

European Community



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INFORMATION NOTE

EC'S ENLARGEMENT: POLITICALLY "YES", ECONOMICALLY "BUT"

Commission Outlines Overall Problems, Solutions

Canadians can expect to see Greece, Spain and Portugal join the present nine-nation European Community during the next decade.

Their formal membership applications should proceed with speed and determination, says the EC Commission in a paper to the EC Council of Ministers giving its "Overall Reflections on Enlargement Problems". In its initial discussions on the paper on 2 May, the Council confirmed the Commission's position as politically desirable, although some concern was voiced about the need to solve the internal problems of the present nine member states prior to enlargement.

The Commission's "fresco", presented by Lorenzo Natali, the EC Commissioner responsible for enlargement, stresses that the accession of these new members involves many economic and institutional difficulties. The Commission agrees, however, that the political case for enlargement is overwhelming and outweighs any temporary difficulties it may entail. In other words, the problem that remains is how to resolve the dilemma between the political "yes" with the economic and institutional "but".

The Community could not honourably refuse the applications of these three European democratic states, and is indeed committed to enlargement by the Rome Treaty setting up the European Economic Community, which calls "upon the other peoples of Europe who share their ideal to join in their efforts". This basic EC need to support and develop democracy is an overriding one and is the goal for which Europeans must be prepared to endure some economic hardship, both within the Community and in the applicant states. Nonetheless, the "fresco" clearly outlines the risks and difficulties entailed in the accession of Greece, Spain and Portugal. Among them are:

Agriculture: Enlargement will increase the number of people employed in agriculture by 55 per cent, the area under cultivation by 49 per cent and production by 24 per cent. Existing surpluses of such Mediterranean products as wine, olive oil and certain fruits and vegetables will increase, although the new members will provide outlets for other produce now in surplus, such as meat and dairy products. The Common Agriculture Policy must not lead to new surpluses in the applicant countries.

Industry: Certain developing industries in the three applicant states are concentrated in sectors already in difficulty in the Nine, such as textiles, footwear, steel and shipbuilding. The applicants will have to accept some discipline in industrial development. The "fresco" emphasizes that coordination of industrial policies must begin immediately, along with a restructuring of declining industries in the existing Community.

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Social Aspects: The 12 countries today have more than 7.5 million unemployed, and the number will increase as workers leave the land and declining industries, and as millions of young people seek jobs. Although the free movement of labour must be ensured, a phasing-in period coupled with an adequate regional policy to create jobs on the spot, may be necessary.

Institutions: To prevent paralysis of the EC decision-making machinery, the "fresco" urges more use of majority voting in the Council of Ministers, and suggests that the Commission consist of only one member from each country, thus requiring Britain, Germany, France and Italy, which now have two Commissioners each, to accept the same representation as the smaller partners. On the basis of population the European Parliament would allocate 24 seats to Greece and Portugal and 58 to Spain.

Transitional Period: The "fresco" recommends that the period of transitional membership required for the full assumption of the obligations of accession cannot be less than the five years accorded to Britain, Denmark and Ireland in 1973, and will almost certainly be more because of the applicants' less developed economies. But the process must take no more than ten years. In the case of Greece, the transitional period may commence at the beginning of 1981, by which time substantial progress should have been made in negotiations with Spain and Portugal. The timetable should be flexible and could vary with the prevalent economic situation, both on the European and international level.

A two-stage process of transition is prescribed. During the first five years, the applicant countries would be expected to move as far as possible towards fully carrying out EC policies; thereafter, the Council would review progress in each sector and determine extensions, if necessary, within the overall ten-year limit. The Commission says applicant countries should participate fully in the EC institutions throughout the entire transitional period.

Presenting the Commission document to the press, Mr. Natali stressed that the key to successful enlargement is optimal economic growth within the EC and the candidate countries, linked to an ordered programme of sectoral adjustment. To this end, the Community should, in concert with the European Investment Bank, provide aid to specific sectoral projects and joint ventures in the three applicants. In addition, special assistance should be given to Portugal because of that country's low level of economic development, and should be maintained even after accession.

Relations with the Rest of the World

Enlargement will reinforce the EC's world role and demands a greater cohesion amongst member states and close cooperation on all aspects of external policy. The Mediterranean area will feel the most strain, and the EC should seek new arrangements with countries in that area, particularly with Turkey, whose Association Agreement foresees eventual membership.

Despite all these considerable economic and political problems of enlargement, the "fresco" recommends that the process be instituted as soon as possible, for although the result will inevitably be a very different Community, it is an indispensable stage in the realization of the objectives of the Rome Treaty.
