectors.

The terms of membership must be completely consistent with the three underlying principles of the CAP - free movement of goods, Community preference and genuine financial solidarity. Furthermore, rules should be established to ensure that agriculture functions properly, and better and better, throughout the Community and in each individual Member State.

Spanish interests consider the following necessary :

- a) The agricultural sector in the present Member States and Spain should seek to maintain the production levels indispensable for sectoral socio-economic balance. No rundown liable to jeopardize the economic activity of Community and Spanish farmers should be allowed.
- b) The expansion of intra-Community trade should be ensured by imposing symmetrically identical taxes on all agro-food exports and imports.
- c) Steps should be taken to ensure that Spanish agro-food exports will not have worse conditions of access to Member State markets than third countries.
- d) Since Spanish living standards are below those in the present Community, steps should be taken to ensure that there is a net transfer of financial resources to Spain.
- e) Specific solutions must be sought for Spanish regions which have a special economic and tax system, and on which membership will exert specific inflationary pressures.
- f) Steps must be taken without further delay, to allow Spanish social and economic interests to participate in CAP decision-making.
- g) Arrangements must be made to ensure the continuity and strengthening of traditional Spanish ties with Spanish-speaking countries, in order to establish closer links between the Community and those countries.

- h) The implications of having to express common farm prices in ECUs must be assessed. Although monetary problems have been curbed by the establishment of the EMS, the difficulty remains of reconciling exchange rates when these are expressed in a currency unit which cannot register differing inflation rates in the Member States. In the absence of a common currency, common farm prices are theoretical and alter the terms of competition on the market.
- i) During the discussions between members of the Section for Agriculture and the Spanish delegation, the latter was asked a number of specific questions, in particular :
- Whether Spanish farmers would be prepared to accept limitations on some agricultural products (especially olive oil, wine, fruit and vegetables) with a view to avoiding surpluses in the Community.
 - Whether Spain would be prepared to accept, as a goodwill gesture, the abolition of state-trading, a decrease in tariffs and the introduction of VAT.
 - Whether the Spanish socio-economic groups would accept the possible consequences for Spanish agriculture of the current revision of the common agricultural policy.
 - How could the huge increases in the production of certain agricultural products (wine and cereals in particular) over the last two years be explained?

The Spanish delegation replied as follows :

From the Spanish point of view it does not seem fair to impose limits on certain products where there is still room for technical improvements, with the consequent effect on farmers' incomes, while other sectors of Community agriculture have already reached a high level of development. Any limitation on production should be carried out in a comprehensive manner, i.e. all products and all countries should be considered. Community preference should be used, including for substitute products, in such a way that the problem of surpluses, e.g. in olive oil, cannot be considered in isolation from Community imports from other sources.

Although the points raised in the second question are obviously problems for the Government, the view of the Spanish socio-economic groups is that these steps cannot be taken without adequate guarantees that production will be safeguarded while uncertainties still persist regarding our integration into the Community. The Spanish public feels that the present members of the Community do not really want Spain to join, given the constant obstacles and delays in the accession negotiations (theoretically now underway).

As far as acceptance of the consequences of the reform of the CAP is concerned, we confirm that these changes will be accepted in full if Spain has a say in them and the new factors arising from our accession are taken into account.

Regarding the increases recorded for certain products over recent years, the statistics show just how heavily dependent Spanish agriculture is on climatic conditions; it is not unusual for there to be substantial increases or decreases in harvests from one year to the next.

8. SPECIFIC PROBLEMS POSED BY ENLARGEMENT

In this chapter consideration will be given to the specific problems which enlargement will pose for the main categories of agricultural products, for the food industry and for farmers and farmworkers.

The economic aspects of the issues singled out for consideration are reviewed in detail. The views (if any) of the Spanish socio-economic interest groups are also given.

Vegetable fats and oils

Economic analysis

Vegetable oils are made in Spain from either oil-seeds imported or grown locally such as soya beans, sunflower seeds or groundnuts or from oleaginous fruit such as olives and walnuts.

Spain is both an importer (oilseeds) and exporter of these products.

Survey of the vegetable oil sector

(in '000t)

1978

Domestic production

- | | |
|--------------------------|------------------------|
| . Olive oil | 500 (normal year: 450) |
| . Soya and sunflower oil | 150 |

Imports

(in oil equivalent)

- | | |
|-------------------------|---|
| . Soya beans | 400 (reduced by 100 in post-1978 years) |
| . Sunflower seeds, nuts | 75 (varies between 50 and 100) |

Exports

- | | |
|-------------|--|
| . Soya oil | 275 (beans imported, pressed in Spain and re-exported) |
| . Olive oil | 90 (varies between 11% (1975) and 61% (1971) of annual production) |

Domestic consumption

- | | |
|--------------------|--|
| All vegetable oils | 750 (equivalent to normal consumption) |
|--------------------|--|

It should be noted that Spain is 75-80% self-sufficient in vegetable oils. It is only by importing large quantities of soya beans that Spain has become an exporter of vegetable oils, which is an important item in its agricultural trade balance.

Value of soya oil exports 12,245 M pesetas
Value of olive oil exports 8,570 M pesetas
Total value of agricultural exports. 181,163 M pesetas

a) Soya oil is exported mainly to North African countries (Morocco, Tunisia, Algeria), which use it either to make good any shortfall in domestic olive oil production or to offset olive oil exports to the EEC. Spain is thus indirectly responsible in part for the saturation of the Community market.

b) Olive oil is exported to 104 countries. Europe accounts for 40% of these sales on average and Italy takes two-thirds of the Community imports.

The following table gives the self-sufficiency of the present Community and of a Community enlarged to include Greece, Spain and Portugal.

Position with regard to olive oil in the Community of the
Nine and Twelve (average year)

(in '000 t)	EEC 9	Spain	Greece	Portugal	EEC 12
Production	412	450	207	40	1,049
Consumption	465	324	173	42	967
Imports	74	-	-	-	74
Exports	11	47	3	2	63
Degree of self-sufficiency	88 %	140 %	119%	94 %	108 %

The Community's deficit is thus going to be transformed into a surplus after enlargement. In order to create a balance it will be necessary to act on both supply and demand, though for political, technical, economic and social reasons it will be difficult to cut production either in Spain or the present Community. These problems are already being looked at from this angle in the Nine.

In the Nine and Spain, olive oil is the main source of income for some two million olive growers living in particularly backward regions with all the consequences this entails.

