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INTERIM REPORT

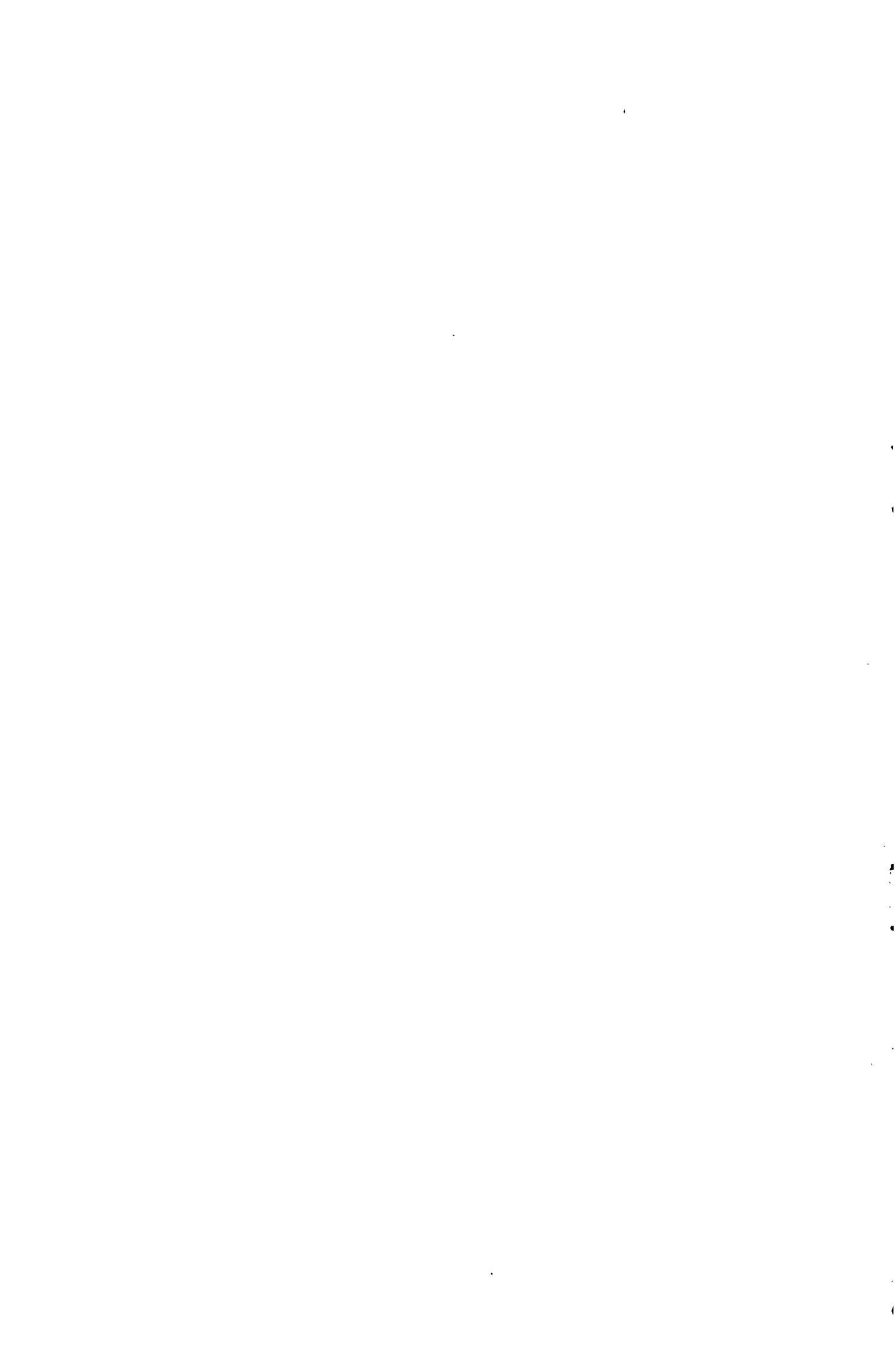
drawn up on behalf of the Political Affairs Committee
on the enlargement of the Community to include Spain
and Portugal

Rapporteur: Lord DOURO

OR: FR/EN/IT

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English Edition



The European Parliament referred the following motions for resolutions to the Political Affairs Committee pursuant to Rule 47 of the Rules of Procedure:

- 13 February 1980, a motion for a resolution tabled by Mr MULLER-HERMANN and others on Community policy on the Mediterranean in the context of enlargement (Doc. 1-771/79)
- 23 May 1980, a motion for a resolution tabled by Mr COPPIETERS on the representation of the governments of the Basque country and Catalonia at the negotiations on the accession of the Kingdom of Spain to the European Community (Doc. 1-190/80)
- 15 September 1980, a motion for a resolution tabled by Mr VAN MIERT on the enlargement of the Community to include Spain and Portugal (Doc. 1-375/80)
- 14 October 1981, a motion for a resolution tabled by Mr BANGEMANN on the enlargement of the European Community to include Spain and Portugal (Doc. 1-570/81). The Committee on Budgets has been asked for an opinion on this motion for a resolution.

At its meeting of 3 and 4 December 1980, the Political Affairs Committee decided to draw up a report on this subject.

On 22 January 1981 Lord DOURO was appointed rapporteur.

The following committees were authorized to deliver opinions on this report:

- the Committee on the Environment, Public Health and Consumer Protection, by letter of 29.10.1981,
- the Committee on Regional Policy and Regional Planning, by letter of 5.11.1981,
- the Committee on Development and Cooperation, by letter of 5.11.1981,
- the Committee on Youth, Culture, Education, Information and Sport, by letter of 24.11.1981,
- the Committee on External Economic Relations, by letter of 11.12.1981,
- the Committee on Transport, by letter of 18.5.1982,
- the Committee on Energy and Research, by letter of 29.6.1982,
- the Committee on Economic and Monetary Affairs, by letter of 9.7.1982,

- the Committee on Social Affairs and Employment, by letter of 9.7.1982.

Given that Parliament must hold a ratification debate when the negotiations have been completed, it has been agreed that this report would be of an interim nature.

The committee considered the draft interim report at its meetings of 21 to 23 April 1981, 23 to 25 June 1981, 23 to 25 September 1981, 26 to 28 May 1982, 23 to 25 June 1982 and 22 to 24 September 1982.

At the last of these meetings the Political Affairs Committee adopted the motion for a resolution herewith unanimously.

The following took part in the vote: Mr Rumor, chairman; Mr Haagerup, first vice-chairman, Mr Fergusson, third vice-chairman; Lord Douro, rapporteur; Mr Antoniozzi, Mr Barbi, Mr Bournias, Mr Cariglia, Mr Croux (deputizing for Mr Deschamps), Mr B. Friedrich, Mrs Gaiotti de Biase (deputizing for Mr von Hassel), Mr Habsburg, Mr Israel (deputizing for Mr de la Malène), Mr Jaquet, Mr Klepsch, Mr Kyrkos (deputizing for Mr Marchais), Mr Lalor, Mr Mommersteeg (deputizing for Mrs Lenz), Lord O'Hagan, Mr d'Ormesson (deputizing for Mr Diligent), Mr Pelikan (deputizing for Mr Zagari), Mr Penders, Mr Plaskovitis, Mr Prag (deputizing for Lord Bethell), Mr Romualdi, Mr Schall, Sir James Scott-Hopkins, Mr Seefeld (deputizing for Mr Hänsch) and Mr Walter (deputizing for Mr Schieler).

The opinions of the Committee on Economic and Monetary Affairs, the Committee on Energy and Research, the Committee on External Economic Relations, the Committee on Social Affairs and Employment, the Committee on Transport, the Committee on the Environment, Public Health and Consumer Protection, the Committee on Youth, Culture, Education, Information and Sport and the Committee on Development and Cooperation are attached to this interim report.

Mr B. De Pasquale, chairman of the Committee on Regional Policy and Regional Planning, stated in a letter of 22 June 1982 that his committee had expressed the desire that the report by Mr Pöttering on a 'Mediterranean plan' for the benefit of Mediterranean countries belonging to the European Community and the applicant countries Portugal and Spain on the basis of a Council regulation should be considered as the opinion of his committee for this interim report. It has therefore been attached to it. Mr De Pasquale specified, however, that Mr Pöttering would present his committee's opinion orally in plenary sitting.

The Committee on Budgets decided not to give an opinion.

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The Political Affairs Committee hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on the enlargement of the Community to include Spain and Portugal

The European Parliament,

- A considering that the Community's duty is to welcome all European states which apply the principles of a pluralist democracy and observe human rights and civil liberties,
- B considering the applications for accession to the Community made by Portugal on 28 March 1977 and by Spain on 28 July 1977 and the negotiations relating thereto,
- C considering that the Community has, since its inception, been enlarged twice and has thus enhanced its political and economic influence in the world,
- D considering that in the context of these two enlargements it is vital that the Community, whilst preparing to welcome two new members, should at the same time strengthen its internal cohesion with regard to common policies and its institutional decision-making system,
- E recalling its previous viewpoints on this question and particularly its resolutions of 18 January 1979, 9 May 1979 and 19 November 1981,
- F having regard to the interim report of the Political Affairs Committee and the opinions of the Committee on Economic and Monetary Affairs, the Committee on Energy and Research, the Committee on External Economic Relations, the Committee on Social Affairs and Employment, the Committee on Regional Policy and Regional Planning, the Committee on Transport, the Committee on the Environment, Public Health and Consumer Protection, the Committee on Youth, Culture, Education, Information and Sport and the Committee on Development and Cooperation
(Doc. 1-658/82)

Political and Institutional issues

1. Reaffirms the great importance that membership of the Community should be open to countries like Spain and Portugal which share with the present Member States the principles of democracy and individual freedoms;
2. Reaffirms therefore the political will, which it has expressed on many occasions, that Spain and Portugal should join the Community by 1 January 1984 at the latest;
3. Regrets that the European Council decided to ask the Commission to review again the main problems of accession which will inevitably delay the negotiations. Also regrets the attitude of certain Member States towards this enlargement;
4. Nevertheless urges the Commission and the Council to use every possible means to ensure that the negotiations for accession are completed by the end of 1982 so that the ratification procedures can be completed in 1983. This can only be achieved if the frequency of meetings is increased;
5. Decides to hold a ratification debate after the treaties of accession have been signed;
6. Insists that the treaties of accession should contain firm commitments by the applicant states to respect 'l'acquis communautaire', including achievements in the area of political cooperation;
7. Recognizes that enlargement will create new differences in economic levels within the Community which will increase the importance for the Community to develop suitable policies to help the poorer regions of the Community;
8. Approves the financial help which the Community has given to Spain and Portugal to adapt their economies and believes there are sound arguments for this to be increased;
9. Believes the transitional arrangements must be clearly defined in the treaties of accession, but recognizes that they could be of long duration;

10. Calls for the fullest consultation between the Community and the applicant states on all new Community policies and economic policy decisions which the applicant countries wish to take;
11. Requests the Foreign Ministers meeting in political cooperation to ensure close consultation with the applicant states until the signing of the treaties of accession;
12. Requests the Foreign Ministers meeting in political cooperation to include Spain and Portugal as soon as the respective accession treaties have been signed;
13. Underlines the important role which Spain and Portugal can now play in strengthening relations between the EEC and Latin America;
14. Requests the Spanish and Portuguese governments to ensure that the Spanish and Portuguese seats in the European Parliament are filled by directly elected members from the date of accession or as soon thereafter as is practicable;
15. Agrees that Spain should have 58 members of the European Parliament and Portugal 24 members;
16. Agrees that there should be two Spanish members of the Commission and one Portuguese member until such time as the whole Commission may be restructured;
17. Agrees that Spain should have 8 votes in the Council and that Portugal should have 5 votes.
18. Requests the governments of the applicant states and the institutions of the Community to ensure that nationals of the two applicant states are recruited in sufficient time to ensure that their appointments to fill the appropriate posts in the institutions are in effect on the date of accession;
19. Requests the chairmen of the Parliamentary Committees to invite members of the Spanish and Portuguese Parliaments to attend Committee meetings between now and the accession date when there are items on the agenda of particular concern and interest to the applicant countries;

Trade issues

20. Welcomes the fact that enlargement will lead to a great increase in the commercial links with the Spanish and Portuguese speaking countries, particularly in Latin America and Africa;
21. Concludes that the next enlargement of the Community will not pose any major problems as far as the industrialized countries are concerned;
22. Believes that the abolition of protectionist tariffs and non-tariff measures particularly in Spain will considerably increase the export opportunities for manufactured goods from the present Member States. This will also apply to some exports from ACP countries and Mediterranean States. At the same time the expected increase in per capita consumption will create a substantial rise in domestic demand for manufactured goods;

Effects on other Mediterranean countries

23. Is concerned that enlargement will directly affect imports from other Mediterranean countries with whom the EEC has trade agreements. The countries principally affected being Cyprus, Malta, Morocco, Tunisia and Israel and to a lesser degree Turkey and possibly Yugoslavia; whilst Algeria, Egypt, Jordan, Syria and Lebanon will only be indirectly affected. In 1978 these countries had a trade deficit with the Community of 9,000 million ECUs. Any drastic reduction in access to the Community for exports from these countries could produce a serious commercial and political shift towards the Communist block. Any serious curtailment of export earnings for these countries could carry with it a reduction in political stability;
24. Considers that certain changes may be needed in these bilateral agreements so that the countries concerned can adjust their trading patterns and so that the Mediterranean countries of the enlarged Community do not have to bear the burden of these Community responsibilities;
25. Points out that Portugal and Spain are seriously affected by the world economic crisis and that their unemployment figures, rates of inflation and balance of payments deficits are considerably higher than the Community average;

Economic and industrial aspects

26. Points out that Portugal will be the least developed Member State of the Community which will make new demands on the Regional and Social Funds. However, Portugal's membership of EFTA has accustomed it to a considerable liberalisation of tariff barriers;

27. Recognizes however, that Spain already has a large industrial capacity in certain sectors where the Community already has structural problems. These include ship-building, steel, automobiles and footwear. In addition, with Portugal, there is a substantial textile industry.
28. Is conscious that the dismantling of a highly protected market in Spain will have serious effects on a number of firms who may not be able to survive;
29. Considers that the Spanish Peseta and the Portuguese Escudo should join the EMS exchange rate mechanism, which Great Britain and Greece should also join just as they participate in, and benefit from, other European mechanisms, from the date of accession.
30. Recognizes that the liberalisation in the rules concerning the movement of capital will enhance the investment opportunities for Community investors in the applicant countries;

Development aspects

31. Believes that the Member States of the Lomé Convention should be kept fully informed of the negotiations with Spain and Portugal pursuant to Article 181 of the Lomé Convention II;
32. Believes that in addition to Cap Verde and Guinea-Bissau who are already members, certain countries from the Spanish and Portuguese speaking world in Central America, the Caribbean and Africa could become signatories of the Lomé Convention if they wish to;

Cultural and educational aspects

33. Recognizes the strong cultural ties between the Community of Ten and the two applicant countries. Also recognizes the strong cultural bond between the Iberian countries and Latin America on the one hand, and with Arab and African countries on the other hand;
34. Requests the governments of the applicant states in conjunction with the Commission to make a significant effort to inform the Spanish and Portuguese populations about all aspects of the Community and the effects of their impending membership;

Environment and consumer protection

35. Recognizes that there are a considerable number of Community provisions relating to water, air and earth pollution and the protection of flora and fauna which will have to be introduced as quickly as possible by the two applicant states. One important example is the Council's decision of 25 July 1977 for the protection of the Mediterranean Sea;
36. As whaling has ceased in the Community and as the Community prohibits the import of whale products, the cessation of whaling by both Spain and Portugal should be seen as a necessary consequence of their adhesion to the Community;
37. Hopes that Spain and Portugal will immediately set in motion the process of harmonising their laws on the environment with existing EEC legislation as this will be in the interests of both the Community and the applicant states;
38. Believes that Spain and Portugal should implement various directives for consumer protection and public health including regulations to fix the maximum levels of pesticide residues in and on fruit and vegetables and the establishment of a scientific advisory committee to examine toxicity and ecotoxicity of chemical compounds;
39. Requests the applicant states to implement immediately Community rules about the use of additives in foodstuffs (colouring, preservatives, flavourings, etc.);

Agriculture

40. Recognizes that the accession of the two new states will have repercussions in the other Mediterranean regions of the Community of Ten and in Mediterranean countries with which the Community has trading agreements;

41. Recognizes that the accession of Spain and Portugal will increase the need for the modification of policies for the Mediterranean products. These policies can best be devised in cooperation with Spain and Portugal;
42. Stresses that the low productivity of certain agricultural regions is basically due to the present limited nature of commercial outlets and that cultivation techniques, increased irrigation and the prospect of good prices are likely to increase the production in Spain of fruit, vegetables and wine;
43. Nevertheless accepts that for certain products considerable periods of transition will be required for some of the weaker Mediterranean areas of the Community to adapt themselves to this enlargement;
44. Accepts that in years of good harvests the enlarged Community will have surpluses of certain Mediterranean products in particular wine and olive oil. However, the budgetary consequences of surpluses will be partly compensated by the Iberian Peninsula not being self sufficient in beef, cereals and dairy products;
45. Believes the Community should immediately help Spain and Portugal to improve the standard of technical development in Iberian agriculture and make funds available for the restructuring of farm holdings particularly in Portugal;

Fishing

46. Desires that the Community agree a definitive fisheries policy before the end of this year and that the applicant countries be associated immediately with the elaboration of this policy given the importance of their fishing fleets particularly the Spanish fleet;
47. Invites the Commission in the negotiations with third countries concerning fisheries agreements to take into account forthwith the need to reserve TACs for the fishermen of the applicant countries from 1 January 1984;

48. Desires that the Commission in its regulations on structural policy take into account the situation in the applicant countries with a view to developing the necessary infrastructure for freezing, processing and for aquaculture. These measures will permit the improvement of marketing opportunities for fish products to the advantage of fishermen and consumers.