It is physically impossible in many areas for any other crop to be grown in place of olive trees, which are the sole form of vegetation capable of conserving the soil.

Some thought could be given to paying a grubbing-up grant in areas where other crops could be grown. Nevertheless, such an operation could prove to be costly and ineffective, for there are vast areas of untended olive trees whose grubbing up would not reduce production levels.

Furthermore, production of olive oil might be pushed up in Spain by alignment of the Spanish price on the Community price :

. Spanish intervention price 78/79	903.73	EUA/t
. EEC intervention price 78/79	1,346.2	EUA/t
+ direct producer aid	421.7	EUA/t

Minimum guarantee for EEC producers	1,767.9	EUA/t
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The price paid to Spanish growers would thus increase by 100% if it were to be aligned on the Community price.

If the system of aids and price support currently in force in the Nine were to be extended to the three new members, the cost to the EAGGF would be as follows :

	1978	1979	1980	In the five years fol- lowing en- largement
MEUA	EEC 9	EEC 9	EEC 9	EEC 12
Olive oil aid regime	182.3	391.7	445	1,500

Aid for olive oil produced in Spain alone would cost 600 to 700 MEUA (with direct producer aid accounting for a major part of this expenditure).

However, it is not possible to envisage the abolition of Community aid for olive oil producers, who would no longer find it profitable to stay in business if the aid were stopped. This would result in a drop in output and confront producers with the problem of finding alternative work.

Furthermore, if the Spanish align their olive oil price on the Community price (regardless of whether direct producer aid is paid), the level of consumption is bound to be affected. With Spain in the Community, Spanish consumers will have access to another cheap source of vegetable oil, since Spanish imports of soya bean oil from outside the EEC will no longer be restricted.

Hence the paradox of Spanish olive oil producers being assured a much higher income in the EEC and therefore producing more, but consumers preferring to buy the much cheaper soya oil available in limitless quantities.

The olive oil problem cannot be resolved without the Community's overall policy on vegetable fats and oils being reconsidered.

View of the Spanish socio-economic interest groups

For its part the Spanish delegation, with reference to this last point made by the ESC, is surprised that the Community is not putting forward an oils and fats policy - something that should already have been mapped out. The statements about the possibility of a surplus when Spain joins the Community have not in the Spanish view been proved, and such a situation will never arise in the Twelve unless privileges are granted to the multinationals. There are also advantages for the Community, since it will control through a common market regime about 80% of the world's supply of olive oil. It is also forgotten that the Community's overall deficit in vegetable oils will be reduced as a result of the addition of Spanish olive oil and oilseed production potential (especially sunflower).

The accession of Spain will mean a strengthening of the position of the Mediterranean countries and will thus reduce the present imbalance within the Community of the Ten. On no account can one envisage the possibility of membership of the Community involving a reduction in the production of olive oil, since this would affect the incomes of olive growers.

The ESC document states that the production of olive oil will tend to increase when Community prices are applied. Against this it may be argued that the Community prices for other agricultural products will come into force at the same time, so that there will be a balancing-out within the Community. To this it may be added that production costs will rise as wages in the Community are aligned.

Fruit and vegetables

Economic analysis

This is the sector where negotiations are most likely to run into major difficulties.

The Mediterranean produce grown in Spain is going to provide competition for the fruit and vegetables grown outdoors in the south of the Community and out-of-season in the glasshouses of the north. The competition for glasshouse growers will be that much fiercer since the Spanish climate enables produce to be grown out-of-season in the open. Community prices thresholds for these products, based on the cost of the products grown under glass, are therefore going to be dragged down by Spanish produce once Spain joins the Community. This is bound to have its consequences.

Furthermore, considering that the volume of fruit and vegetables for sale on the market will increase, it will not be possible to maintain stable prices unless the public authorities intervene more effectively, more stringent quality standards are laid down and the role of producer groups is strengthened.

Finally, Spanish farming's potential capacity for increasing its production of fruit and vegetables at relatively low cost points to a bleak future for the profits of non-Spanish growers.

Nonetheless, these arguments, which have often been applied sweepingly to the whole fruit and vegetable sector, tend to overdramatize the problems of enlargement. A product-by-product survey will show that problems do exist but also that they can be solved.

The survey will be divided into three headings - citrus fruit, non-citrus fruit and vegetables.

Citrus fruit

This category can be divided into three - oranges, mandarins and lemons.

Total crop area	: 208,584 hectares
incl. Area <u>in production</u>	: 185,921 hectares (almost entirely irrigated)

a) Oranges

In 1979 Spain produced some 1,771,000 t of oranges or 103.6% of the total produced by the Nine. The Community's production of oranges will therefore double when Spain becomes a member.

In a normal year, 54% of Spain's production is exported. The Nine is the main customer, taking some 870,000 t or 91% of exports.

The Nine is about 48% self-sufficient in oranges, having a deficit of around 2 million tonnes. It is forecast that this deficit will remain unchanged up to 1985 and that Spanish, Greek and Portuguese membership of the Community will then reduce the deficit to around 1 million tonnes. The Community's traditional suppliers in the rest of the world will thus be able to continue selling to the Community. The only thing likely to throw the market out of kilter would be if alignment of Spanish prices on Community prices were to induce the Spanish to increase production sharply and step up their exports to France and West Germany. In actual fact, the production of oranges in Spain will probably remain constant and not increase.

b) Small citrus fruit (mandarins, clementines, satsumas, etc.

The economic situation with regard to these products is much more delicate.

Although the production of oranges has more or less remained stable, the share of the citrus fruit crop taken up by mandarins has increased from 11.3% in 1964 to 30% in 1978. The mandarin is well and truly taking the place of the orange.

In 1978 the Spanish produced 911,000 tonnes of small citrus fruit, the equivalent of 225% of the Nine's total production. In an average year, 60% of Spain's production is exported and 90% of these exports go to the Community.

The Nine are approximately 38% self-sufficient in small citrus fruit. However, the outlook after enlargement is not as healthy as in the case of oranges. It is forecast that the rapid increase in Spain's production of mandarins which is possible in the years ahead, would transform the 1980 deficit of approx. 100,000 tonnes into a 200,000 tonnes surplus in the Twelve by 1985. Nonetheless, the Spanish authorities re-affirm that the growth in production is likely to slow down, though there will be numerous switches in crops (e.g. from satsumas to clementines).

c) Lemons

Spain's production of lemons plays a much less dominant role than its production of mandarins.