Regional and transport aspects

49. Recalls the resolution of the European Parliament on a Mediterranean Plan (Pottering report - Doc. 1-736/81); recognises the need for the Community to devise an extension of its existing regional policy to cover the so-called Mediterranean areas of an enlarged Community. Repayable development loans granted at reduced rates of interest could be one method;
50. Recognises the need to improve communication links between the Ten and the applicant countries;
51. Feels that in this regard account should be taken not just of existing Community legislation in the transport sector but also of future moves towards a comprehensive Community transport policy;
52. Requests that during the negotiations the governments of Spain and Portugal undertake to respect existing Community transport legislation, notably with regard to public safety.

Social affairs and employment

53. Warns that enlargement could cause a degree of disruption in the labour market as a result of an influx of migrant workers into the present Community;
54. Believes that the principles of free circulation of workers should be applied in the enlarged Community after a suitable transition period;
55. Calls for the regulation about social benefits for workers (no. 1408/71) to be implemented in the applicant States.

CONCLUSIONS

56. Reminds the Council that in 1977 all the then Member States welcomed the applications of Portugal and Spain. These political commitments must be honoured;
57. Calls on the Member States to recognise the political importance and advantage in allowing Spain and Portugal to join the Community in 1984 despite the difficulties which this may pose for each Member State in differing sectors;
58. Many of the problems posed by enlargement can be solved by suitable transitional periods or modification of existing Community policies;
59. Instructs its president to forward this resolution to the Council and Commission of the European Communities, to the Spanish and Portuguese governments and to the Presidency of the Spanish Cortes and the Portuguese Assembly.

EXPLANATORY STATEMENT

1. The next enlargement of the Community is an issue on which the European Parliament has expressed its view on many occasions. There is a clear majority in favour of the accession of Spain and Portugal as soon as possible.
2. This is an interim report because the negotiations are still going on. A final report will be prepared when the Treaties of accession have been signed.
3. The rapporteur will present his detailed comments on the motion for a resolution orally in plenary sitting on the basis of the comments and views which have emerged in the course of the discussion and adoption of the report in committee.
4. However, attention should be drawn to the following points concerning the preparation of this interim report:

Opinions of committees consulted

The following committees were asked for their opinions:

- Committee on Youth, Culture, Education, Information and Sport;
- Committee on the Environment, Public Health and Consumer Protection;
- Committee on Regional Policy and Regional Planning;
- Committee on Development and Cooperation;
- Committee on Economic and Monetary Affairs;
- Committee on External Economic Relations;

- Committee on Social Affairs and Employment;
- Committee on Energy and Research;
- Committee on Transport;
- Committee on Budgets.

5. So that the report could take full account of these various opinions, the committees were asked by the chairman of the Political Affairs Committee to make their views known in good time for the rapporteur of the Political Affairs Committee to incorporate them in his draft resolution.

Thus, as part of its general responsibility for matters connected with enlargement, the Political Affairs Committee has included in its draft motion for a resolution sections on the following topics, alongside the section on political and institutional issues:

- trade issues
- effects on other Mediterranean countries
- economic and industrial aspects
- development aspects
- cultural and educational aspects
- the environment and consumer protection
- agriculture
- fishing
- regional and transport aspects
- social affairs and employment.

6. The inclusion of these sections in the motion for a resolution does not, of course, constitute a departure from the procedure for opinions specified in the Rules of Procedure because, in accordance with those rules, all the opinions of the committees consulted will be annexed to the report.

7. Mention should be made of the special case of the Committee on Agriculture which has been authorized by the enlarged Bureau to draw up a separate report on the problems created by enlargement in the sphere for which it is responsible.

8. Without prejudice to the conclusions reached by that committee and in the framework of the general responsibility of the Political Affairs Committee for enlargement, the rapporteur, following talks with his opposite number in the Committee on Agriculture, felt obliged to mention certain matters relating to the consequences of enlargement on the common agricultural policy.

Aims of this report

9. At the interim stage, the aim of this report is, of course, not only to enable Parliament to express its views on the third enlargement of the Community but also to make up for the highly regrettable omission in Article 237 of the Treaty, which does not provide for consultation of Parliament as part of the accession procedure for a new Member State.

10. Moreover, as was the case with Greek accession, the Political Affairs Committee intends to suggest that Parliament should organize, on the basis of the final version of this report, a full-scale ratification debate on Spanish and Portuguese accession to the Community.

MOTION FOR A RESOLUTION DOCUMENT 1-771/79

tabled by Mr MULLER-HERMANN, Mr KLEPSCH, Mrs CASSANMAGNAGO CERRETTI, Mrs L MOREAU, Mr BARBI, Mr MICHEL, Mr RYAN, Mr D'ORMESSON and Mr PENDERS

on behalf of the Group of the European People's Party (Christian-Democratic Group) pursuant to Rule 25 of the Rules of Procedure on Community policy on the Mediterranean in the context of enlargement

The European Parliament.

- in the light of the special problems which the enlargement of the Community will create both for the Community and for the new Member States,
- recognizing the need for the forthcoming negotiations with Spain and Portugal to be conducted from the outset in such a manner that ill-conceived developments which would impose a lasting financial burden on other members of the Community are avoided,
- in the light of the experience gained in connection with the accession of Greece,
- with the intention of facilitating the integration of new Member States into the Community during a transitional period,

Requests the Commission

- to provide a comprehensive account of how it intends to safeguard the interests of the Community within an overall Mediterranean policy without jeopardizing its important relations, the nature of which varies considerably from country to country, with all the Mediterranean countries;
- to provide a comprehensive plan for a continuing sectoral and regional structural policy, embracing all the necessary adjustments within the industrial, agricultural and social sphere, while at the same time preparing the Community of twelve Member States for shifts in the international division of labour;
- to explain how it intends to structure marketing premiums and investment incentives in the future without creating subsequent insoluble problems of financing.

MOTION FOR A RESOLUTION DOCUMENT 1-190/80

tabled by Mr M COPPIETERS

pursuant to Rule 25 of the Rules of Procedure

on the representation of the governments of the Basque country and Catalonia at the negotiations on the accession of the Kingdom of Spain to the European Community

THE EUROPEAN PARLIAMENT

- Having regard to the Kingdom of Spain's application to join the European Community,
 - Whereas the Act of Accession planned for 1983 and the accompanying adaption of the Treaties are being preceded by intensive negotiations and a permanent dialogue between the delegations of the Kingdom of Spain and the European Community,
 - Whereas these preparatory negotiations ought preferably to cover the most wide-ranging aspects of the consequences of accession,
 - Noting that, after the official application for accession, the Spanish Constitution was radically modified in 1979 by the granting of a statute of autonomy to Catalonia and the Basque country,
 - Whereas Catalonia and the Basque country have, under this statute of autonomy, acquired their own Parliament and their own Government,
 - Whereas the respective parliaments and governments of Catalonia and the Basque country are responsible under the constitution for a number of sectors which will have both a direct and an indirect impact on Spain's forthcoming membership of the European Community, as regards for instance, agriculture, fisheries, tourism, infrastructure, regional and social policy, language and so forth.
1. Requests the Spanish Government to ensure the representation of the Basque and Catalan Governments at all its contacts in preparation for the Act of Accession to the European Community;
 2. Instructs its President to forward this resolution to the Spanish Government.

MOTION FOR A RESOLUTION DOCUMENT 1-375/80

tabled by Mr Karel VAN MIERT

on behalf of the Socialist Group

pursuant to Rule 25 of the Rules of Procedure

on the enlargement of the Community to include Spain and Portugal

The European Parliament,

- recalling that in 1977 the Portuguese Republic and the Kingdom of Spain formally applied for accession to the European Economic Community,
- having regard to the increase in existing problems which this second enlargement will inevitably entail, in particular those concerning the common agricultural policy, especially as regards Mediterranean products, the industrial policy, the Mediterranean policy and the social and regional policies,
- whereas the Commission has proposed appropriate special measures in its reports in order to prepare the applicant countries as thoroughly as possible for their role as Member States,
- whereas such a policy involving a 'wide-ranging and courageous programme' was favourably received by the Member States and the applicant countries, on condition that account was taken of the interests of all the parties concerned,
- noting, however, that in the past such Community measures have only very rarely been adopted,
- noting that the parties had not submitted all their studies and conclusions concerning the specific problems posed by the enlargement of the Community by the deadline they had set themselves,
- fearing, therefore, that the forthcoming negotiations will not be conducted under optimum conditions and that it will not be possible to respect the proposed timetable,
- taking the view that recent developments and declarations have shaken the trust which the applicant countries had put in the good will of the Community,
- pointing out that there are important political grounds for enabling these democratic applicant countries to become an integral part of the European Community,
- referring to the need for the European Community to demonstrate its firm resolve to allow the applicant countries to become members of the Community at the earliest possible opportunity,
- convinced that it is vital for all the parties involved to continue the actual negotiations in the most favourable conditions possible,

1. Calls on the Community to open a consultation procedure with the applicant countries with a view to reducing any existing disparity between their economic and sectoral policies and those of the Community;
2. Calls on the Community to involve the applicant countries as much as possible during the negotiations in all the decisions to be taken regarding their future membership of the Community and in those which will affect them once they have become members of the Community, especially with respect to social policy, industrial policy, the reform of the common agricultural policy, Mediterranean policy and the agricultural policy in respect of Mediterranean products;
3. Calls on the Foreign Ministers to allow the applicant countries to participate as full or associate partners in consultations on political cooperation held during the negotiations;
4. Instructs its President to forward this resolution and the relevant report to the Council, Commission, the governments of the Member States and the governments of the applicant countries.

MOTION FOR A RESOLUTION DOCUMENT 1-570/81

tabled by Mr BANGEMANN

on behalf of the Liberal and Democratic Group

with request for topical and urgent debate pursuant to Rule 48 of the Rules of Procedure

on the enlargement of the European Community to include Spain and Portugal

The European Parliament,

- recognizing the economic difficulties, especially so far as agricultural products are concerned, arising from the enlargement of the Community, to include Spain and Portugal,
- recalling the key political importance of enlargement both to the European Community and to the countries applying for membership, and also the commitments accepted by the Governments of Member States,
- 1. Regrets that, in spite of the efforts made by the Commission, negotiations for admission have not made sufficient progress, therefore invites the Commission to present a report on these negotiations to Parliament as soon as possible;
- 2. Urges both parties to the negotiations to make the necessary efforts to find an acceptable solution to the existing industrial and agricultural problems;
- 3. Requests the European Council and the Council of the Communities to commit themselves to securing the entry of Spain and Portugal into the Community on 1 January 1984;
- 4. Believes that both applicant countries must take part in all the meetings of Foreign Ministers meeting in political cooperation, and that such a decision should be a clear demonstration of the willingness of the Ten to welcome Spain and Portugal as full partners in the Community;
- 5. Calls on the Commission to draw up a plan, at the earliest possible juncture, for Community assistance to the regions and sectors most affected by enlargement, and to put before the Council the measures, especially the budgetary ones, necessary for this plan to be put into practice;
- 6. Instructs its President to forward this resolution to the Council of the Communities, the Commission, the Governments of the Member States and to the Spanish and Portuguese Governments and Parliaments.

Opinion of the Committee on Economic and Monetary Affairs

Draftsman: Mr Nyborg

At the meeting of the Committee on Economic and Monetary Affairs on 23-24 June 1981, it was decided to request authorization to draw up an opinion for the Political Affairs Committee on the latter's projectalreport on the implications of Spanish accession to the Community. On 9th July 1981 this authorization was granted.

At its meeting on 22-23 September 1981 Mr. Nyborg was appointed draftsman of the opinion.

As the Political Affairs Committee had extended the scope of its opinion to include Portugal as well, it was decided that the opinion would cover the economic impacts of accession of both Spain and Portugal.

The Committee considered the draft opinion at its meetings on 27-28 May and 23-24 June 1982 and adopted it on the latter occasion unanimously.

The following took part in the vote: Mr Deleau, vice-chairman and acting chairman; Mr Nyborg, draftsman; Mr Albers (deputizing for Mr Mihr), Mr Beazley, Mr Bonaccini, Mr Carossino (deputizing for Mr Leonardi), Mr DeJorozoy, Mrs Desouches, Mr Giavazzi, Mr Herman, Mr Hopper, Mr Kazazis (deputizing for Mr Collomb), Mr Purvis and Mr Wagner.

The Committee on Economic and Monetary Affairs requests the Political Affairs Committee to include the following points in its motion for a resolution:

Economic and industrial aspects of enlargement

1. Warns against an overemphasis on the agricultural impacts of enlargement, and points out the very real need for the industrial, as well as the wider economic aspects of enlargement, to be taken more fully into account.
2. Notes certain important differences between the economic issues posed respectively by Portuguese and by Spanish accession into the Community.