On average Spain produces 300,000 tonnes of lemons, 1/3 of the size of the crop grown in the Nine, in which Italy is the biggest supplier.

Approximately one-half of Spain's lemon crop is exported, with 75% going to the Community.

One major difference from the situation with regard to oranges and mandarins is that the Nine plus Greece, Spain and Portugal will have a 150,000 tonnes surplus of lemons in 1980. Furthermore, it would seem that this surplus will grow a further 100,000 tonnes by 1985.

Following this survey of the Community's position with regard to citrus fruit by 1985, it is clear that a lot will depend on future production trends in Spain. Several factors could contribute towards a growth in production :

- the price support system currently operated in the Community, which will ensure higher prices for Spanish producers;
- the abolition of the customs tariffs which currently penalize Spanish exports more than rival exports from Morocco, Israel and other Mediterranean countries;
- the protection from non-Community producers which Spain will enjoy as a member of the Community in sectors in which the Community will remain a net importer;

- the 20-30,000 hectare increase in irrigated land each year, which will increase the country's production potential. It must be borne in mind, however, that the Spanish Government's irrigation policy is aimed at the increased production of deficit crops and not crops in surplus, this being a prerequisite for the receipt of Government credit for new irrigation projects.

However, Spain will probably have to contend with an increase in labour costs, which will have to be brought into line with labour costs in the Twelve as a whole, and this will raise the cost prices of its products. In addition, the Spanish will no longer be able to stop the Moroccans from using their roads and railways to ship their products to the Community. Morocco will then be able to benefit from a vast market in Spain if, following increases in costs, Spanish prices move above Moroccan export prices plus the low customs duties payable by Morocco at the Community's borders under the terms of the preferential trade agreement.

It will not be possible to settle all the problems posed by enlargement by monitoring Spain's production of citrus fruit. Instead, the preferential agreements for access to the Community's market concluded with Cyprus, Tunisia, Morocco and Israel, etc., will have to be re-negotiated. These countries are going to have to sell their produce elsewhere, perhaps in the countries of the Persian Gulf (which have the money) or in Eastern Bloc countries (where levels of consumption are abnormally low).

Non-citrus fruit

In Spain this sector comprises many products; the most problematical in the context of enlargement are apples, pears, peaches, table grapes, bananas and almonds.

NON-CITRUS FRUIT CROP AREA

TOTAL

Non-irrigated
727,000

Irrigated
216,000

incl. AREA IN PRODUCTION

Non-irrigated
676,000

Irrigated
204,00

a) Some figures

1) Production and exports

Spain (*) ('000 t)
EEC 9

	Production 1978	Exports 1978	% of EEC 1978 prod.	Production 1979
Apples	1,072	11	16 %	1,156
Pears	450	15	21 %	480
Peaches	430	20	28 %	400
Plums	93	28	11 %	83
Cherries	75	1	16 %	81
Apricots	220	34	135 %	151
Figs	60	1	66 %	-
Table grapes	383	50	32 %	576
Melons	676	50	135 %	705
Almonds	306	91	168 %	200

N.B. On average 80% of exports go the Community

(*) Different reference years used for these figures and the figures on page 7.

2) Self-sufficiency (average 1975-1976-1977)

	Spain	EEC 9	EEC 12
Apples	103 %	99 %	99 %
Pears	101 %	101 %	101 %
Peaches	105 %	101 %	105 %
Cherries	100 %	99 %	99 %
Apricots	108 %	86 %	102 %
Table grapes	103 %	100 %	100 %

It will be noted that the average level of self-sufficiency in fruit of 106%, i.e. much lower than the level of self-sufficiency in citrus fruit, which is close on 250%.

There are, however, specific problems concerning the various products mentioned at the beginning of this section.

Apples

The varieties involved are Golden Delicious and Starking, accounting for 42% and 21% respectively of Spanish production. Most of the orchards are situated along the French border, in the provinces of Lerida and Gerona.

The Community market is at present protected to some extent by the reference price mechanism. The dismantling of this mechanism for apple imports from Spain might lead to surpluses arising in the Twelve and place a burden on the machinery for supporting apple prices.

These problems also apply to pears.

Peaches

The accession of Greece (one of the world's largest peach producers) and Spain will mean an increase in the quantity of peaches available on the Community market, which will far exceed domestic consumption. Any increase in Spanish output will only add to the Community surplus.

Could a grubbing policy be effective enough to control peach production in the coming years?

Table grapes

The removal of the restrictions introduced to prevent the Spanish from selling their table grapes on the Community market is the main problem we shall be confronted with here.

Bananas

The problem here is quite specific to Spain. The Spanish Government reserves the Spanish market for bananas from the Canary Islands by imposing draconian restrictions on all imports from third countries.

The high cost of these bananas, at present subsidized by the Spanish authorities, means that after enlargement they will not be able to withstand competition from West Indian bananas, once the import restrictions have been lifted. It is therefore likely that steps will be called for by the Spanish to preserve the preferential Spanish outlet for Canary Islands bananas.

Almonds, walnuts and hazelnuts

The main problem here is the one mentioned in connection with citrus fruit, namely the EEC's special relations with other Mediterranean countries. Nuts account for 12% of Turkey's export earnings and the bulk of Turkey's nut exports go to the Community. However, with the accession of Greece, Spain and Portugal, the Community's level of self-sufficiency will rise from 50% to 100% for certain varieties. This will mean that the countries that traditionally export to Europe will have problems in finding outlets for their products.

Vegetables

Spain is one of the world's largest vegetable producers. Vegetables account for about 12.5% of the output of agricultural end products (equivalent to the figure for fruit).

a) Some figures

1) Production and exports

('000 t)

	Production 1978	Exports 1978	% of EEC 1978 prod.	Production 1978
Tomatoes	2,223	201	42 %	2.050
Onions	996	201	59 %	905
French beans	224	20	29 %	203
Cucumbers	213	57	29 %	-
Garlic	212	11	239 %	215
Artichokes	377	30	51 %	348

N.B. : On average 90% of exports go to the Community

2) Self-sufficiency (average 1975-1976-1977)

	Spain	EEC 9	EEC 12
Tomatoes	110 %	94 %	99 %
Onions	120 %	85 %	98 %
French beans	109 %	97 %	99 %
Potatoes	102 %		

Tomatoes

The Nine's degree of self-sufficiency has risen to around 94% since the considerable development of production in Italy. Spanish tomato exports will basically compete in the winter months with the traditional imports from third countries (particularly Morocco) and production under glass in the Community. This will mean considerable surpluses, which will exert downward pressure on prices.

The maintenance of equilibrium on the tomato market, as on the markets for other products such as onions, French beans, aubergines and cucumbers, will depend on how Spanish production develops in the future. There are two factors that could boost output in Spain :

- the higher prices on the Community market (particularly for out-of-season produce);
- the removal of qualitative and quantitative restrictions on imports of Spanish produce into the Community; these restrictions coincide generally with times of high production in Spain;

To prevent the development of a surplus, these two factors will have to be taken into account when rules are laid down to regulate the vegetable market.

Position of the Spanish socio-economic interest groups

A number of corrections must be made to the ESC's comments, which will be analysed sector by sector.

Citrus fruit

It must be pointed out that the area used for the production of citrus fruit will remain more or less the same over the coming years since the natural, technical and commercial conditions whereby it could be expanded do not obtain. Similarly a limit has been reached in the cost of water for irrigation and in the maximum exploitation of the climate, confirming the impossibility of any increase.

Spanish production of citrus fruit levelled off ten years ago because of the regions affected by tristeza disease. The work of replanting is slow and costly and the new varieties replacing those affected by the disease have a lower yield per tree and area cultivated.

The ESC's report refers to the economic difficulties which Spain's accession will cause through the increased supply of small citrus fruit. This view is not correct inasmuch as the increased production of mandarins is offset by a decrease in the production of oranges, seeing that there is practically no change in the area under cultivation. Furthermore, exports of citrus fruit to the Community will not really be in competition with its Member States since the Community is not self-sufficient in this sector. Not even Spain's accession can make the Community self-sufficient; therefore our entry cannot disturb or imbalance the market.

a) Oranges

The information on which the ESC must have based its study is very different from that produced by this body. In 1979/1980 Western Europe imported 1,839,000 t of oranges of which Spain supplied 786,000 t, Italy 118,000 t and Greece 9,000 t.

In 1978/1979 Western Europe imported 1,817,000 t, of which Spain supplied 820,000 t, Italy 95,000 t and Greece 35,000 t.

In 1977/1978 the Community imported 1,940,000 t, of which Spain supplied 853,000 t, Italy 120,000 t and Greece 58,000 t.

b) Small citrus fruit

1979/1980: total Western European imports: 847,000 t, of which Spain supplied 621,000 t and Italy 7,000 t.

1978/1979: Community imports: 779,000 t of which 593,000 t came from Spain and 5,000 t from Italy.

1977/1978: Community imports: 797,000 t, of which Spain supplied 595,000 t and Italy 9,000 t.

These figures reveal a gradual reduction in the export of oranges and a proportional increase in sales of small citrus fruit (mandarins, satsumas, clementines, etc.). To infer from this that the outlook after Spain's accession is not as healthy in the mandarins as in the oranges sector is, as far as the trade is concerned, totally inadmissible. It is a fact that the market wants satsumas and clementines and is willing to pay much more for them than for oranges. On the Community market especially a ceiling has yet to be reached for the consumption of satsumas and clementines.

c) Lemons

According to the ESC's study a surplus of 100,000 t is forecast for 1985, not taking into account exports further afield to the Eastern Bloc countries. Proof that such surpluses do not exist lies in the fact that during the last decade the United States has exported lemons to Europe in quantities varying between 80,000 and 100,000 t per year.

This sector, taken as a whole, is not going to create any problems of surpluses in the Community; very much to the contrary, since the self-sufficiency level of the Community of Twelve will improve with the accession of Spain.

In any case, the potential for lemon production in Spain is limited by climatic conditions and the lack of suitable land for expansion. For several years, and without any official aid, restructuring has led to an increase in the production of clementines and lemons and a decrease in the production of mandarins with seeds, blood oranges and "blancas" (oranges used for making juice).

Finally it is regarded as totally proper and necessary that, at least from the moment the Accession Treaty is signed, the EEC should apply to Spain the same customs duties as those applied to third countries enjoying most-favoured-nation treatment.

Non-citrus fruit

a) Apples

If we deduct from total Spanish apple production those quantities which are not marketable and those for the production of cider, the remainder barely covers domestic consumption : besides, spring frosts are very frequent. Exports are confined to early apples in small quantities, absorbed almost entirely by the EEC. By the same token our imports are supplied by the Community market. Spain's membership of the EEC will not only reduce any apple imports from non-member countries, but will also increase imports from the EEC in those years when the crop is affected by frosts.

b) Pears

Total pear production in Spain is falling. We export early varieties to the EEC at the beginning of the year and when there are shortages we import winter pears. All this, plus the fact that there is scope for expansion of the Spanish market, means that accession to the EEC may be regarded as a stabilizing factor.

c) Peaches

The ESC document states that Spain has 105% self-sufficiency in peaches; this is erroneous. The situation is in fact as follows : prices are very high because of inadequate supplies; demand is shrinking because of the prices, resulting in an apparent self-sufficiency and a reduction in the quantities of fruit used for processing; exports are confined almost entirely to early varieties.

We would therefore assert that the Spanish market can absorb substantial additional quantities of peaches, late varieties in particular. This means that Spanish production will be complementary to Community production. Furthermore, surpluses caused by Greece's accession are not of the same varieties as those grown in Spain. Not only will Spain's membership not create new problems, but it will help to relieve the current problems of the Community of Ten.

d) Bananas

As indicated in the ESC document, the problem here is specific to Spain, which is a major producer of bananas (480,000 t in 1980) and a major consumer (12.5 kilos per capita in 1980). Banana production is concentrated in the Canary Islands, with an area of 11,000 hectares under cultivation.

In fact the Spanish Government reserves the Spanish market by law for bananas from the Canary Islands and does not permit imports from third countries. Although production costs are high, this fruit receives no subsidies whatsoever from the authorities.

The EEC has a low level of self-sufficiency in bananas. This situation will continue since Spain will not pose any problems in view of the level of domestic consumption.

Vegetables

a) Tomatoes

The EEC's current level of self-sufficiency given in the ESC document is an annual, aggregate figure. Community consumption in the autumn and winter is maintained by imports, mainly from Spain.

Nor is the considerable development of production in Italy affected by Spanish imports since Italy does not harvest tomatoes in autumn/winter and imports them from Spain.