As regards Portugal

3. Points out that the central economic problem posed by Portuguese accession is its generally low level of economic development, which would make it by some way the poorest member state of the Community, and would make major new demands on the Community's Regional and Social Funds in particular.
4. Notes that the sectoral impact on Community industry will be less great than in the case of Spain, and recognizes that the 1972 agreement has led to considerable progress in removing tariffs on industrial products between Portugal and the Community.
5. Points out that the issues which need to be more fully settled before entry include:
 - the nature of any post-accession regime for Portuguese textiles, (as certain member states appear to be seeking to regulate access of Portuguese textiles into the Community),
 - the nature of possible safeguards for Portugal in the car sector (where the Portuguese wish to limit imports for a number of years),
 - issues posed by Portuguese introduction of VAT,
 - the removal of existing Portuguese taxes with equivalent effect to customs duties,

As regards Spain

6. Considers that two major sets of economic problems are posed by Spanish accession, firstly the effects on the Community as a whole of adding a large amount of industrial capacity in sectors where there are already severe structural problems, and secondly the effects within Spain of dismantling what is still a highly protected market, within which many firms of questionable efficiency have been able to survive.
 7. Believes that among the industrial sectors in which particular problems are posed are:
 - shipbuilding, where Spanish accession would add about 25% to Community capacity ⁽¹⁾,
 - steel, in which Spain has continued to make major investments in capacity, and concerning which the existing agreement on limiting Spanish exports into the Community comes up for renewal in the course of this year,
 - textiles, which provide over 10% of Spanish industrial employment, which are subject to Community controls within the framework of a system of administrative cooperation, and concerning which the Community would like a special regime to continue after accession,
 - automobiles, an industry which has developed rapidly in Spain between high tariff walls, on which there is a major imbalance between duties imposed by Spain on Community cars, and vice-versa ⁽²⁾, on which there have been complaints about Spanish discrimination from certain Community car manufacturers, and concerning which the Spanish are requesting that imports into Spain of Community cars be initially limited after accession,

footwear.
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- (1) Pointed out in Commission's opinion on Spain's application for membership, Bulletin of the European Communities, supplement 9/78, page 28.
- (2) (Even after tariff reductions negotiated with the Community, Community cars imported into Spain are subject to a duty of 36.7%, while customs duties imposed by the Community on private motor cars originating in Spain is only 4.3%)

8. Notes that the 1970 trade agreement between the Community and Spain, in which there is a considerable imbalance in the concessions, has left Spain in a situation where the dismantling of trade barriers is essentially still to come, and that many Spanish firms, both large and small, have grown up behind these barriers, whose removal could prove traumatic. Further notes that Spain's negotiators are requesting a very long transitional period before full participation in the customs union.
9. Points out that the other areas where problems must be tackled during the negotiations include:
 - the adjustment of certain state monopolies, such as for tobacco,
 - the freedom of movement of Spanish workers within the Community,
 - the adjustment of Spanish sectoral, regional and other aids,
 - certain provisions in Spanish banking law,
 - the nature of transitional protection for the Spanish insurance industry,
 - certain aspects of Spanish indirect taxation, such as those related to the existing system of compensation at frontiers, with counteracting charges on imports and refunds on exports,
 - the introduction of VAT (which Spain now appears committed to introduce),
 - the liberalization of capital movements.

Concluding remarks

10. Welcomes the fact that enlargement will lead to a great increase in the size of the internal Community market, and also to a strengthening of the Community's commercial weight in the world market; welcomes additionally the increased links to the Spanish and Portuguese speaking worlds.
11. Emphasizes, however, that the wider economic impacts of enlargement need to be faced up to more fully before such enlargement, and that these need to be evaluated in the longer term to complement the shorter-term "solutions" to technical problems which are reached during the negotiations; points out, in this context that both previous enlargements of the Community have been followed by doubts in certain of the new member states as to the economic benefits of membership and by actual or threatened renegotiations.
12. Considers that enlargement will make the task of achieving greater cohesion within the Community, and of coordinating economic and monetary policies, which is already hard enough in the Community of 10, even more difficult

to achieve. Points out that getting new policies under way could become an even more cumbersome process. Notes that negotiations with the applicants on monetary policy appear to be focussing more on the technical problems in including the two currencies within the ECU basket, than in their participation within the EMS exchange rate mechanism. If neither country joins 4 out of 12 Member States will not be participating in the system, a fact which clearly threatens to disrupt the operation and undermine the very purpose of the EMS.

13. Believes that enlargement poses fundamental questions concerning further economic convergence within the Community, in that it will greatly increase existing economic disparities between the member states, and even more between the richer and poorer regions of the Community; notes that there will be massive increased pressure on the Community's existing structural funds, and on its budget as a whole, which need to be more carefully examined.
14. Reaffirms its demand that the defects which have existed for a long time in the Community's decision-making procedures, particularly in relation to the coordination of economic and structural policy decisions, should be eliminated without further delay and that Parliament should be given wider powers of control so that in future effective aid can be provided and the necessary adjustments needed to bring national legislation into line with Community law carried out in good time.
15. Recognizes that the industrial aspirations of the applicant countries may not always be consistent with the existing industrial structure of the Community in cases when the applicant countries seek to invest in sectors where there is already over capacity within the Community; points out that this problem must be faced up to in a realistic way if the process of enlargement is to stand any chance of success; calls for the applicant countries to be involved as soon, and as fully, as possible in industrial restructuring going ahead within the Community; further suggests that any Community expenditure in Spain or Portugal should not be used to finance the expansion of industries where there is already over capacity in the existing ten countries of the Community unless such expansion forms part of a coherent Community-wide agreement on the development of the sector.
16. Also calls for the applicant countries to prepare to adjust to the demands of community competition policy as well as to the central community objective of building the internal market through the removal of technical barriers to trade and the simplification of customs formalities.

17. Believes that the problems posed by enlargement have been insufficiently taken account of in the 30 May mandate exercise, both in the original paper submitted by the Commission ⁽¹⁾ and in its supplementary documents notably the inadequate one on "Mediterranean programmes: lines of action" ⁽²⁾ but also those on industrial policy. Calls on the Commission to submit such an evaluation to the Parliament.

18. Insists that the Parliament be better informed of the current progress of negotiations, and of the specific problems that are being encountered, and points out that the Commission's report to the Parliament in response to Parliament's resolution of 19 November 1981 ⁽³⁾ was inadequate in these respects.

(1) Bulletin of the European Communities, supplement 1/81.

(2) COM (81) 637 fin.

(3) OJ C 327/81, page 60.

Opinion of the Committee on Energy and Research

Draftsman: Mr C CALVEZ

At its meeting of 24 June 1982 the Committee on Energy and Research decided to request authorization to draw up an opinion for the Political Affairs Committee on that committee's report on the implications of the accession of Spain and Portugal to the Community. Authorization was granted on 7 July 1982.

At its meeting of 7 July 1982 the committee appointed Mr C CALVEZ draftsman of the opinion.

The committee considered the draft opinion at its meeting of 29 September 1982 and adopted it unanimously.

The following took part in the vote: Mrs Walz, chairman, Mr Seligman, vice-chairman, Mr Calvez (rapporteur deputizing for Mr Pintat), Mr Adam, Mr Bombard (deputizing for Mr Pattison), Mr K. Fuchs, Mr Galland, Mr Ghergo (deputizing for Mr Sassano), Mr Linkohr, Mr Markopoulos, Mr Meo, Mr Normanton, Mr Petersen, Mr Petronio, Mr Purvis, Mr Schmid, Mrs Theobald-Paoli, Sir Peter Vanneck, Mr Veronesi, Mrs Viehoff (deputizing for Mrs Lizin).

I. Introduction

1. It is unfortunate that during the current negotiations on the accession of Spain to the Community only marginal attention has been paid to the sectors of energy and research. The fact that the possible effects of enlargement in the energy sector have not yet been investigated properly gives particular cause for concern.

2. In its opinion on the last Political Affairs Committee report on the prospects of enlargement, dated 1979, the Committee on Energy and Research already pointed out that 'enlargement will make the formulation, acceptance and implementation of a Community common energy policy more difficult'. This makes it all the more incomprehensible that the Commission should not yet have incorporated its ideas on the possible effects of the accession of Spain and Portugal in the proposals it has meanwhile put forward on a Community energy strategy.

3. The Commission is therefore requested to submit without delay, and in cooperation with the applicant states, a comprehensive analysis of the implications of enlargement for the energy and research sectors. In the context of this opinion, the Committee on Energy and Research can only go into specific aspects of the matter.

II. General energy aspects of enlargement

4. Both Spain and Portugal are far more dependent than the European Community on imported energy (crude oil and coal). In 1979, Spain had to cover 73%¹ of its primary energy requirements from imports; for Portugal the figure was as high as 82%. By comparison, in the Community of Ten imported energy accounted for 55% of the overall primary energy demand.

5. In both countries the share of oil in relation to overall energy imports in 1979 was particularly high, compared to the figures for the Community (Spain 92%; Portugal 97%; EEC 48%). In Spain, oil accounted for 73% of the total primary energy consumption, in Portugal 74%, in the Community 56%.

¹ Sources: OECD/IEA

Although both countries are trying to reduce this high and one-sided dependence on oil, it is estimated that in 1990 oil will still account for over 50% of total energy consumption and as much as 70% of Portugal's (EEC: 40%).

6. In view of this unbalanced situation, Spain adopted a first national energy plan in July 1979, with a target date of 1990. The main objectives are to reduce oil imports by energy-saving measures while at the same time developing indigenous energy sources - especially coal and nuclear energy. This is to be accompanied by economic incentives (e.g. loans and tax rebates for investment aimed at energy saving and the conversion of power stations from oil to coal) and administrative measures (e.g. inter-provincial financial equalization for electricity production).

7. A major component of the energy plan is a very ambitious investment programme for the construction of nuclear power stations. Four nuclear power stations with a total output of 2030 MW are now in operation, ten further stations with a total output of more than 10,000 MW are under construction and due to be completed by 1987 at the latest. Although there have meanwhile been delays because of growing environmental protests, the revised national energy plan estimates that by 1990 some 40% of electricity demand in Spain will be covered by nuclear power stations. The nuclear energy share of primary energy consumption is to increase by more than 10% by that date. Increased investment to mine the considerable uranium deposits could produce self-sufficiency in uranium.

8. While the construction of nuclear power stations was slowed down, the conversion of power stations from oil to coal-fired is making progress and the construction of new coal-fired power stations has been authorized. Under the original plan, coal was to account for 16% of the primary energy demand by 1987. Meanwhile it has proved possible to increase the share of coal to 21% and the revised plan estimates a share of 24% by 1985. In spite of a sharp rise in domestic coal mining by comprehensive modernization measures, the coal demand cannot be covered entirely by domestic mining. Spain is therefore increasingly reliant on imports of solid fuels; the price of imported coal is moreover lower than the Spanish production price.

9. Hitherto, hydroelectric power has accounted for a fairly substantial share of the primary energy demand - close on 15% in 1979. But this capacity cannot be improved, especially after the recent severe droughts. The government is, however, supporting a programme to build mini-power-stations with a maximum output of 5 MW, of which 250 are now under construction.

10. No substantial oil deposits have been found in Spain to date and domestic production covers only 4% of demand. By contrast, four natural gas fields have been discovered, of which two are in the Gulf of Cadiz. Exploration has now begun and it is expected that by 1987 30% of the natural gas demand can be covered by domestic production.

11. Intensive efforts are being made to develop new energy sources, especially solar energy. In 1981 the first solar energy plant entered into operation, built in cooperation with the International Energy Agency. Furthermore, over 10,000 houses in remote regions have been equipped with photovoltaic systems. It is planned that solar energy will cover 5% of the primary energy demand by 1985.

12. A particular feature of the energy situation in Portugal is the very low per capita energy consumption. In 1979 the per capita primary energy demand was only one quarter of the European Community average. This low figure is due above all to the very low level of electrification in rural areas and the underdeveloped industrial structure.

13. The main objective of Portuguese energy policy is therefore to make available sufficient energy to cover a primary energy demand which is expected to double in the coming decade. In spite of increased investment in exploration for domestic coal, oil and natural gas fields and the development of hydroelectric capacity, Portugal's present heavy dependence on energy imports will continue over the next decade too. It is estimated that in 1990 oil will still account for 81% of energy imports.

14. Hitherto hydroelectric power has been the only domestic energy source of any importance. Three-quarters of electricity requirements were produced by hydroelectric plant and one quarter by conventional oil-fired power stations. But it has proved increasingly necessary to compensate for shortages due to droughts by importing electricity from France and Spain.

15. A first energy plan formulated in recent years provides for the share of coal in electricity production to rise from less than 1% in 1979 to 25% in 1990. An important step forward is the construction of a coal-fired power station in the Sines industrial estate, with two 300 MW units due to enter into operation in 1984 or 1985. By the end of the decade it is planned to add two further units with even greater output. The plans for a second coal-fired power station north of Oporto have been delayed by the protests of local environmentalists.

16. Portugal has very small coal reserves and it is difficult to exploit them because of their poor quality and the absence of infrastructure. At present 83% of the coal demand has been filled by imports and the planned increase in the use of coal to produce electricity will further increase this dependence on imported coal.

17. In view of the extensive domestic uranium deposits, the transition to nuclear energy seems the natural alternative to imported oil and coal. Portugal has uranium deposits of at least 8,000 tonnes, and recent estimates put the figure at ten times that amount. So far the government has not taken any final decision on a nuclear energy programme, although this is expected no later than 1983. In 1981 negotiations began with Spain on possible Portuguese participation in Spanish nuclear power-stations to be constructed along their common frontiers. The negotiations also covered the question of deliveries of Portuguese uranium, which is now gradually being extracted, and the training of Portuguese technicians.

18. The development of alternative energy sources, especially solar and geothermal energy, is still in its early stages. The order for the construction of a first pilot plant to produce 3 MW of geothermal energy in the Azores was placed in August 1980.

19. This brief survey of the energy situation in Spain and Portugal suggests that enlargement may have the following effects as regards energy:

- the Community's overall dependence on imported energy will increase with enlargement;
- the wide divergence between the energy situation of the applicant states and that of the Community could seriously delay any prospect of effective Community measures in this sector;

- the Spanish nuclear energy programme could make the problem of providing adequate capacity for the reprocessing and final storage of irradiated fuels even more serious.

III. General research aspects of enlargement

20. Spain and Portugal rely heavily on the transfer of technology and are consequently behind the Community in the field of research and development. Compared to public expenditure on research and development in the Community, the share of R & D expenditure in relation to the gross national product in Spain and Portugal is 0.4% and 0.3% respectively, i.e. markedly less than half the average share in the Community's GNP.

21. Given this situation, Spain and Portugal expect that accession and the resulting comprehensive participation in the joint research projects will give great impetus to their own research effort.

22. Where possible at this stage, the Community should already aim at greater participation by the two applicant states in joint research projects. In the past, Spain and Portugal have already participated in individual projects of European cooperation in the field of scientific and technical research (COST).

23. A further example of close collaboration is the cooperation agreement on controlled thermonuclear fusion (JET) between EURATOM and Spain signed in July 1980. In view of Spain's forthcoming accession, the agreement is designed to adjust the nuclear fusion programme developed by Spain to the EURATOM programme by exchanges of scientists.

IV. Conclusions

24. On the basis of all these considerations, the Committee on Energy and Research recommends that the Political Affairs Committee, as the committee responsible, should incorporate the following points in its motion for a resolution:

The European Parliament,

1. confirms the fears it has repeatedly expressed that enlargement will complicate the formulation, adoption and implementation of a Community energy policy;

2. calls therefore on the Council and the Commission to define the outlines of a Community energy and research policy prior to the accession of Spain and Portugal;
3. advises the Commission, furthermore, to incorporate in its long-term forecasts of the energy situation in the Community the possible effects of enlargement;
4. notes with concern that enlargement will increase the Community's overall dependence on imported energy sources;
5. considers it necessary, in the framework of the Community's energy policy, for the applicant countries to be helped to reduce their heavy reliance on energy imports, especially hydrocarbon imports;
6. hopes that Spain and Portugal will be able to benefit from the Community's system of subsidies in order to convert power stations to coal-firing and to expand their coal-fired power station capacity;
7. is convinced that a diversification of coal supply for electricity production in Spain and Portugal would be consistent with a prudent procurement policy and stresses that Spain and Portugal's coal supplies should be covered mainly by imports of Community coal;
8. considers that Spain should be given support in the industrial and research sectors for the implementation of its nuclear energy programme;
9. welcomes Portugal's accession to the Nuclear Non-proliferation Treaty and calls upon Spain to follow this example;
10. calls on the Commission to afford all help to the applicant countries in the development of new energy sources;
11. calls on the Commission to take account of estimates of electricity and gas requirements in Spain and Portugal in proposals for a Community gas and electricity supply system;
12. expects the Community to grant Spain special support measures to speed up its electrification and industrialization schemes and thus improve living standards;
13. advocates closer cooperation between the Community and Spain and Portugal in the research and development sector in order to ensure that their projects are properly adjusted to Community research projects;
14. calls on the Commission to attach greater importance than hitherto to energy and research during the accession negotiations;
15. expects the Commission - in agreement with Spain and Portugal - to undertake without delay an in-depth analysis of the possible effects of accession in the fields of energy and research.