Fears for the future would seem to be groundless since Spanish production will in some measure be complementary to that of the Community. Furthermore, account must be taken of the additional cost of transport, with refrigerated lorries and ships, which will largely balance out the cost of heating glass houses in northern Europe.

Wine

Economic analysis

Though Spain has the largest area under vines in the world (1.6 million hectares), it is only the world's third largest producer. Between 1973 and 1977 its annual output of wine-making quality averaged 32 million hl.

There are several reasons for this :

The exact area under vines, except in "appellation controllée" regions, is not known. In general, Spanish wine growers tend to over-assess their areas under vines and under-assess the quantities produced. Thus it is difficult to compile reliable statistics.

The ban on irrigation and the poor soil explain the low yields obtained by Spanish wine-growers. While the average Community yield is around 6,000 kg/ha, the figure for Spain is only 2,320 kg/ha.

Some figures on wine production and the level of self-sufficiency

Average 1970/71-1978/79	EUR 9	GREECE	EUR 10	SPAIN	EUR 11	PORTUGAL	EUR 12
Imports	6.1	0.1	6.2	0.1	6.3	0.2	6.5
Production	144.3	4.8	149.1	28.9	178.0	9.3	187.3
Total supplies	150.4	4.9	155.3	29.0	184.3	9.5	193.8
Intervention distilling	5.1	0.1	5.2	0.5	5.7	-	5.7
Exports	4.0	0.6	4.6	2.6	7.2	1.7	8.9
Wine processed and losses - incl. spirits	14.1	-	14.1	4.0	18.1	0.6	18.7
Stock variations	- 1.0	+ 0.8	- 0.2	+ 0.5	+ 0.3	- 0.9	- 0.6
Direct human consumption	128.2	3.4	131.6	21.4	153.0	8.1	161.1

No doubt, the production of Spanish wines will not increase to any great extent in the coming years, mainly because of the ban on irrigation. Spain can be reliably said to have production potential at the moment of around 40 million hl. This overlooks the effect which the alignment of Spanish prices on Community prices might have, but it does take into account the relatively poor quality of the soil in some areas and the Spanish tradition for mixed planting with other crops. However, since there is a wine surplus in Spain, exports of Spanish wines and of Greek and Portuguese wines will increase the Community's level of self-sufficiency.

Market balance might, however, be restored by influencing consumer demand.

It is expected that per capita wine consumption in the Community will go up from 47 to 51 litres per annum between now and 1985. This will be the net result of a drop in consumption in France and Italy and a fairly substantial rise in consumption in the other countries that now consume less. An increase in Spanish consumption is also expected. It should be noted that, if Spanish wine consumption remains stationary at the present level of 63 l/ha/year, exports of Spanish wines will by 1985 have risen to 10 million hl as compared with the figure of 6 million hl forecast on the basis of a normal increase in consumption.

After enlargement, seven of the twelve Member States will be wine producers. It should therefore be easier to get the non-wine producing countries to alter their taxes on alcohol. Any harmonization of or reductions in excise duties will stimulate wine consumption in Europe.

There is another problem which has to do with the imbalance between white wines (60% of Spanish production) and red wines (40%).

(in '000 hl)

	1977	1978
Table wines ("appellation d'origine contrôlée" type)		
white	5,139	7,992
red	2,959	3,927
rosé	1,504	2,102
Other table wines		
white	3,838	6,380
red	2,173	2,643
rosé	1,940	1,676

In order to dispose of this large quantity of white wine in relation to the volume of red wine, the Spanish are obliged to engage in coupage. However, when Spain joins the Community, it will be necessary to ban this practice.

The repercussions will be two-fold : firstly, there will be a surplus of cheap white wine, which will depress Community prices, and secondly, there will be a demand for red wine in Spain, which will benefit growers in the South of France and Italy.

Position of the Spanish socio-economic interest groups

Spain has the largest area under vines in the world, although this area has remained very stable and even tended to decrease in recent years. Yields are low because of a long-standing policy of limiting planting to dry, infertile areas. This must be rated a very positive policy since it limits production to wines which have an adequate alcoholic strength, which are well balanced and have a good colour.

There is no proof to claim that Spain tends to over-assess the areas under cultivation; there is in fact a viticultural land register which gives the exact area under vines and which is more complete than those in other Community countries. The underassessment of the quantities produced may have been true in the past but is not so today, one reason being the system used in Spain for regulating the wine-growing and alcohol-production year.

The figure for potential wine production seems high to us; in our view the average potential should be 35 million hectolitres. Undoubtedly the consumption of wine could be increased slightly in Spain, which would help to eliminate Community surpluses. The Spanish delegation also endorsed the need for non-wine producing countries to alter their taxes so that they no longer act as a curb on consumption.

We consider that there is absolutely no justification for the objections regarding the mixing of white and red wine. In Spain it is traditional to drink rosé wine; this is accepted by the consumer and in our view is quite in keeping with the production of natural wines.

Cereals

	AREA (Ha)	YIELD (Q/ha) (1976/78 aver.)	YIELD as % of EEC	PRODUCTION ('000 t)	SELF- SUFFICIENCY (1975/77 aver.)
TOTAL WHEAT	2,751,700	16.2	41.8	4,806	104
- durum wheat	88,600	16.2	41.8	4,806	104
- common wheat	2,663,200	16.1	38.1	4,629	
BARLEY	3,518,900	20.0	55.3	8,068	116
MAIZE	443,300	44.4	77.5	1,969	32
RICE	68,300	60.3	143.0	401	87
ALL CEREALS					87

Plantings of common and durum wheat started to drop sharply some twenty years ago and this trend has persisted in recent years.

The average per hectare yield for wheat just exceeds 16 quintals, though in irrigated areas it rises to 32.5 quintals.

Maize yields have doubled in a dozen or so years, thanks to irrigation, and are now roughly 80% of the Community average.

Rice is the only product with a much better yield in Spain than in the Community.

The market organization for cereals in Spain consists of guaranteed prices, entry prices and State intervention.

All the maize and grain sorghum grown in Spain has to pass through the hands of an intervention agency in order to qualify for the guaranteed prices.

These guaranteed prices are higher than the user prices or entry prices (the threshold prices on cereals imported into Spain), with the State making up the difference.

Though the guaranteed price for maize is higher than the Community intervention price, it is lower than the Community threshold price.

In addition, the entry price (or user price in the case of animal feed) is 17% below the corresponding EEC price, which adheres closely to the threshold price as a general rule. In readiness for Spain's membership of the Community, it is likely that the entry price paid in Spain will be gradually brought into line with the Community threshold price so that the cost of animal feed in Spain does not rise abruptly.