Opinion of the Committee on External Economic Relations

Draftsman: Mrs PRUVOT

On 26 January 1982 the Committee on External Economic Relations appointed Mrs M.-J. PRUVOT rapporteur.

The committee considered the draft opinion at its meetings of 17 March and 18 May 1982 and adopted it unanimously on 25 June 1982.

The following took part in the vote: Sir Frederick Catherwood, chairman, Mrs Wieczorek-Zeul, Mr van Aerssen and Mr Seal, vice-chairmen, Mrs Pruvot, draftsman, Mr Almirante, Mr Cohen (deputizing for Mr Caillavet), Mr Filippi, Mr Fruh (deputizing for Mr Jonker), Mr de Goede (deputizing for Mr Paisley), Mr Irmer (deputizing for Mr Damseaux), Mr Lemmer, Mr Nikolaou, Lord O'Hagan, Mr Paulhan, Mr Pelikan, Mr Pesmazoglou, Mr Pranchere (deputizing for Mrs Poirier), Mr Rieger, Mr Seeler, Mrs Seibel-Emmerling (deputizing for Mr Radoux), Mr Stella, Mr Simmonds (deputizing for Mr Welsh) and Sir John Stewart-Clark.

1. INTRODUCTION

The enlargement of the Community to include Spain and Portugal will have radically different economic implications from those resulting from the first enlargement. What is involved in the integration into the Community economy of countries which, because of their economic, social and historical characteristics, form part of the Mediterranean area of Europe which is substantially different from most of the existing Member States of the Community.

The next enlargement process will certainly have an impact on the homogeneous regional character that the Community has struggled to achieve.

The new enlargement will, therefore, have a major impact on the Community both internally and as regards its external trade relations.

Although initially, Portugal and Spain occupy different positions with regard to third countries, their accession in particular that of Spain, could change the Community's trade relations with some of the other economic regions of the world, notably the Mediterranean countries.

As far as the impact of enlargement on external relations is concerned, a general distinction can be made between relations with the countries of the Mediterranean basin and those with the rest of the world.

In the case of the former, the effects may be so serious as to jeopardize the privileged trade relations which the Community has sought to establish with the countries concerned under its Mediterranean trade policy.

It would therefore be useful to analyse the implications of enlargement separately under these two headings.

II. INTERNATIONAL IMPLICATIONS OF ENLARGEMENT

Except in the countries of the Mediterranean basin to which a special chapter will be devoted, the consequences of the enlargement of the Community will be relatively slight although they must not be underestimated. The countries of the West regard enlargement of the Community as an event of essentially political importance and therefore tend to see the economic consequences as being relatively less important. Trade relations between the Community and the developing countries, EFTA and the countries of Eastern Europe are unlikely to be substantially affected by the forthcoming enlargement.

(a) Implications of enlargement for the industrialized nations

The industries of the developed countries could well derive some benefits from enlargement. The abolition of the protectionist measures currently in force in the two applicant countries → although to a lesser degree in Portugal will facilitate access to the Spanish and Portuguese domestic market.

The reduction of the Portuguese and Spanish external tariffs to the level of the Community's Common Customs Tariff will be the first step towards facilitating access to the Spanish and Portuguese markets for products from the industrialized nations. Tariff barriers at the Spanish frontier, for instance, range from 15% to 17%, whereas the Community's CCT is only around 7%. Furthermore, the adoption of a more liberal import policy and respect for the Community's rules of competition should facilitate access for third countries' products to the applicant countries' markets.

The increase in per capita consumption which will probably follow accession suggests that there will be a substantial rise in domestic demand in the two applicant countries, particularly Spain. The free movement of products in a market of over 300 million consumers will facilitate the distribution of imported products and products manufactured by undertakings based in third countries which already have subsidiaries in the two applicant countries or in the existing Member States. This enlargement of the market will bring specific advantages, especially for the large multinationals.

If the gap between the economies of the applicant countries and the Community average is to be bridged, the Spanish and Portuguese economies will have to be radically restructured (modernization of industrial plant, development of certain high-technology sectors). Such restructuring might lead to a certain amount of economic growth and, consequently, to a relative increase in per capita consumption. This will in all probability lead to a growth in demand for industrial and advanced technology equipment, which would in turn offer new export opportunities for industrialized third countries.

One further possible consequence of enlargement for the industrialized nations is the growth of foreign investment in Portugal and, above all, in Spain. Spain already possesses an economic infrastructure which appears to be particularly attractive to foreign investors. Over the period 1960-1977 the USA led the field among foreign investors in Spain with 36%, followed by Switzerland (17%), Germany (11.5%) and the UK (11%). Political stability in Spain - if it is consolidated - and the prospect of accession to the EEC have boosted the inflow of foreign capital.

Enlargement is also likely to have an impact on trade in agricultural products between the Community and the industrialized nations.

In adopting the CAP, Spain and Portugal will have to apply the basic rule of Community preference. The CAP will undoubtedly lead to higher production in many areas of agriculture and this will therefore mean some reduction in Community imports from non-member countries. However, it must be remembered that trade flows cannot change overnight, as countries cannot immediately break long-established trade patterns without inviting reprisals. Furthermore, the range of agricultural products is fairly wide and the impact of enlargement will vary according to product. The USA, for example, exports

substantial quantities of cereals to Spain and Portugal, but it is unlikely that US cereal exports to Spain will be affected by enlargement, as the Community is far from self-sufficient in the feed grains which the USA exports to the Iberian peninsula.

As regards fisheries, the applicant countries will have to reconcile the bilateral agreements they have concluded with certain other countries (Spain has signed agreements with Latin American countries) with the rights and obligations they acquire with membership.

The absence of a common fisheries policy raises problems primarily at Community level. The question is whether, to avoid fresh problems when they actually join the Community, the applicant countries should not be involved in the negotiations for a common fisheries policy or given the right to be consulted.

It can be concluded, therefore, that on the whole, enlargement of the Community will not pose any major problems as far as the industrialized nations are concerned.

(b) Implications of enlargement for the developing countries

The intermediate status of the economies of the applicant countries between the industrialized nations of northern Europe and the developing countries may give rise to problems concerning the extension of development policy, especially in the financial sector, that will not be easy to solve.

In theory, enlargement could bring a number of benefits to the ACP States, on which the Community has concentrated most of its aid to the Third World.

The Spanish and Portuguese markets will be opened up to products from of the ACP States. The Convention of Lomé allows more than 95% of ACP products to enter the Community market duty-free. Spain and Portugal still levy fairly substantial customs duties on a number of major ACP exports. These include typically tropical products, such as coffee, tea, cocoa, spices, etc. Alignment with the CCT and the application of the GSP, will therefore benefit imports in general since lower prices will boost consumption of these products in applicant countries.

On the other hand, enlargement, may also pose a threat to the ACP States since in some cases Spanish and Portuguese products may compete with similar ACP products. In the main, this concerns some types of fruit and vegetables and oils and fats. ACP exports of such products are still limited, but in some cases they allow certain countries to diversify their single-crop economies.

(c) Implications of enlargement for the countries of the Mediterranean basin

Enlargement would directly affect imports from the countries of the Mediterranean basin. These countries, and the Community itself, would benefit if the present commercial policy were to continue, so that those countries were not obliged to turn to other markets, such as the countries of Eastern Europe.

A commercial, and hence political, realignment of the countries of the Mediterranean basin towards these new markets would hurt the Community and those countries it called into question certain exacting balances.

In 1978 the Mediterranean countries apart from Spain and Portugal, had a trade deficit with the Community totalling \$9,000 million.

For the first time, the countries of the Mediterranean basin would enjoy proper commercial access to Spain and Portugal. This might be a genuine advantage to those countries nearest to Spain and Portugal if only because of the reduction in transport costs.

There is also a risk that this area could be 'destabilized'. The problem is as follows: how can the Community be enlarged towards the south without causing a rift in the strong links which the Community has established over the years with the countries of the Mediterranean basin?

The following points emerge from an analysis of the problem:

The Community has developed very close economic relations with all the countries of the Mediterranean basin, particularly over the last decade. It wanted, through a global approach, conclude series of agreements which, while part of an overall vision, would also take account of the particular characteristics of relations between the Community as a whole and the individual partners.

This led to the creation of the Mediterranean policy, the main lines of which were set out in a Commission memorandum of September 1972. The Paris Summit of October 1972 formally announced the Community's desire to implement this policy.

The principles of the global Mediterranean policy established by the Council at its meeting of 5-7 November 1972.

The general principles of the Mediterranean policy can be defined as follows: the Community's main concern was to conclude a series of agreements with individual countries which took account of their mutual relations and requirements. The agreements comprise:

- a section on industrial and agricultural trade, the salient feature of which is generally the opening up of the Community market to industrial and, to some extent, agricultural exports from the countries concerned. As regards agricultural exports, the concessions are granted according to the characteristics of the individual countries.

- a section on cooperation, which takes the form of close economic and technical cooperation in all the sectors of interest to the parties;
- financial assistance, which consists mainly of a financial contribution from the Community to promote the partner's economic development;
- a section on social matters, which principally regulates the working conditions of migrant workers' employers in the Community.

The agreements concluded under the Mediterranean policy are aimed at establishing close economic, financial and technical cooperation designed to promote the economy of the country concerned and, at the same time, to open up new markets for Community exports of technology and industrial products.

For the Community the development of its partners means the opening up of new trade opportunities, whereas, for the countries concerned, it is a question of promoting economic and social development in the hope of achieving a fairer distribution of wealth and helping to bring about economic and political stability in these countries by consolidating their economies.

The Community is therefore now linked with the countries of the Mediterranean basin by cooperation agreements, as a result of which the Community market has been opened up to the main industrial and agricultural products from these countries. With the accession of Spain and Portugal the Community will be self-sufficient in many of these Mediterranean agricultural products (see table below).

The following table shows that the level of self-sufficiency will increase substantially in the case of olive oil (the Nine - 103.1%, the Nine plus Spain - 123.5%), fresh tomatoes (the Nine - 96.0%, the Nine plus Spain - 100.6%) and eggs (the Nine - 100.2%, the Nine plus Spain 100.5%).

There is a danger of the self-sufficiency level being reached in the case of other products, including typically Mediterranean products - namely rye, rice, fresh produce, citrus fruits and sheepmeat and goatmeat.

The figures quoted raise the general question of how the future Community of Twelve can continue import products from countries with which it is linked by agreements concluded within the framework of Mediterranean policy when it will become self-sufficient or almost self-sufficient in the agricultural products mentioned.

PRODUCTION, AVAILABILITY AND DEGREE OF SELF-SUPPLY IN THE COMMUNITY
OF THE NINE PLUS SPAIN - PRINCIPAL AGRICULTURAL PRODUCTS

PRODUCTS	Production = P Availability = A	Quantities ('000 tonnes)			Degree of self-supply as %		
		Spain	EEC "9"	EEC "9" + Spain	Spain	EEC "9"	EEC "9" + Spain
1	2	3	4	5	6	7	8
<u>Cereals (Total)</u>	P	12,367	96,351	108,718	78.3	87.4	85.3
(excluding rice)	A	15,793	116,209	125,993			
of which: total wheat	P	4,434	37,709	42,145	111.1	113.5	113.2
	A	3,992	32,218	37,210			
maize	P	1,545	14,031	15,576	30.7	52.7	49.2
	A	5,028	26,602	31,630			
rye	P	214	2,724	2,998	97.7	91.7	92.1
	A	219	3,036	3,255			
<u>Rice</u>	P	405	827	1,233	124.9	72.1	85.8
	A	375	1,147	1,472			
<u>Sugar (in form of white sugar)</u>	P	852	9,718	10,580	78.4	104.7	101.9
	A	1,100	9,233	10,383			
<u>Olive oil</u>	P	510	622	1,202	168.9	103.1	123.5
	A	302	671	975			
<u>Vegetable oils and fats (excluding olive oil)</u>	P	172	3,140	3,312	40.2	74.2	71.1
	A	428	4,230	4,653			
<u>Wine ('000 hl)</u>	P	25,055	148,416	173,471	101.6	102.0	101.9
	A	24,660	145,502	170,162			
<u>Fresh fruit (total) (excluding citrus fruit)</u>	P	5,177	12,861	18,038	106.1	85.4	90.5
	A	4,831	15,052	19,933			
<u>Citrus fruit (total)</u>	P	2,871	2,750	5,621	243.1	49.5	83.4
	A	1,181	5,500	6,741			
<u>Fresh vegetables (total) (excluding tomatoes and potatoes)</u>	P	4,402	19,587	23,989	107.5	98.1	99.7
	A	4,094	19,958	24,052			
<u>Fresh tomatoes</u>	P	2,078	4,454	6,532	112.2	96.0	100.6
	A	1,852	4,639	6,491			
<u>Potatoes</u>	P	5,653	25,931	31,590	101.7	102.5	102.3
	A	5,583	25,303	30,361			
<u>Meat</u>							
Pigmeat	P	649	8,515	9,164	92.3	98.3	93.3
	A	703	8,617	9,320			
Beef and veal	P	418	6,450	6,853	84.8	99.0	98.0
	A	493	6,517	7,010			
Sheepmeat and goatmeat	P	146	501	647	97.3	63.5	63.9
	A	150	739	939			
Poultrymeat	P	696	3,303	3,997	99.4	104.0	103.2
	A	700	3,175	3,875			
<u>Eggs</u>	P	623	3,773	4,396	102.5	100.2	100.5
	A	608	3,766	4,374			
<u>Cow's milk</u>	P	5,368	95,424	100,792	99.0	100.1	100.0
	A	5,420	95,340	100,760			
<u>Skimmed milk powder (+ buttermilk)</u>	P	18	2,055	2,073	21.7	113.2	109.9
	A	83	1,804	1,887			
<u>Butter</u>	P	15	1,810	1,825	83.3	104.4	104.2
	A	18	1,733	1,751			

The implications of enlargement for trade relations between the Community and the countries of the Mediterranean basin are, briefly, as follows:

- Cyprus: The real and perhaps the only problem facing Cyprus on enlargement is the fact that it exports large quantities of highly sensitive agricultural produce. It is the country which exports the highest percentage of its market to the EEC. The most sensitive products are potatoes and citrus fruit.
- Turkey: the Ankara Agreement concluded in 1963 created a firmly binding association between the Community and Turkey. This association has gone through various successive stages in a highly volatile climate and economic and commercial progress has been unsatisfactory for Turkey. Turkey is concerned at the economic implications of the accession of Spain and Portugal, particularly as regards sensitive industries, employment prospects for Turkish workers and, above all, agriculture.

The economic and, above all, political consequences of enlargement for this country are of particular importance.

- Maghreb and Meshrek and Israel : these countries provide an important and growing market for the Community (about 7% of our total exports) which enjoys a clear trading surplus. If, however, this imbalance continues to increase following the new accession, such a trend could certainly limit the Community's export opportunities. In international trade there is a tendency for countries which have a trade deficit with a certain partner to turn towards other suppliers once a certain point is reached.

On the other hand, the Community market offers an important outlet for six of the eight Mediterranean countries, whose trade with the EEC accounts for a very substantial percentage of the total:

	EEC imports 1980 m ECU	EEC exports 1980 m ECU
Mashrek ¹	2,733.7	6,069.3
Maghreb ¹	6,281.1	7,730.6

Source: Statistical Office of the European Communities.