The 4.4 million tonnes of maize imported by Spain at the moment come in the main from the USA and Argentina.

If Spain joins the Community, the State monopoly for the purchasing and selling of common and durum wheat will have to be dismantled and the scale of prices for the four different categories of common wheat will have to be abolished.

At the moment, the Spanish State has the power to vet the acreage of rice planted. Spanish prices for long-grain rice are very close to Community prices, but the prices for round-grain rice are much lower. Measures will have to be worked out to ensure that the ending of the State supervision of plantings and the alignment of prices do not lead to a sharp increase in the production of round-grain rice, which is already in surplus in Spain. The outlets for such rice in the Nine are limited and could only be extended at the expense of Italy, and sales on the world market would cost the Community budget a lot.

Generally speaking it is possible to imagine that, in view of the relationships between prices and yields, Spanish membership of the Community ought to boost the production of barley, durum wheat and rice and have a dampening effect on the production of common wheat. The effect it will have on maize, however, is somewhat uncertain.

Position of the Spanish socio-economic interest groups

The adoption of Community prices for cereals will entail a very substantial increase in the levy on imports of feed-grain, maize and grain sorghum which Spain imports in considerable quantities. For maize alone the levy would contribute some 30,000 million pesetas to Community funds. This would mean a substantial increase in the cost of products derived from these cereals and in animal feed. These cost increases, on top of an industrial and commercial structure which compares very unfavourably with the rest of Europe and a highly inadequate infrastructure, could have very adverse consequences for these sectors.

In the compound feedingstuffs sector there are other negative factors also, such as the large-scale use of certain substitutes (e.g. manioc) in the manufacture of compound feed in various Member States. Several Community countries are affected by these substitutes, which will affect Spain too.

Sugar

Spain produces approximately one million tonnes of sugar, mainly from beet (cane accounting for less than 2% of plantings). With its pro capita consumption of 27-29 kg (as opposed to 34-36 kg in the Nine), Spain is thus more or less self-sufficient in sugar.

Sugar beet production is concentrated heavily in three regions. The main region, where 50% of the country's total crop is grown and 70% of its growers are to be found, stretches over the north-west, certain areas of the north and the Duero valley.

Each sugar beet grower in Spain plants an average of 2.5 ha (4.8 ha in the Community).

Even though the sugar crop area declined sharply in 1979/80, it has averaged 260,000 ha in recent years, and the Spanish Government seems keen on increasing the crop area, no doubt with an eye on the negotiation of the quota to be allocated to Spain as a member of the Community. Be this as it may, Spain has now lifted the ban on the use of newly irrigated land for sugar beet and has agreed to a 14% increase in the guaranteed price for beet in 1980/81. However, this increase still falls short of what growers consider to be necessary to boost production by a substantial amount.

The sugar/hectare yield, which varies between 3.6 and 4.6 tonnes, is 70-80% of the yields registered in the EEC.

The all-inclusive price for sugar beet was 105.4% of the EEC price in 1978/79. This has been supplemented since 1977/78 by aid granted for each hectare planted to farmers who do not grow more than 200 tonnes of beet. Roughly 70% of the sugar beet crop qualifies for this aid.

It does not seem as if the overall balance between supply and demand on the Community sugar market will be upset by Spain. However, it will be necessary to ensure that the Community is not bound by any Spanish import commitments such as the ones entered into with Cuba between 1975 and 1979 in the wake of the 1974/1975 shortage. The quantities imported by Spain under this agreement, which seems to have expired at the end of 1979, varied from year to year.

Position of the Spanish socio-economic interest groups

As far as sugar production is concerned, Spain's objective is to remain self-sufficient, which has been achieved in previous years, and to build up a strategic reserve stock for times of shortage due to the uncertain harvests in the southern regions.

Spain is the only European country to produce sugar cane, which is grown on some 5000 hectares of irrigated land. This figure has remained stable for many years. The cane sugar industry is in the process of switching over to the production of distilled products and spirits used to make rum - potentially a very lucrative market in Europe. To complete the conversion it may be necessary to grant aid.

Spanish sugar beet should receive the same treatment as Italian beet. This consists in the granting of adaptation aid, the same treatment as regards premiums and reductions in the basic price of sugar beet, the intervention price for sugar and the minimum price of beet, which should apply specifically to Spain, as is the case for Italy, Ireland and the United Kingdom. It should be possible to adjust the basic quota for industries going through a restructuring phase.

It should be noted that the EEC has a structural surplus in sugar which is extremely expensive to dispose of and that under the Lomé Convention it is obliged to import sugar from various countries, thus exacerbating the surplus.

A general question mark must therefore be placed against this product until the EEC's new sugar policy guidelines - currently undergoing substantial revision - are known.

Dairy products

In 1978 there were 1,950,000 dairy cows in Spain, producing some 5.56 million tonnes of milk or 2,850 litres each on average. Spain's dairy herd in 1978 was thus 7.7% of the size of the Community herd and produced 5.2% of the milk produced in the Community, the yield per cow being 70% of that in the Community.

Dairy production in Spain is increasing at roughly the same pace as in the Nine. Only 64% of production is collected by dairies as opposed to 91% in the EEC and the average size of a dairy herd in Spain is 5.5 cows (EEC : 12.8 cows).

Although the quantities of fresh dairy produce consumed are roughly the same as in the Community, butter and cheese consumption is much lower.

There are two types of prices - "authorized prices" (pasteurized milk) and "posted prices" (processed cheese, sterilized milk, tinned milk).

Foreign trade is conducted through the State except in the case of cheese and denatured milk powder.

Producer prices are much higher than in the Community (milk : + 10 to 17%, butter : + 20.7%, milk powder : + 75.8%). Despite these price levels Spain is not yet self-sufficient (97.7% self-sufficiency for 1975-1977), no doubt on account of the relatively inefficient production structures.

The dairy sector is one of the Spanish sectors of production which could pose some very tricky problems when Spain joins the Community. The Community, which back in 1977 was already supplying 70% of Spanish dairy imports in terms of value, will not find any further major outlets for its produce in Spain unless consumption increases considerably.

Position of the Spanish socio-economic interest groups

Spain has succeeded in organizing and developing a dairy industry of some importance which enables it to be self-sufficient as far as human consumption is concerned. This progress and balance has been made possible by a dual system of protection : state-trading arrangements and relatively high customs duties.

This system of protection is needed because structurally production compares unfavourably with the present Community, while soil and climatic conditions are also more difficult; this results in higher costs which affect unit yields which are very modest by Community standards.

These higher production costs have an adverse effect on processed products, whose manufacture also reveals some structural shortcomings.

Under these circumstances, rapid integration into the European Economic Community would produce real chaos throughout the Spanish dairy sector. Hence the obvious need to take far-reaching precautions to ensure that accession is gradual and without undue pressure for this sector. Otherwise the following ill-effects are the least that can be expected :

- a reduction in the current dairy herd with the consequent adverse effect on a large number of small producers;
- closure of a substantial proportion of the dairy industry with its consequent social repercussions and effect on employment;
- a spectacular increase in State spending as Spain's contribution to the Community's policy of supporting milk and dairy product prices.

Only a minimal proportion of this massive expenditure by Spain in support of the common organization of the market will revert to the Spanish dairy sector.

Consequently it is essential that all the relevant national and Community authorities take all necessary measures to facilitate the integration of this sector by assuming responsibility for the resultant costs.

Beef and veal

Spain produces 6% of the Community's production of beef and veal, with some 1,775,000 animals being slaughtered annually. Farm structures and the poor quality of some grazing land make production difficult.

Per capita consumption in Spain is 13 kg or one half of EEC consumption.

Spain is 90% self-sufficient. Each year it imports some 50,000 tonnes, mainly from Latin America. The EEC supplies only 4-5%.

Beef and veal belong to those products for which a guaranteed price, a target price and an upper intervention price are laid down. The mark-ups on beef and veal, as on other key products consumed in the home, are also limited. Regulatory stocks are held to ensure that prices are adhered to.

Producer prices (guaranteed prices for adult animals) are slightly lower than the Community intervention price (97.8%) whereas the market prices are slightly higher (approx. 104%).

Although Spanish producer prices are slightly below Community prices, the possible increase in animal feed costs could pose problems and lead to a shift in the pattern of trade to the advantage of the Community of Nine.

Pigmeat

Production has grown rapidly over the last ten years with a 54% increase in the herd and a doubling of meat production. A large number of technical improvements have boosted output though productivity is still low by comparison with that of a number of Community countries.

There is a clear distinction between pig breeding on family holdings and pig fattening in animal-feed production areas.

Per capita consumption is still only 20.5 kg (as against 36 kg in the EEC as a whole), but it is growing strongly.

Spain is almost self-sufficient in pigmeat (94% self-sufficient between 1975 and 1977) and it imported only 15,000 tonnes of pig carcasses in 1978.

The target price is 94.1% of the Community's basic price, whereas in 1979 the market price was 109.7% of the Community's market price.

Spain runs an intervention system which finances private storage or authorizes imports, depending on the market price.

Position of the Spanish socio-economic interest groups

The main problem raised by the Spanish delegation was that of African swine fever. The Spanish spokesmen regard as unacceptable all the restrictions placed on trade in pigmeat products where these products are objectively shown to be virus-free. Nor is the restriction placed on products coming from virus-free zones acceptable. This will result in an imbalance, i.e. it will be possible to export to Spain without the logical quid pro quo of Spanish exports.

At all events it is necessary as of now to emphasize the danger which the presence of this disease in the Iberian peninsular represents for Community producers and hence the need for its immediate eradication by all necessary means.

Sheepmeat

Spain lies somewhere between the United Kingdom and France as regards the number of animals. Sheepmeat is of greater economic importance in Spain than it is in the Community as a whole.

There are no guaranteed prices but there are other incentives such as premiums for young fattening stock, private storage subsidies and export refunds. Trade is controlled by the State. Sheepmeat production is of vital importance to a

number of less-favoured regions, and Spain, with a self-sufficiency and even occasionally small surpluses for export, is likely to be unenthusiastic about imports from non-member countries, or at any rate opposed to any new concessions.

Poultry and eggs

Spain produced 785,000 tonnes of poultrymeat in 1979 (700,000 tonnes in 1976), including 700,000 tonnes of chicken and 10,000 tonnes of turkey. It also produced 580,000 tonnes of eggs.

Poultrymeat production in Spain used to be a basically farm-based activity but is now highly modernized. Chickenmeat in particular is produced in up-to-date factory units and - in frozen form - is largely destined for the tourist trade.

Spain today has a per capita egg consumption of 16 kg and a per capita poultrymeat consumption of 22 kg (compared with 18 kg in 1976). There is a slight surplus of eggs - with some exporting to North Africa - and the country is virtually self-sufficient in poultrymeat.

A P P E N D I X 1

LIST OF SPANISH SOCIO-ECONOMIC INTEREST GROUPS

- | | |
|--|--|
| 1. FEIAB | Spanish Federation of Food and Beverages Industries |
| 2. CNJA | National Young Farmers' Centre |
| 3. CNAG | National Confederation of Arable Farmers and Stock-Raisers |
| 4. UFADE | Union of Spanish Farmers' Federations. |
| 5. CONCA | Confederation of Chambers of Agriculture |
| 6. APAS | National Federation of Farmers' Groups |
| 7. COAG | Coordinating Body for Organizations Arable Farmers and Stock-Raisers |
| 8. Management Committee for the Export of Citrus Fruit | |
| 9. Cooperatives (Lechera del Cadi) | |
| 10. National Federation of Wine Exporters | |
| 11. UNACO | National Union of Cooperatives |
| 12. GRUPEX | Spanish Olive Oil Exporters' Group |
| 13. CC OO | Confederation of Workers' Committees |
| 14. ELA - STV | Basque Workers' Front |
| 15. OCU | Consumers' and Users' Organization |
| 16. FTT | Federation of Agricultural Workers |
| 17. UGT | General Union of Workers |
| 18. CREP | Banana, Tomato and Cucumber Export Committees |

APPENDIX 2

SPAIN'S AGRICULTURAL IMPORTS

	WORLD	%	of which EEC 9	EEC 9/ WORLD %
Total agr. imports	2,346.3	100	239.1	10.2
Oilseeds and olea- ginous fruit	496.7	21.2	10.2	2.1
Cereals (including maize)	480 (393)	20.5 (16.8)	0.5 (0.1)	0.1 -
Coffee, tea, spices	403	17.2	3.6	0.9
Fish, crustaceans	123.8	5.3	43.3	35.0
Tobacco	112	4.8	0.7	0.7
Meat and offals	84.7	3.6	3.5	4.3
Sugar, syrup	70.9	3	6.9	9.8
Dairy produce	68.2	2.9	47.1	69
Fats and oils	67.2	2.9	10.8	16.2