Particular mention should be made of agriculture, which is the key sector for most of the southern Mediterranean countries. Between 45% and 55% of the working population in Morocco and Tunisia are employed in agriculture. Agricultural production accounts for over 20% of GNP in Morocco and over 10% in Tunisia; the proportion of agricultural products exported also accounts for a sizeable percentage of these countries' GNP. In Israel, Morocco

¹Mashrek: Egypt, Syria, Lebanon, and Jordan.

Maghreb: Morocco, Algeria and Tunisia

and Tunisia exports of agricultural products account for between one quarter and one fifth of total international exports. Only Morocco and Tunisia show a surplus on agricultural trade. Access to the Community's agricultural market is finally one of the most crucial factors for the economies of these countries. Exports of agricultural products to the Community account for between 63% and 70% of the total agricultural exports of Morocco Tunisia and Israel.

- Yugoslavia: this country signed an agreement with the Community in 1973. This was followed by a new agreement based on a global approach signed in 1980. This country is one of the least affected by enlargement. Enlargement threatens to erode the share of the Community market held by certain Yugoslav exports. Yugoslavia will be in close competition on the Community market with the applicant countries, as it has reached a comparable level of development and its pattern of exports is similar.

Yugoslavia's trade balance with the Community shows a marked deficit. The present agreement has proved totally unsatisfactory from Yugoslavia's point of view and enlargement threatens to make this state of affairs still worse.

CONCLUSION

In general terms the consequences of enlargement for countries outside the Community are already apparent. to be completed, but are being hampered by a number of unknowns:

1. Non-member countries frequently do not have very accurate data on trends in their markets;
2. the indices available to the EEC may fluctuate in the short term;
3. the situation will change appreciably between now and accession, and even more so between the date of entry and the end of the transitional period.

We may see enlargement to include Spain and Portugal as a challenge which the EEC must accept, and which will oblige the Mediterranean countries within the Community to show more involvement and responsibility; this will have a beneficial effect on the development of the Community as a whole.

The industrial policies pursued by the applicant countries do not accord with the 1975 and 1976 agreements between them and the Community. Particularly sensitive sectors are: steel-making, textiles, footwear, shipbuilding, agri-foodstuffs industries, chemicals and petroleum derivatives

The Committee on External Economic Relations can support the line chosen and adopted by the Commission of formulating a comprehensive policy vis-à-vis the Community's Mediterranean partners.

It will be very difficult to find practical solutions to the problems raised by the accession of Spain and Portugal in terms of the agreements made by certain non-member countries prior to this accession until the conditions for the accession of Spain and Portugal are made more specific and until the modifications to be made to the common agricultural policy, following the restructuring which the Commission was required to undertake in the context of the Mandate of 30 May 1981, are actually carried out.

The Commission must give serious consideration to the complex and important issues raised by the forthcoming enlargement. We hope that this analysis will lead to practical proposals and effective solutions as soon as possible.

On no account must the adaptation of cooperation agreements to the accession protocols of the applicant countries be allowed to delay the applicant countries' effective entry into the Community.

The Member States of the EEC and non-member countries are acutely aware of the need to know, in economic terms, what changes their trade policy may undergo as a result of the accession of new Member States.

The ACP States were not consulted at the time of Greek accession. They complained bitterly and rightly so.

They must therefore be kept informed of the current negotiations on accession, since some of them must be regarded as Mediterranean countries in their own right.

In view of the current situation in the Community, i.e. :

- in view of the changes which need to be made to the protocol to the agreement between the EEC and the State of Israel following the accession of the Hellenic Republic to the Community;
- in view of the accession of Spain and Portugal;
- in the context of the Mandate of 30 May;
- taking account of the comprehensive measures taken by the Community vis-à-vis its own Mediterranean partners;

there is a need for cooperation between the various Mediterranean Member States of the EEC. It would be followed by more broadly based cooperation covering Mediterranean non-member countries.

Opinion of the Committee on Social Affairs and Employment

Draftsman: Mr Alberto GHERGO

On 13 July 1982 the Committee on Social Affairs and Employment appointed Mr Ghergo draftsman of an opinion.

At its meeting of 23 September 1982 the committee considered the draft opinion and adopted it with one vote against.

Present: Mr Papaefstratiou, chairman; Mr Frischmann, vice-chairman; Mr Ghergo, draftsman; Mr Boyes, Mr Brok, Mr Calvez, Mr Chanterie, Ms Cluyd, Mr Geurtsen (deputizing for Mr Pauwelyn), Mrs E Kellett-Bowman (deputizing for Sir David Nicolson), Mrs T Nielsen, Mr Patterson, Mrs Salisch, Mr Tuckman and Mr Vandewiele (deputizing for Mr Estgen).

The enlargement of the European Economic Community to include Spain and Portugal raises major problems, particularly as regards the general economic sector and the social sector.

The two applicant countries, which are based predominantly on agriculture, are characterized by substantial disparities in regional development.

As regards industry, which has a high labour intensity, low technology products will, at least initially, benefit from membership, while a long process of adaptation will be required as regards high technology products from the more industrialized countries.

Both countries have high levels of unemployment, substantial balance of payments deficits and galloping inflation.

There are around 1.8 million people unemployed in Spain¹ (14% of the working population). In addition, there is some degree of overemployment and further difficulties raised by the repatriation of large numbers of workers.

Portugal has about 350,000 unemployed (9% of the working population). More than 60% of the unemployed are young people between 15 and 25 with no professional qualifications, who are looking for their first job. There has nevertheless been a substantial reduction in emigration in recent years.

The Committee on Social Affairs and Employment considers that there is unlikely to be a major increase in emigration from Spain and Portugal, both because emigration is now generally a question of choice and the stagnating economic situation in the Community countries does not offer firm job prospects, and because the policy now being pursued by the Member States is designed to keep the entry of foreign workers within limits that are compatible not only with the Community's economic and social situation but also with the need to tackle the problems connected with the integration of migrant workers, in order to curb the related social costs.

Moreover, in view of the high proportion of the working population employed in agriculture in the two applicant countries (20.3% in Spain and 27.3% in Portugal compared with a Community average of 11%), there is likely to be a major exodus from agriculture to the industrial and services sectors.

¹ Situation at 31 December 1981

The numbers involved in this exodus can be estimated and the process should be guided and controlled in accordance with a carefully planned programme which provides a timetable, detailed arrangements and guidelines designed to prevent the type of economic and social problems that have resulted from similar phenomena in certain Community countries.

For this purpose, the Spain and Portuguese Governments should begin now to give consideration to these problems, taking account also of Community regulations on vocational training and retraining. In Portugal, for example, there is virtually no vocational training at primary and secondary school level.

There will be problems with the adjustment, in accordance with Regulation 1408/71, of the economic and legal status of Spanish and Portuguese workers employed in the Community countries.

In this connection, although the Committee on Social Affairs and Employment does not have at its disposal the statistics and factual data needed for a serious assessment of the whole range of repercussions on the economic situation of those Community countries which employ foreign workers, it must insist on the full application of Regulation 1408/71, without any postponement or transitional arrangements, both for reasons of social equality and to eliminate distortions of free competition.

Still referring to this Regulation, the committee considers that the two applicant countries should take practical account of the objective, laid down in the Regulation, of the harmonization of the Member States' social legislation, in order not only to adjust to this legislation but also to eliminate substantial differences in labour costs which distort competition.

Given the very short time between now and the accession of the applicant countries to the Community, it is important that they should begin immediately the work of adjusting their legislation in order to prevent unfavourable repercussions and further economic and social divergences which would jeopardize the already difficult process of integration.

The basic problem, however, relates to own resources. The various Community funds, already inadequate for present needs, will be totally insufficient when applications for aid start coming in from Spain and Portugal. All the applications will be justified in practical terms, which will make the choice of priorities even more difficult.

The Committee on Social Affairs and Employment requests the Political Affairs Committee to include the following points in its motion for a resolution:

1. Recommends that the decisions to be taken during the negotiations should take due account not only of the problems facing the Community countries but also of the requirements of the economic and social development of the applicant countries;
2. Shares the view expressed by the Commission in its report on social problems with a view to enlargement that the free movement of persons from the applicant countries must be considered in the context of a global Community policy in the economic and monetary field;
3. Considers that the trend in the migration of Spanish and Portuguese workers will depend to a large extent on the Community's development objectives, in which the process of accession plays an important role;
4. Requests that assistance be given to the integration of foreign workers resident in the Community, and particularly to young people of the second generation, by means of a social and employment policy designed to give effect to the principle of equality of treatment as regards employment, living and working conditions and social security;
5. Recommends that Regulation 1408/71 concerning social security should be applied in full immediately after accession; feels, however, that transitional measures or derogation arrangements may be envisaged as an exception in order to deal with practical problems concerning adjustments to the economic and legal status of workers and their families;
6. Considers that the applicant countries should be fully aware of the objective of harmonizing social legislation and that they should begin now to make every effort to adapt their national legislation;
7. Stresses the importance of vocational training and retraining to give workers greater geographical and inter-sectoral mobility.

8. Calls on the Commission to draw up a report assessing in detail the full impact which enlargement of the Community to include Spain and Portugal would have on the social sector, particularly employment. This report should be forwarded to the appropriate committees of the European Parliament and should describe the foreseeable consequences both in the Member States and in the applicant countries in the event of their accession.

document constituting the opinion of the Committee on Regional Policy and Regional Planning

On 21 November 1980, pursuant to Rule 25 of the Rules of Procedure, Mrs BOOT and others tabled, on behalf of the Group of the European People's Party, a motion for a resolution on the creation of a 'revolving fund for the benefit of Mediterranean countries belonging to the European Community, on the basis of a Council regulation'.

On 15 December 1980, the European Parliament referred this motion to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Social Affairs and Employment, the Committee on Budgets and the Committee on External Economic Relations for an opinion.

On 21 January 1981, the Committee on Regional Policy and Regional Planning appointed Mr Pottering rapporteur;

It considered the report at its meetings of 22 April, 23 June and 20 October 1981 and adopted the motion for a resolution at its meeting of 9 November 1981 unanimously with 2 abstentions.

Present: Mr De Pasquale, chairman; Mr Pottering rapporteur; Mrs Boot, Mr Cardia, Mr Cecovini, Mr Griffiths, Mr Harris, Mrs Kellett-Bowman, Mr Konstantinos Nikolaou, Mr J.D. Taylor, Mr Travaglini and Mr von der Vring.

The opinion of the Committee on Social Affairs and Employment is attached.

The opinion of the Committee on Budgets will be delivered in the form of a letter.

The Committee on External Economic Relations decided not to deliver an opinion.

The Committee on Regional Policy and Regional Planning hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on a 'Mediterranean plan' for the benefit of Mediterranean countries belonging to the European Community and the applicant countries Portugal and Spain on the basis of a Council regulation

The European Parliament,

- having regard to the motion for a resolution tabled by Mrs Boot and others on behalf of the Group of the European People's Party on the creation of a 'revolving fund for the benefit of Mediterranean countries belonging to the European Community on the basis of a Council regulation' (Doc. 1-620/80),
- having regard to the motion for a resolution tabled by Mr RUFFOLO on behalf of the Socialist Group on the creation of a European regional development organization (Doc. 1-359/81) and the motion for a resolution tabled by Mr CARDIA and others on the structure and operation of the European Regional Development Fund (Doc. 1-510/81),
- having regard to the draft amendment to the 1982 budget entering a p.m. for the creation of a revolving fund for the Mediterranean countries (Doc. 1-550/213),
- having regard to the report of the Committee on Regional Policy and Regional Planning and the opinions of the Committee on Social Affairs and Employment and the Committee on Budgets (Doc. 1-736/81),
- having regard to the Preamble and Article 2 of the EEC Treaty, whereby the Member States undertake to reduce the differences existing between the various regions and the backwardness of the less favoured regions and to promote throughout the Community a harmonious development of economic activities,
- recognizing that the Community is now further from the goal of the convergence of the national economies than on the day it was established,
- considering that the accession of Greece and the prospective accession of Portugal and Spain will make the gap between the rich and the disadvantaged regions of Europe far wider, with the result that in future the Community may be said to be divided into two economically and socially distinct parts,

- considering that the Community must attach great importance to preventing such divergent development, which could, in future, give rise to considerable social conflict,
 - convinced that there is a need in this regard to draw up integrated regional development programmes for the disadvantaged Mediterranean regions of the Community and the applicant countries, to serve as a reference for future national and Community support measures,
 - convinced that considerable financial resources will be needed if the position of the Mediterranean regions is to be improved, which necessarily implies the restructuring of Community expenditure,
 - recognizing that if action to improve the position of the Mediterranean regions is to be successful, such resources will have to be injected into these regions over a long period, i.e. at least 30 years,
 - mindful of the fact that, to ensure the success of a development policy for the disadvantaged regions, capital must be deployed where labour is available,
 - considering that the creation of appropriate organizational instruments is an essential precondition for a successful policy in favour of specific Mediterranean regions,
1. Calls on the Commission to draw up, in collaboration with the Member States and the applicant countries, integrated development programmes for the severely disadvantaged Mediterranean regions;
 2. Calls on the Commission to draw up, in the framework of the integrated development programmes, and utilizing the development potential available in the regions, detailed proposals for the following specific fields of action having regard to new technologies offering scope for growth;
 - creation of permanent jobs in the industrial, crafts and services sectors and the necessary infrastructure;
 - structural reform of agriculture in the Mediterranean area including afforestation schemes;
 - improvement of the vocational training of workers, qualified managers and entrepreneurs (particularly in the small to medium-sized private sector);
 - improvement of administrative efficiency;
 3. Calls on the Commission to determine, on the basis of the programmes, what budgetary and capital market funds will be required in the short, medium and long term to achieve the objectives set;
 4. Calls on the Commission to draw up proposals for the creation of a 'Development Fund for the Mediterranean Regions of the Community and the Applicant Countries', to be constituted within a period of 6 to 8 years to provide effective aid to self-help;

5. Calls on the Commission to draw up proposals to ensure that development funds, which should be granted at reduced rates of interest and should as a rule be repayable, are used in a manner consistent with economic principles and banking criteria and that they are coordinated with other Community financial instruments; to this end, the European Investment Bank should be entrusted with the administration of the Fund;
6. Calls on the Commission to take precautions to ensure that subsidies and loans are not channelled into the national budgets of the recipient Member States but are placed directly at the immediate disposal of undertakings, regional authorities, etc.;
7. Requests the Commission to consider the advisability of establishing a 'European Development Company' which can offer the regions concerned the appropriate expertise and thus meet the need for development and an effective transfer of technical and administrative know-how to the disadvantaged Mediterranean regions;
8. Requests the Commission to submit proposals for a Council regulation on the subject of this resolution within a period of three months;
9. Instructs its President to forward this resolution to the Council, the Commission and the governments of the applicant countries Portugal and Spain.

EXPLANATORY STATEMENTI. The political necessity of an aid programme for the Mediterranean countries

1. Political considerations make Greek accession to the European Community on 1 January 1981 and the forthcoming enlargement of the Community to include Portugal and Spain both desirable and necessary. Greece, Portugal and Spain are major European countries. European unification without these three countries would be barely conceivable. The accession of Greece, Portugal and Spain to the European Community is also seen as a contribution towards strengthening democracy in these countries following periods of dictatorship which in some cases had lasted many years.

2. Enlargement of the Community to twelve members poses major problems not only for the Community but also for the applicant states. Enlargement of the European Community could easily prove unsuccessful and threaten European unification as a whole unless the necessary decisions on the integration of the applicant states are taken. The problems raised by enlarging the Community to 12 members can be solved but this will require the political will of the European Community, the acceding states and especially the Member States of the Community.

3. The prosperity gap between the richer and poorer regions of the Community has steadily widened in recent decades. In future this may give rise to social conflict at the European level comparable with that which exists at the global level in the form of the North-South conflict.