APPENDIX 3

SPAIN'S MAIN SUPPLIERS

As a percentage of total agricultural
and food imports

- United States	:	35	%
- Argentina	:	12	%
- Brazil	:	8.2	%
- United Kingdom	:	3.2	%
- Cuba	:	2.8	%
- Colombia	:	2.5	%
- Netherlands	:	2.5	%
- France	:	2.3	%
- Mexico	:	2.1	%
- Ivory Coast	:	2	%

APPENDIX 4

SPAIN'S AGRICULTURAL EXPORTS

	World	%	of which EEC 9	EEC 9/ World %
TOTAL	1,824.3	100	1,066.6	58.5
Fresh fruit	472.5	25.9	389	82.3
Preserved fruit and vegetables	300.9	16.5	127.1	56.5
Beverages	225.1	12.3	157.9	52.5
Fresh vegetables	202.6	11.1	165.5	81.7
Fats, oils, olives	200.9 121.1	11 6.6	65.3 43.4	32.5 35.8
Fish and crustaceans	123.7	6.8	49.3	39.8
Meat and fish preparation	83.3	4.6	21.3	25.7
Coffee tea, spices	35.7	2	12.8	35.9

APPENDIX 5

Excerpts from a speech made by the Spanish Minister of Agriculture, Mr Jamie Lamo de ESPINOSA, during a debate in the Spanish Lower House on 6 June 1979.

The government also intends taking the following action :

1. Giving support to family farms and cooperatives so that arrangements governing cooperatives for the joint exploitation of land and farm produce processing societies can be adopted shortly.
2. Giving encouragement to stockraising in mountainous regions by amending the legislation on grassland, pastures and stubblefields so as to allow maximum utilization of national resources and a reduction in imports.
3. Drawing up a plan for total utilization of continental waters with a view to maximizing production of fish-based protein meal for animal feed purposes and reducing unnecessary imports.
4. Giving a decisive stimulus for the setting-up of food production and processing industries (on account of their lower investment per job, their low energy consumption and their optimum utilization of waste from arable farming and stock-raising) and for marketing by farmers themselves in order to cut out superfluous middlemen.

Participation by arable and stock farmers on an individual basis or through forms of association will be of prime importance here, since action will have to be taken at agricultural regional level in order to achieve maximum socio-economic profitability.

5. Adapting the quality of agro-food products to the rising requirements of consumers through the introduction of designations of origin and quality labels and intensification of the fight against food frauds.
6. Gearing agricultural research and vocational training towards obtaining a maximum added value of biological origin in farming, seeking Spanish solutions to Spanish problems, obtaining better plant propagation materials, intensifying the fight against natural pests, continuing the efforts aimed at genetic improvement and safeguarding our heritage of indigenous species and races, with monitoring by regional supervisory committees in which arable and stock farmers directly participate.
7. Developing vast agricultural and forest areas that are at present under-exploited so as to encourage energy crops, exploiting the energy and food potential of many agricultural by-products and residues, given the medium and long-term profitability of recovery processes in the agricultural sphere.
8. Giving priority to public investments in depressed rural areas (health, education, irrigation, roads, telephones and rural electrification) in the allocation of budget resources.

In the medium term it must be made clear that this entire body of decisions must be planned and subjected to permanent review in the light of the decisions arising out of our entry into the EEC. In this context Spanish agriculture will have to confront one of the most interesting and splendid tasks it has had to deal with this century. Mutual adaptations will be called for in this integration. The EEC will have to find a *modus vivendi* with two new Member States, as it has done recently in the case of Greece. Mediterranean agriculture will call for new responses, and Spanish agriculture will be in a more comfortable position vis-à-vis the EEC.

European integration involves risks and will require of us all kinds of adaptations going far beyond the small or large divergences that may arise in the specific sphere of agricultural negotiations. In the negotiations nothing will be sacrificed in the agricultural sector, although the sector cannot continue to be a source of difficulties if it is to be competitive. It must therefore be said that decisions have been taken in the course of the past year which prepare the way for accession, that measures have been adopted that will enable Spanish agriculture to move more easily towards the Community. It is nevertheless certain that the measures already taken are not enough. In the long term there will inevitably have to be a progressive rapprochement between our farming industry and that of the EEC aimed basically at developing the areas in which we complement each other and at alleviating the difficulties and drawbacks in the areas where we compete with each other. I have therefore pleasure in announcing that under the new plans for Spanish agriculture the government is to take the following action :

1. Drawing up and discussing with all the representatives of the sectors concerned a set of basic agricultural regulations setting out objective market behaviour rules, the only annual variable being the prices in all cases. State trading would disappear with the putting of agricultural imports into private hands, it being understood that the administration would at all events maintain the safeguard clauses needed to ensure protection for arable and stock farmers. Bearing in mind that the CAP is basically a production policy, these regulations would be similar to those of the Community. In this way our agricultural policy could be adapted to that of the EEC.
 2. Giving temporary, transitional support, until complete integration is achieved, to the sectors in difficulty on account of the EEC tariff discrimination they suffer vis-à-vis third countries enjoying tariff preference.
 3. Integrating aid measures through credits and subsidies to farms under individual modernization plans in accordance with Community Directive 159/72.
 4. Continuing aid to private individuals turning land into irrigable land, this action being similar to that under EEC Regulation 1362/78 concerning programmes for the guidance of irrigation works in the Mezzogiorno.
 5. Intensifying action relating to the fight against erosion, reforestation and forestry in general, which comes under EEC Regulation 269/79 establishing a common measure for forestry in certain Mediterranean areas.
-

European Communities - Economic and Social Committee

Agricultural Aspects of the Enlargement of the Community to include Spain

Own-Initiative Opinion of the Economic and Social Committee

Brussels: General Secretariat of the Economic and Social Committee

1981 - 107 pages

DA, DE, EN, FR, GR, IT, NL

Compliance with the underlying principles of the CAP; concrete solutions to the problem of surpluses, changes in trade flows and the budget posed by the future enlargement; concrete solutions to the problems expected in the wine, fruit and vegetable, and olive oil sectors. Broadly, these are the recommendations of this Own-initiative Opinion. Needless to say, social groups and economic interests in Spain were closely involved in the preparatory work.

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