Enlargement will exacerbate these problems. The differences in the level of development between the regions of the enlarged Community will be far larger than those in the Community of Nine. While the ratio of per capita GDP between the richest region in the Community of Nine, Hamburg, and the structurally weakest region of Italy, Calabria, was 5 : 1, in the Community of Twelve the ratio between Hamburg and the Portuguese region of Vila Real Braganca will escalate to 12 : 1. A similar relationship obtains in relation to the Greek region of Thrace.

A total of 56 million people live in Greece, Portugal and Spain. Of these, more than 35 million (roughly two thirds therefore) live in regions in which the per capita GDP is comparable with that of Southern Italy, which, with Western Ireland, is the structurally weakest region in the Community of the Nine.

4. It therefore behoves political movements in the Community to do everything in their power to avert the impending conflict by taking measures which will lead to a tangible improvement in the economic and social condition of people in the poorer regions of the Community. The population in these regions will be unable to perceive the benefits of membership if they find that the Community is unable 'to reduce the backwardness of the less favoured regions'¹.

5. The Community is further away now from its goal of balanced economic development than it was at the time of its creation.

This is already particularly true of the structurally weak regions in the Mediterranean countries belonging to the Community and will become even more so the case in a Community of twelve unless the necessary steps are taken.

6. The main features of the economic and social situation in the structurally weak regions of the Mediterranean countries belonging to the Community and those in the applicant States of Portugal and Spain compared to the industrialised central regions are as follows:

- lower labour productivity
- high proportion of the labour force employed in agriculture
- a tendency towards single-crop farming
- severe underemployment
- a lack of alternative employment to agriculture
- insufficiently large undertakings in agriculture, industry, craft trades and services
- shortage of skilled labour

¹The Preamble to the Treaty establishing the European Economic Community includes the following passage: 'ANXIOUS to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less-favoured regions'

- large distances between buying and selling markets and the decision-making centres of the Community
- inadequate transport and social infrastructures
- administrative and fiscal obstacles to economic development
- a low propensity to invest.

7. The combination of some, several, or all of these features in certain regions in the Mediterranean countries has resulted in relatively low incomes or relatively little prosperity for the population in these regions.

8. The examples below show how the situation of the population in the Mediterranean areas varies from the average conditions for citizens of the Community, (see Annex).

- While an average of roughly 7% of the Community work-force is employed in agriculture, the proportion in the Mediterranean regions is approximately 20% (Greece and Portugal 30%).
- In spring 1981 the average rate of unemployment in the Community is approximately 8%. In the Mediterranean regions of the Community this rate ranges from 9 to 20%.
- At current prices, average per capita Community GDP was approximately US\$9,000 in 1980. The corresponding figure for Portugal, for example, was \$2,070 and for Greece \$4,060.
- Approximately 14% of adults in Greece and approximately 23% in Portugal are illiterate. In the other Member States illiteracy is virtually nonexistent.

9. The new member of the Community, Greece, and the applicant countries, Portugal and Spain, not only have the problem of developing traditionally weak regions but also the problems associated with accession to the Community. Despite considerable progress in industry and trade in recent years, the applicant States are confronted by major problems as a result of the elimination of customs barriers required by membership. Following accession, the applicant countries have not only to face increased competition from the other Member States but also to find alternative employment for the manpower leaving agriculture. It is essential that they encourage investment so as to create employment.

10. Given the large proportion of the work-force employed in agriculture, the main task will be the structural adjustment of agriculture within the framework of active economic, social and cultural development. Productivity in this sector has declined compared to other areas of the economy. The aim therefore will be a rational combination of migration from the land with an increase in agricultural productivity.

11. The applicant countries are being forced to make their industry more competitive in order to adapt to the Community market. It is vital to avoid artificial protectionism based on state subsidies. Adjustments are needed which give industry, craft trades and the service sector a genuine chance to compete within the Community. Only the applicant states can take the necessary decisions on ways and means to this end but the Community can and must offer support in the form of an effective aid programme to encourage self-help.

12. The overriding goal of an aid programme for the Mediterranean regions in the Community must be to create employment for people in the areas where they live. People should be given an opportunity to find work in their native regions. They should not be compelled to migrate to other parts of their own country or even other Member States. Young people in particular should be given an opportunity of finding employment in the areas where they have grown up, have their friends and wish to start a family.

Migration to the centres of industry and population in the Community often involves social isolation for the people concerned. The experience of several generations of migrant workers in the northern countries of the Community should make it clear that it is better, not only in the interests of the workers concerned and their families but also of the host countries, to 'bring the machines to the people rather than the people to the machines'.

13. At the same time, following a transitional period for the applicant states, freedom of movement for workers should remain an important goal for the Community. But there should be no 'compulsory freedom of movement' for workers simply because they are unable to find employment in their native countries. The present high level of unemployment in almost all the Member

States makes an aid programme for the applicant countries even more important than ever. Jobs must be created not only for those people leaving agriculture but also for those workers affected by the restructuring needed in other areas of the economy.

14. The Committee on Regional Policy and Regional Planning is therefore convinced of the political necessity of a special development programme for the Mediterranean countries belonging to the Community.

II. Geographical extent of a 'Mediterranean plan'

15. The signatories of the motion for a resolution take the view that the fund should primarily benefit the Mediterranean countries belonging to the Community¹.

16. The Committee on Regional Policy and Regional Planning draws attention to the fact that the Mediterranean, as 'Mare Nostrum', has throughout history been an area of contact and the background for a wide range of exchanges between Europe and the countries of Africa and Asia Minor.

Concentration of the proposed aid on the Mediterranean countries belonging to the Community and the applicant countries Portugal and Spain should serve to underline the importance of consolidating friendly relations with the other states around the Mediterranean as part of an overall Community Mediterranean policy.

The Committee on Regional Policy and Regional Planning therefore calls on the Commission to submit proposals designed to ease the problems created for non-member states around the Mediterranean by Community enlargement. The Committee on Regional Policy and Regional Planning is aware of the great responsibility of the Community to all the States around the Mediterranean.

17. The Committee on Regional Policy and Regional Planning takes the view that the 'Mediterranean Plan' should concentrate on those regions of the Community which are development areas as defined for the European Regional Development Fund (ERDF). As no ERDF development areas have (yet) been defined for Portugal and Spain, the Commission is asked to consult these countries with a view to drawing up a geographical definition of development areas in these countries.

¹The motion for a resolution (Doc. 1-620/80) also states that 'about 10% of the resources could be used for severely under-developed regions elsewhere in the Community'.

18. Taking this definition as a basis, the committee feels that the following Mediterranean regions can be considered development areas under the 'Mediterranean plan', although this list should not be regarded as final:

France

- Corsica
- Languedoc¹
- Midi-Pyrénées¹
- Aquitaine¹

Greece

- entire territory excluding the Athens-Piraeus and Saloniki regions

Italy

- Mezzogiorno¹ including Lazio

Portugal

- To be defined by the government in consultation with the Commission

Spain

- To be defined by the government in consultation with the Commission

III. Areas of activity for the 'Mediterranean Plan'

19. Financial resources can be allocated to the development of these regions only on the basis of detailed and feasible regional development programmes. Admittedly, the Member States have been submitting their regional development programmes and subsequent reviews of these programmes to the Commission since 1977. However, to repeat the criticism contained in the TRAVAGLINI report², their suitability in their present form for use as frames of reference for entitlement to finance from the Community fund is limited.

¹ Community regional development measures are also confined to these regions pursuant to Article 13 of the ERDF Regulation (Doc. 1-451/79)

² Doc. 1-347/80

20. The Committee on Regional Policy and Regional Planning urges the Commission to draw up, in close collaboration with the governments and, in particular, the Mediterranean regions concerned, realistic, detailed, integrated development programmes setting out the short-, medium- and long-term objectives and the priorities with respect to the projects to be implemented.

Such development programmes must be accompanied by information relating to short-, medium- and long-term financial planning, with a distinction made as to budgetary and capital market resources.

The aim should in all probability be a planning period of 30 years in the first instance.

21. The Committee on Regional Policy and Regional Planning takes the view that these development programmes should concentrate on the following areas:

- (a) Creation of permanent employment in the industrial, craft and service sector and the infrastructure needed for this
- (b) Restructuring agriculture
- (c) improvement of workers' vocational skills by creating vocational training centres and encouraging occupational mobility by retraining
- (d) improving the efficiency of the administrative sector as a flanking measure to be implemented under the control of the Member State.

Obviously there would have to be close coordination between the local, regional, national and Community level in all spheres of activity. As the Mediterranean is already badly polluted, greater attention will also have to be paid to environmental protection.

- (a) Creation of permanent employment

22. The prime objective of the Mediterranean Plan is to create permanent employment in the industrial, craft and service sectors.

Clear priority should be given to promoting small and medium-sized undertakings. Experience shows that jobs in small and medium-sized undertakings are relatively more secure.

Attention should also be given to developing innovatory types of industry (e.g. solar energy).

23. A well-developed infrastructure is essential if jobs are to be created. In many cases the infrastructure does not exist in the structurally weak areas and should therefore be included in the aid measures under the Mediterranean Plan.

24. Experience shows that there is generally a great lack of projects suitable for aid.

Feasibility studies should therefore be conducted as part of the investment programmes so as to encourage investments which are economically promising and create employment. The promotion of marketing, improvement of entrepreneurial expertise and systematic consultancy services should also have priority under the Mediterranean Plan.

(b) Structural reform of agriculture

25. The most important branch of economic activity in the poorer regions around the Mediterranean is agriculture. Its main features are small undertakings, a tendency towards single-crop farming and relatively low labour productivity. According to the Commission, for example, almost 60% of the farmers in the Mezzogiorno only have part-time employment in the agricultural sector and no other employment in other sectors of the economy. Alternative scope for employment is virtually non-existent.

26. It is therefore clear that intervention in the agricultural sector represents a major starting-point for improving the socio-economic position of the population in the Mediterranean regions if such intervention leads to the creation of jobs in other sectors.

27. In the view of the Committee on Regional Policy and Regional Planning, the aim of the measures in this area should be:

- to promote structural reforms of agriculture, i.e. in particular the rationalization of production and marketing
- to support mobility from the agricultural sector towards other sectors with higher labour productivity.

28. Measures to this end are already being taken by the Commission (application of the 1972 Directives).

In their present form these directives are not sufficiently well-adapted to the specific problems of the less-favoured regions¹. (With the exception of the mountain areas).

The Commission is therefore urged to amend its directives relating to the improvement of the agricultural structure to enable an efficient restructuring of the agricultural sector in the Mediterranean areas.

29. This therefore does not represent a new form of agricultural policy but simply a modification of existing policy which the Committee on Regional Policy and Regional Planning regards as a flanking measure to creating permanent employment.

It is well known that the Common Agricultural Policy has hitherto largely benefited those areas in the central northern regions of the Community which were already developed.

The justification for an agricultural structural policy which would specifically benefit the Mediterranean regions, therefore, is all the greater. Structural reforms in agriculture should not prevent farmers who find employment outside the agricultural sector from pursuing agricultural employment as a part-time activity.

¹ See the study on the regional effects of the Common Agricultural Policy published by the Directorate-General for Regional Policy of the Commission in December 1980, p. 77 et seq.

30. Afforestation schemes are particularly important to restore or maintain the ecological balance in the Mediterranean regions.

31. Greater attention should be given to aquaculture in suitable Mediterranean coastal regions and the appropriate steps taken to re-train fishermen.

(c) Improvement of workers' vocational skills by creating vocational training centres and encouraging occupational mobility by retraining

32. Investments in human resources represent a further necessary flanking measure for regional development of the Mediterranean regions. This comprises the following:

- construction and administration of vocational training centres, apprentice workshops etc.
- professional retraining, particularly of agricultural workers.
- training of qualified managers and novice entrepreneurs, particularly in the small to medium-sized private sector, possibly in cooperation with a 'European Development Company' yet to be established. Male and female workers should receive the same degree of assistance under such schemes.

~~33.~~ These areas of activity do not represent a special new Community policy but a modification and adaptation of existing instruments to the specific situation of the Mediterranean areas.

The Commission is urged to modify its Social Fund aid policy to take account of regional aspects.

Respect for the Member States' autonomy in educational matters means that there must be close cooperation with the national institutions responsible for education and training.

(d) Improving the efficiency of the administrative sector

34. Measures in this area also represent flanking action which should be carried out by the Member States on their own authority.

35. A well-organised and efficient administration would enable the less favoured Mediterranean regions to solve some of the remaining problems (traffic situation, skilled workers, etc.).

The improvement of the efficiency of the administration is an essential flanking measure which should be carried out by the Member States on their own authority.

36. One possible approach in addition to special training for administrators in these regions would be to bring in experts in regional economic development.

37. The committee takes the view that an intra-Community transfer of administrative and technical know-how to less favoured regions must accompany the transfer of financial resources.

IV. Deployment of instruments

38. The granting of public finance to regional development projects must be accompanied by measures to ensure that the use made of such funds is economically efficient.

The Committee on Regional Policy and Regional Planning sees it as its duty to press the Commission to take appropriate precautions.

The aim of such measures should be not so much to prevent any deliberate attempt to use funds for other than their intended purpose as to enable them to be put to optimum use.

39. The success of the development measures for the Mediterranean regions will very much depend not only on the volume of finance made available but also on the arrangements governing its allocation.

(a) Creation of a 'Mediterranean Fund'

40. To ensure that Fund resources are used in accordance with the principles of sound financial management, the administration of the Fund should be such that extraneous considerations have no bearing on the allocation of resources.

41. It might be argued that the European Regional Development Fund as an existing instrument might usefully be deployed, since this would prevent further fragmentation of the Community's financial instruments.

However, in its present form, the European Regional Development Fund is not suited to such a purpose.

42. The position of the present Regional Development Fund is as follows:

- It has no access to the capital market, being entirely financed from budgetary resources.
- The size of the Fund is determined by annual budgetary decisions.
- Its system of quotas precludes any geographic concentration of aids.
- It offers no loans at reduced rates of interest, only 'non-repayable' grants.
- As a rule, finance from the Fund is channelled straight into the national treasuries (refund principle) rather than being made over directly to investors at regional and local level.
- Since it encourages mainly investments in infrastructure (70%), it is unable to provide adequate job-creating investment aids to small and medium-sized undertakings.

- It does not allocate funds to the applicant countries Spain and Portugal.

43. Article 130 of the Treaty of Rome states 'The task of the European Investment Bank shall be to contribute :.... to the balanced and steady development of the common market in the interests of the Community', by supporting among other things 'projects for developing less-developed regions and projects for modernizing or converting undertakings'.

44. The Committee on Regional Policy and Regional Planning therefore considers that it would be appropriate to appoint the European Investment Bank (EIB) as the sponsor, coordinator and executive body.

The EIB, which takes decisions largely on the basis of economic criteria, would be less susceptible than the Commission to political pressure to adopt other criteria than economic expediency as the basis for allocating aid.

45. As the EIBs statute does not provide for the four types of activity referred to in paragraph 21 (areas c and d do not belong to the Bank's role as defined at present), one solution might be to create a subsidiary as a special section of the Bank responsible for the Mediterranean Plan. Whatever form the Mediterranean Plan takes in future as a financial instrument, it should in no way be regarded as competing with the existing Regional and Social Funds, but as complementary to these.

46. The Mediterranean Plan can only succeed if it leads to direct action. Its objectives, duration and endowment must be geared to the long term.

The Committee on Regional Policy and Regional Planning believes that it will take at least an entire generation to solve the problems of the less-developed Mediterranean regions and therefore favours a duration of initially 30 years for the aid programme.

47. The Mediterranean Plan Fund should be based on the principle of loans so that resources are not provided as non-repayable grants but with an obligation for repayment. This is intended to foster the initiative and commitment of the beneficiaries.

The fund should therefore be revolving, i.e. increasing as time goes by as a result of interest and capital repayments. Its rate of growth will depend among other things on the rate at which it revolves. The Marshall Plan model provides an example of how it could operate.

The fund should:

- work according to the principle of complementary financing, i.e. own resources and other outside resources should be involved on an appropriate scale
- have rates of interest without a sliding scale (the rate of interest should therefore be fixed at a specific level below market rates)

- set periods for loans geared to the purpose for which the resources are being used. The period for the payments should normally provide for a grace period determined in relation to the nature of the project.

(b) Fund organization

48. The fund should be deployed on the basis of a Council Regulation and in accordance with supplementary Commission guidelines. The EIB would be the executive authority administering and deploying the fund in accordance with banking principles. The ORTOLI facility is an example of the EIB assuming responsibility for a specific Community policy in this way.

The countries receiving loans would provide guarantees for loans granted.

The fund should be subject to supervision by the European Parliament.

(c) Resources

49. The fund will be able to draw on two sources:

- the Community budget
- loans on the international capital market.

50. In the view of the Committee the following areas of activity can be financed from the budget:

- loans at preferential interest rates to the industrial and service sectors
- feasibility studies to discover new investment projects
- combatting illiteracy
- training and retraining of public service employees
- consultancy services of experts from a 'European Development Company'.

51. Loans on the capital market could be used to finance the following areas of activity:

- investments by undertakings and corporations in the industrial, craft and service sectors to create employment
- measures in the infrastructure sector
- measures to improve the structure of agriculture
- construction of vocational training centres and apprentice workshops

52. It is difficult at the present time to calculate the long-term relationship between budgetary and capital market resources which will be used to finance the Mediterranean Plan. This will be influenced directly by the credit potential of the areas receiving aid. It is impossible at the moment to estimate the credit potential of Greece, Spain and Portugal. It will be the task of the Commission to draw up the appropriate forecasts.

(d) Incentives

53. The following might be used to encourage investments in the industrial, craft and service sectors and agriculture:

- investment loans linked to a specific project or programme at a rate proportional to the 'relative intensity'¹ of the regional problems in the area receiving aid.
- subsidized interest rates for specific projects or programmes with the level also linked to the relative intensity of the regional problems
- feasibility studies for specific projects or programmes could initially be financed from budgetary resources by non-repayable grants. In cases where the project or programme is put into practice, these non-repayable grants would be converted into repayable loans. This would be a way of encouraging in particular risk capital investments in less-favoured regions.

54. To ensure that the aid, which after all is public money, is used efficiently, it is absolutely essential to combine the incentives systems with an optional 'right to demand repayment'. This right to demand repayment would be invoked for example if the jobs created no longer existed after a certain period.

55. The incentives to agriculture should mainly encourage structural improvements, including social measures to increase productivity and rationalize production and marketing. It is important to bear in mind the risk of increasing Mediterranean surplus production. Even if this is often not the intention, it is well known that rationalization investments and structural improvement measures often lead to increases in production which must be avoided, particularly in the case of products such as wine, olives, tomatoes, citrus fruits etc.

56. Incentive systems for investments in the human resources field are far more problematic. These require very close cooperation between the sponsoring institution and the recipient national institutions responsible for training and education.

Possibly these institutions could receive earmarked loans at preferential rates of interest combined with special conditions and the services of experts from a 'European Development Company'.

The Commission should be asked to draw up detailed proposals on this subject in consultation with the Member States concerned.

¹ See First Report on the social and economic situation in the regions of the Community, Chapter 8.3

(e) Establishment of a 'European Development Company'

57. As a rule, the disadvantaged Mediterranean regions do not have the experts they need at local and regional level to formulate and implement regional economic development measures.

58. There is a similar, pronounced lack of administrative and technical know-how, particularly in the field of relations between local and regional authorities on the one hand and the State, industrial and professional organizations, banks, consultancies, research institutes and, not least, the institutions of the European Community on the other.

In many cases, the development potential of the regions cannot be exploited owing to the absence of the necessary experts.

59. The Committee on Regional Policy and Regional Planning takes the view that, if convergence within the Community is to be achieved, the granting of finance on the basis of detailed regional development programmes must be accompanied by the deployment of regional development experts in the regions concerned.

60. The committee therefore calls on the Commission to consider the advisability of establishing a 'European Development Company' to provide advice on the spot. The organization of the company should satisfy private-enterprise criteria, and it should be directly responsible to the Commission. The services it offered might include: regional planning, regional policy, the operation of Community financial instruments, establishment of industries, business consultancy, market research, capital procurement, sales promotion, etc. Interested local and regional authorities in the regions concerned could use its services on favourable terms. If the Community finance granted to a given programme or project exceeded a certain level yet to be decided, the use of consultants' services on the spot could be made mandatory.

V. Endowment of the Fund

61. The endowment of the Mediterranean fund should be discussed in the light of the following criteria:

- in order to be effective in the long-term, the Fund must receive adequate resources.
- Utopian demands which are politically unrealistic should be avoided. It is important in this context to bear in mind that the scope for future increases in the Community budget is practically exhausted.
- as the Mediterranean Fund will be a revolving fund, which in addition to budget and capital market resources will also receive funds from repayments of capital and interest, it will not start off at a high level, but should achieve the appropriate proportions in the course of time.

62. For developing countries the United Nations agreed that the industrial countries should set aside 0.7% of their GNP annually for development aid to the Third World. In the view of the Committee on Regional Policy and Regional Planning, the Mediterranean Plan should ultimately, i.e. after approximately 20 to 25 years, attain at least a comparable level.

On the basis of the Member States' GNP in 1980, this means a fund in the years 1995 - 2000 of approximately 14,000 million EUA at 1980 prices (by comparison: the 1981 Community budget amounts to approximately 20,000 million EUA).

63. The question of the amount of budgetary resources and capital market resources required in the 1983 budget in order to achieve the target for 2000 - 2005 needs to be considered in detail.

VI. Further integration of the European Community

64. The reduction in regional imbalances in the Community which the Mediterranean Plan seeks to achieve can only be attained if the financial efforts of the Mediterranean Plan are accompanied by further political integration in the Community. This includes not only bold and decisive progress to implement economic and monetary union but also the elimination of the principle of unanimity in the Council of Ministers which hampers the Community. The implementation of the principle of majority decisions in the Council of Ministers is essential if the European Community is to make further progress so that the Mediterranean Plan can achieve its goals and thus bring the European Community nearer to its aim of political union.

Employment/unemployment

Country/Region	Breakdown of employment by sectors 1977 in %			Percentage of working population unemployed in December 1980
	Agriculture	Industry	Services	All sectors
France	9.7	37.1	53.8	7.0
- Aquitaine	17.7	30.7	51.6	7.7
- Languedoc-Roussillon	17.7	25.5	56.8	9.4
- Midi-Pyrenees	20.4	30.9	48.7	7.3
- Corsica ¹				9.0
Greece	30.8	30.0	39.2	3 ³
Italy	12.9	39.5	47.6	9.3
- Mezzogiorno	33.1	28.1	38.8	11.7
- Sicily	26.9	28.0	45.1	13.4
- Sardinia	22.6	27.3	50.1	14.0
- Molise	42.0	26.0	32.0	11.7
- Puglia	34.0	27.5	38.6	9.1
- Campania	22.7	32.8	44.5	19.8
EC 9	7.3	40.5	52.1	7.1
Portugal ²	32.5	33.1	34.4	10.5
Spain ²	20.7	37.4	41.9	13.0

Source: Eurostat

¹ Figures not available² Source: OECD³ Figures not comparable

Indicators of living standards, 1977

Country/Region	Number of private cars	Number of telephones/ subscribers	Number of television sets	Number of doctors
	per 1000 inhabitants			
France	320	188	281	1.63
- Aquitaine	351	167	279	1.63
- Languedoc-Roussillon	337	181	288	2.22
- Midi-Pyrenees	357	151	273	1.68
- Corsica	261	185	215	1.50
Greece	68	250	127 ¹	2.2
Italy	290	180	225	2.46
- Mezzogiorno	229	123	184	2.54
- Sicily	226	147	155	2.53
- Sardinia	230	112	183	2.14
- Molise	193	88	193	1.75
- Puglia	198	103	198	2.05
- Calabria	171	89	147	2.13
EC 9	292	353	285	1.78
Portugal	96	118	65 ¹	1.22
Spain	162	239	184 ¹	1.80

¹ Figures refer to 1975

Source: Eurostat

Gross Domestic Product per capita 1977

EC average = 100

Country/Region	Index	
France	118.5	
- Aquitaine	101.3	
- Languedoc-Roussillon	88.4	
- Midi-Pyrenees	87.6	
- Corsica ¹		
Greece	46.2	
Italy	62.8	
- Mezzogiorno	43.6	
- Sicily	40.1	
- Sardinia	49.1	
- Molise	42.4	
- Puglia	43.6	
- Calabria	35.3	
EC 9	100.0	
Portugal ¹		
Spain ¹		

Source: Eurostat

¹ Figures not available

MOTION FOR A RESOLUTION (DOCUMENT 1-620/80)

tabled by Mrs Boot, Mr Lücker, Mr Klepsch, Mr Tindemans, Mr O'Donnell, Mr Pöttering, Mr von Hassel, Mr Costanzo, Mr Giummarra, Mr Lima, Mr Travaglini, Mr d'Ormesson and Mrs Cassarmagnago Cerretti on behalf of the European People's Party and Mr Berkhouwer, Mr Cecovini, Mr Coppieters, Mr De Pasquale, Mrs Ewing, Mr Harris, Mr Hutton, Mrs Kellett-Bowman, Mrs Macciocchi, Mrs S. Martin, Sir David Nicolson, Mrs Scrivener, Mr Spinelli, Mrs Squarcialupi and Mr von der Vring

pursuant to Rule 25 of the Rules of Procedure on the creation of a 'revolving fund' for the benefit of Mediterranean countries belonging to the European Community, on the basis of a Council regulation

The European Parliament,

- having regard to the EEC Treaty and, in particular, the desire of the Member States to strengthen the unity of their economies and to promote their harmonious development by reducing the differences existing between the various regions and the backwardness of the less-favoured regions,
- having regard to the Council Regulation of 18 March 1975 establishing a European Regional Development Fund and the amending regulations,
- having regard to the fact that Greece is due to become a full member of the Community on 1 January 1981,
- having regard to the membership applications from Spain and Portugal,
- having regard to Amendment No. 419 (Doc. 1-465/419) concerning a new article to be included in the 1981 budget on the preparatory measures for the creation of a revolving fund for the benefit of Mediterranean countries belonging to the European Community (this amendment was adopted by the European Parliament at the first reading on 6 November 1980),
 - (a) considering that European civilization has its roots in the countries on the Mediterranean Sea,
 - (b) considering that the enlargement of the EC to include the applicant countries is of great importance for the maintenance of balance and peace in the world and that traditional relations with other countries on the Mediterranean Sea should not be lost sight of,

- (c) considering the complementary character of the economic structure of the southern and northern countries of the Community,
 - (d) considering that the differences in the levels of development of the various regions and the backwardness of less-favoured regions present problems and obstacles for the Community in general and for the national economies in particular,
 - (e) considering that the second enlargement of the Community involves a complex re-adjustment of the Community's economic structure,
 - (f) draws attention to the fact that the gap between the richer and poorer areas within the European Community has widened in the last ten years,
 - (g) considering that the financial effort in the sphere of regional policy at both national and Community level has not been able to prevent this gap from widening,
 - (h) noting that the present financial instruments of the Community are inadequate for a fundamental regional structural and development policy in which matters of agricultural structural and employment policy are taken fully into account,
 - (i) considering that in the context of a good regional policy capital should seek labour and not the reverse,
1. Asks the Commission to formulate a plan for the Mediterranean basin for the Community of Twelve. The plan should be designed to eliminate the great disparities in employment and prosperity between northern and southern Europe. It should not only include medium- and long-term objectives, instruments and procedures but also propose specific short- and long-term measures;
 2. Asks the Commission, with a view to the realization of the plan, to elaborate proposals for the creation of a revolving fund, which could be modelled on the Marshall plan. This fund, which would operate alongside the EEC's traditional regional policy, would be intended primarily for the Mediterranean countries, while about 10% of the resources could be used for severely under-developed regions elsewhere in the Community. The fund will need over the next 6 to 8 years to be endowed with capital geared to actual requirements;

3. Asks the Commission to embody the proposals made in paragraph 2 in a proposal for a Council regulation by the end of April 1981 so that a debate can be held in the European Parliament well before the presentation of the draft budget for 1982;
4. Instructs its President to forward this resolution to the Council and the Commission.

MOTION FOR A RESOLUTION (DOCUMENT 1-359/81)

tabled by Mr Ruffolo on behalf of the Socialist Group
pursuant to Rule 47 of the Rules of Procedure
on the creation of a European regional development organization

The European Parliament,

- whereas it is the Community's task, pursuant to Article 2 of the Treaty, to promote the harmonious development of economic activities throughout the Community,
- whereas an effective policy on regional structures is a prerequisite for the achievement of the convergence of the economies of the Member States,
- whereas the goal of reducing disparities has not been achieved, and, as recent Commission documents have shown, the disparities between the countries and regions of the Community have in fact widened appreciably in recent years,
- whereas, with the accession of Greece to the Community on 1 January 1981 and the planned accession of Spain and Portugal at a later date, the problem of disparities will assume much greater proportions than at present, on a scale large enough to change the general economic nature of the Community, which will then be split into two main economic zones with different levels and types of development,
- whereas narrowing the gap between these two zones is an essential task for the Community,
- whereas to attain this objective it will be necessary to change radically the present growth model, which is based on massive capital-intensive and energy-intensive investments, on large undertakings and on the geographic concentration of economic activities, and instead move towards a model of growth which is not only less ambitious (i.e. based on highly labour-intensive and information-intensive economic activities, on small and medium-sized undertakings, on a wider geographic spread of economic activities and a balance between industry and the environment) but also less monolithic (i.e. takes account in each zone of the special features affecting employment and the physical and cultural environment),
- whereas an integral part of a less ambitious and less monolithic policy should be to draw up an overall development programme for the Community's entire Mediterranean area,

- whereas this programme should provide the essential framework of reference for the economic policies of the Community and the Member States directly concerned,
- whereas, given these specific development aims for the Mediterranean regions and the more general goal of different rates of growth, there is a need for an increase and a significant shift in the balance of Community finances in accordance with the recommendations of the McDougall report,
- whereas a substantial proportion of the new resources should be used to finance Community activities in the context of this programme,
- whereas an appropriate organizational structure is one of the basic prerequisites for effective Community action within the framework of this programme,
- whereas, in particular, it would be advisable to strengthen the Commission's powers of initiative in order to achieve the efficient allocation of aid to the regions from Community funds,
- whereas there is a particular need for a direct contribution by the Community to the organization of development in these regions in order to identify and mobilize latent potential and the full range of available opportunities,

1. Calls on the Commission, by 31 December 1981:

- (a) While carrying out the instructions of the European Council of 30 May 1980 concerning the achievement of a new balance of Community policies and finances also to submit:
 - a general long-term framework of reference for national and Community policies, which is needed to reduce progressively the disparities between the two zones into which the Community of twelve will be divided,
 - a medium-term outline programme of objectives and policies for achieving a better balance between the regions in the present Community of ten. The first document should provide a framework of reference for the process of enlargement of the Community closely linked with the problem of redressing regional imbalances. The second should contain a specific practical programme as a basis for the Community's regional policies;

(b) To define, on the basis of the document referred to in the second indent of (a) above, action to be taken by the Community and the volume of resources which - taking into account the national resources available - will be necessary to attain the objective of redressing regional imbalances;

(c) To propose the necessary reforms to ensure that the present funds and structural instruments are adapted to serve the implementation of this programme. For this purpose the Commission should be given greater powers of initiative to plan the projects, and the various activities should be closely coordinated within the framework of integrated development programmes;

(d) To draw up a proposal for a new Community body - a European Development Organization - staffed by experts in the planning and implementation of development projects, which would be able to play an active role in the practical implementation of policies to redress regional imbalances. This body, which would be directly under the Commission's authority, should have the following specific tasks:

- assisting governments and local authorities in identifying and devising specific development projects,
- organizing the provision of technical information and the transfer of technical and administrative know-how to less-developed regions,
- promoting entrepreneurial initiative in these regions;

2. Calls on the Commission to present a report on this subject to Parliament within the next three months.

MOTION FOR A RESOLUTION (DOCUMENT 1-510/81)

tabled by Mr Cardia, Mr Carossino, Mr Papapietro, Mr Bonaccini, Mr Leonardi, Mrs Barbarella, Mr Fanti, Mr D'Angelosante and Mr Vitale, pursuant to Rule 47 of the Rules of Procedure, on the reform of the Regulation establishing the Regional Development Fund with a view to achieving a more fundamental change in its structure and operation

The European Parliament,

- whereas persistent recession, inflation and monetary disorder at international, but especially at Community level, are threatening the employment and living conditions of millions of workers and causing a serious increase in the economic, social and regional imbalances in the development of the Member States and condemning the most backward and weakest regions to still further decline,
- having regard to the very negative findings contained in the First Periodic Report on the social and economic situation in the regions of the Community, published recently by the Commission,
- whereas, furthermore, the reform of the Regional Fund Regulation, due to be undertaken by the end of this year, is coinciding with a wide-ranging reassessment of the sectoral policies and of the institutional foundations of the Community, designed not only to deal effectively with the dangers inherent in the current situation, but also to speed up the processes of political and economic integration and unification,
- having regard to the many interesting proposals put forward in Parliament and elsewhere for promoting the creation of new instruments for intervention in the backward regions of the Community (development plan and special fund for the Mediterranean regions, European regional development organization, regional research and development centres, Community institute for economic analysis and so on),
- whereas, in terms of quality and method, an essential prerequisite for an effective Community regional development policy is the coordination in a single programme of all the available measures for a particular region,

- whereas it is both essential and urgent to move from the practice of financing individual projects to that of cofinancing organized regional programmes in collaboration with the authorities and social forces of the regions,
- whereas the practical planning of regional development will only be possible if it is made part of national planning policies in the Member States and such policies are accompanied at Community level by economic analysis, consultation, harmonization, coordination and planning capable of providing guidelines, on the basis of flexible and selective standards, for research and investment as well as production decisions and market dynamics,

1. Calls on the Commission:

- (a) to draw up and submit, in connection with the proposals for the reform of the Regional Development Fund Regulation, measures designed to link and unify all the instruments for analysis, planning, research, finance and promotion relevant to regional development policy, with a view to achieving a change in the structure of the Fund which will direct its use towards the less developed regions, especially those in the Mediterranean countries with similar and interconnected problems;
- (b) to introduce into its own work, methods and instruments for analysis and global planning with multiannual programmes and estimates of investment and expenditure and to recognize the development of the less prosperous regions of the Community as a fundamental objective and a term of reference for the various Community policies, in accordance with the principles contained in the Treaties, by promoting both consultation and the harmonization of the economic policies of the Member States;
- (c) to create as one of the prospective instruments mentioned above a Community Institute for analysis, information and economic planning to provide accurate forecasts of trends in development, with particular reference to the economic development of the backward regions of the Community;

2. Instructs its President to forward this resolution to the Council and Commission.

OPINION OF THE COMMITTEE ON SOCIAL AFFAIRS AND EMPLOYMENT

Draftsman: Mr G. Barbagli

At its meeting of 15 December 1980, the European Parliament, pursuant to Rule 25 of the Rules of Procedure, referred the motion for a resolution tabled by Mrs Boot and others on the creation of a 'revolving fund' for the benefit of Mediterranean countries belonging to the European Community, on the basis of a Council regulation (Doc. 1-620/80) to the Committee on Regional Policy and Regional Planning as the committee responsible and to the Committee on Social Affairs and Employment, the Committee on Budgets and the Committee on External Economic Relations for an opinion.

At its meeting of 14 May 1981 the Committee on Social Affairs and Employment appointed Mr Barbagli draftsman.

It considered the draft opinion at its meeting of 10 November 1981 and adopted it unanimously.

Present: Mr Van der Gun, chairman; Mr Dido, vice-chairman; Mr Barbagli, draftsman; Mr Abens, Mrs Baduel Glorioso, Mr Bonaccini (deputizing for Mr Frischmann, Mr Brok, Mr Calvez, Mrs Cassanmagnago Cerretti, Mr Ceravolo, Mrs Clwyd, Mrs Dupont, Mr Estgen, Mrs Maij-Weggén (deputizing for Mr Vandewiele), Mr McCartin, Mr Van Minnen, Mrs Tove Nielsen and Mr Tuckman.

Due to pressure of time, the committee also decided to present the conclusions in the opinion of the Committee on Social Affairs and Employment in plenary sitting as supplementary amendments to the report of the committee responsible.

I. GENERAL CONSIDERATIONS

On 6 November 1980 the European Parliament approved at the first reading an amendment to include in the 1981 budget a new article to cover preparatory measures, including research with a view to creating a 'revolving fund' for the benefit of Mediterranean countries belonging to the European Community, on the basis of a new Council regulation.

On 21 November 1980 Mrs BOOT and others, on behalf of the European Peoples' Party, and other members of various political groups, including Mr Berkhouwer, Mr Cecovini, Mr Coppieters, Mr De Pasquale, Mrs Ewing, Mr Harris, Mr Hutton, Mr Kellett-Bowman, Mrs Macciocchi, Mr Martin, Sir David Nicholson, Mrs Scrivener, Mr Spinelli, Mrs Squarcialupi and Mr von der Vring, tabled a motion for a resolution on the creation of a 'revolving fund' for the benefit of Mediterranean countries belonging to the European Community.

The European Parliament thus took the initiative in proposing specific measures with a view to the second enlargement of the European Community, which will entail complete readaptation of social, economic and commercial structures and necessitate appropriate financial instruments.

The Committee on Social Affairs and Employment welcomes this motion and believes that the proposed revolving fund must be seen as a specific practical instrument within the wider context of a plan for the whole Mediterranean area which should identify longer-term objectives and guidelines designed to provide stable employment and create economic and social balance between northern and southern Europe. This plan should contain a clear and detailed list of economic sectors in receipt of assistance so that wasteful and over-ambitious activities and any duplication of existing financial instruments can be avoided.

Before the objectives consistent with reviving economic and social life in the regions in question can be pursued, the guidelines for intervention must first be clearly defined and these may be broken down by major sectors such as agriculture, crafts, tourism, transport and related infrastructures, and the ancillary small and medium-sized industries. The enlargement of the Community is not, therefore, fortuitous, but rather the product of a clear political choice which received the unanimous approval of Parliament and is intended to strengthen the European Community by giving it better balance and greater cohesion. However, no one underestimates the difficulties involved in this process, which is characterized by an institutional structure which concentrates on giving priority to commercial considerations and within which the countries with stronger economies place a large part of the burden of Community policy on a few regions, including the least favoured areas in certain Member States. In the final analysis, such a policy also benefits the most developed third countries, which have better production and marketing structures, and not, as one would expect, the most needy.

As everyone knows, another factor which stands in the way of any new course of action is the present difficult economic and social situation and the limits which this has inevitably imposed on national and Community budgets.

A proposal to create a new financial instrument may perhaps appear anachronistic and inopportune or even impracticable if the case for creating new financial instruments is not strengthened by recognition of the validity and effectiveness of existing instruments.

No one should underestimate the positive contribution made by the present EEC regulations on structural, social and regional matters, which were introduced with the precise aim of offsetting serious imbalances among the various regions: the agricultural provisions, particularly the EAGGF-Guidance Section, the European Social Fund, the European Regional Development Fund and the more recent series of measures known as the 'Mediterranean package', which will take effect shortly and will not bear fruit for a few years.

The socio-structural directives (Nos. 159, 160 and 161), which were designed and introduced to remedy manifest social and structural imbalances in certain predominantly agricultural areas, have not had the desired effect because aid was concentrated on one sector only, namely agriculture, and also because of the lack of links and coordination with other incentives and financial instruments.

This is proof that any attempt to develop or improve the socio-economic situation in depressed areas with weak structures will fail unless it is preceded and /or accompanied by parallel measures to promote and coordinate the planning of aid measures.

If the existing measures and instruments, belated and incomplete as they sometimes are, prove to be inadequate in a Community of 10, they will be even more inadequate in an enlarged Community unless new guidelines for action are identified in advance which will be capable of redressing not only the levels of economic and social imbalance that the Community of 6 had to deal with, but also those which may perhaps have been created by distorted application of the rules on harmonization themselves. The facts speak for themselves and do not have to be backed up with long lists of statistics. The Commission document on the economic and social situation of the regions of the Community, drafted in January 1981, shows that the results of national and Community regional policy over the last ten years have been very disappointing.

Many broadly comparable economic and social indicators for individual regions show that the imbalances still exist and may well worsen unless appropriate remedial action is taken. The facts and figures involved are well-known to the Committee on Regional Policy and Regional Planning, for whom this opinion is intended. The most revealing parameter is the ratio of percapita gross domestic product between the more-developed and less-developed regions, which widened from 2.9 to 1 in 1970 to 4 to 1 in 1977. Greek accession has already increased this ratio to 5 to 1.

The implications are obvious.

COMMENTS

The creation of a revolving fund could undoubtedly help to reduce disparities between the various regions of the Community by saving jobs and creating new ones, provided the necessary political determination exists to make available sufficient appropriations for it to operate effectively.

The problem of financial instruments is therefore by far the most important basic issue.

Essentially, it is a question of reaching political agreement on whether to create new financial instruments or to use existing ones, with suitable modifications and adjustments which are already being considered.

In other words, the Community's present economic and social situation, the institutional framework already referred to, and other factors of an essentially social nature, all favour the use of a combination of existing financial instruments (EAGGF-Guidance Section, ERDF, ESF, EIB, etc.) in a combined effort.

This means that the proposed revolving fund would have to be allocated sufficient appropriations in the budget and that the principle would have to be adopted of pursuing sustained measures designed to encourage people to stay in the assisted area within the constraints of its absorption capacity which depends on its production capacity and potential and possibilities for growth.

This would have to be done at least until specific socio-economic indicators established the nature and scope of the new balance between the least-favoured regions and those with a higher rate of growth. These objectives must be pursued not on the basis of disparate criteria, but as part of an integrated view of regional development and regional planning, with particular emphasis on cross-sectoral aspects of feasible measures and actions.

The areas in question should therefore be provided with the most appropriate social infrastructures and public services to achieve a standard of living for everyone comparable with that in the cities.

Finally, it is impossible at present to conceive of a new body which does not come under the decision-making and operational authority of the Commission. Such a body, which should be part of an ad hoc section on Mediterranean policy, should combine financing, coordinating and management functions.

III CONCLUSIONS

The Committee on Social Affairs and Employment calls on the Committee on Regional Policy and Regional Planning, as the committee responsible, to take account of the following points in its resolution:

The Committee on Social Affairs and Employment:

1. Considers that it would be opportune to create a 'revolving fund' for the benefit of Mediterranean countries belonging to the European Community as an economic and social policy instrument designed to create permanent jobs;
2. Points out that this fund should concentrate financial assistance exclusively on those regions of the Community which it is felt need incentives;
3. Considers that, in addition to the criteria laid down by the ERDF, EEC Directive No. on mountain and hill farming and farming in certain less-favoured areas should also be used as a basis for mapping out the geographical boundaries of areas which are weakest in economic and social terms and therefore eligible for assistance from the 'revolving fund'.
This directive, which transcends the concept of geographical boundaries, accurately pinpoints those areas which are economically and socially depressed;
4. Therefore urges in this respect that the economic and social parameters used to determine geographical boundaries should be revised periodically so that they reflect the changing situation more accurately;

5. Recommends that the Member States adopt in good time specific integrated development programmes and projects aimed at creating permanent jobs on the basis of coordinated use of the revolving fund and existing Community financial instruments;
6. Stresses the importance of adopting measures for both agricultural and non-agricultural sectors to prevent the precarious economic and geographical situation of depressed areas and the weakness of the agricultural sector alone from undermining the benefits of assistance from the fund:
 - (a) In agriculture, cooperatives and associations should be promoted among producers and in the area of management of processing and marketing structures as part of efforts to secure greater interpenetration of agriculture and industry;
 - (b) The aim of regenerating the Mediterranean areas as a whole requires further measures to support agriculture which will increase in effectiveness the more closely integrated they are in economic and geographical terms and the greater their contribution to a fairer distribution of agricultural added value;
7. Stresses the need to promote the provision of infrastructures (roads, electricity, housing, etc.) as an indispensable aid to the encouragement of productive activities which are necessary for the creation of jobs in less-favoured areas;
8. Believes that it is necessary to promote, within a uniform planning framework, specific measures to boost:
 - agricultural tourism or agri-tourism to secure the smooth integration of agricultural activities and the environment, recreative and leisure activities, and craft industries. There is a particular need in this context for rural dwellings to be restored and refurbished to serve as tourist accommodation and for the artistic, architectural and natural heritage of such areas to be protected and restored.
9. Is convinced of the importance of taking measures designed to stimulate craft activities (wood and metalworking, spinning and, above all, foodstuffs) and the appropriate structures - possibly on a cooperative basis - for marketing and selling products.
10. Points out the vital need to provide local training for the necessary craftsmen, especially young people, and to provide incentives for premises for small and medium-sized firms, creating organizational and management models which take account of local economic resources, local production potential and skills, while respecting and safeguarding the environment as far as possible.

11. Stresses the need to set up vocational training centres and develop those already in existence in order to prepare young people in particular for the jobs it is proposed to create. Practical in-house training should be provided for workers so as to avoid internal migration and emigration of the labour force at an ever-increasing social cost.
12. Proposes that, as part of the Mediterranean policy, the Commission should set up an ad hoc department to be responsible for the financing, coordination and management of the revolving fund for the benefit of the Mediterranean countries belonging to the European Community, and stresses that it is essential for this fund to be allocated adequate budgetary appropriations.

Any compromise solution regarding the institutional, decision-making and financial nature of such a structure would ultimately undermine and jeopardize the plan for an overall Mediterranean policy to restore the balance of economic and social structures.

13. Stresses that, if assistance from the revolving fund is properly integrated and coordinated with the relevant objectives and guidelines which should be set out in the plan for the Mediterranean basin, it could help to realize economies of scale and, by making the pattern of recruitment by firms more regular, would stabilize the employment situation, thus curbing outward migration tendencies, especially among young people. Furthermore, the fund could help make available additional labour resources by linking the processing and marketing phases more effectively to production.

Opinion of the Committee on Transport

Draftsman: Mr RIPA di MEANA

On 29 January 1982 the Committee on Transport appointed Mr RIPA di MEANA draftsman of an opinion.

The committee considered the draft opinion at its meetings of 25 June 1982 and 13 July 1982, and adopted it unanimously at the latter meeting.

The following took part in the vote: Mr Seefeld, chairman; Dame Shelagh Roberts, Mr Kaloyannis, vice-chairmen; Mr Ripa de Meana, draftsman; Mr Buttafuoxo, Mr Cardia, Mr Fuchs (deputizing for Mr Hoffman), Mr Gabert, Lord Harmar-Nicholls, Mr Junot, Mr Klinkenborg, Mr Moreland (deputizing for Mr Marshall), Mr Nikolaou (deputizing for Mr Key), Mr O'Donnell, Mr Travaglini (deputizing for Mr Modiano), Mr Vandewiele and Mr Veronesi (deputizing for Mr Carossino).

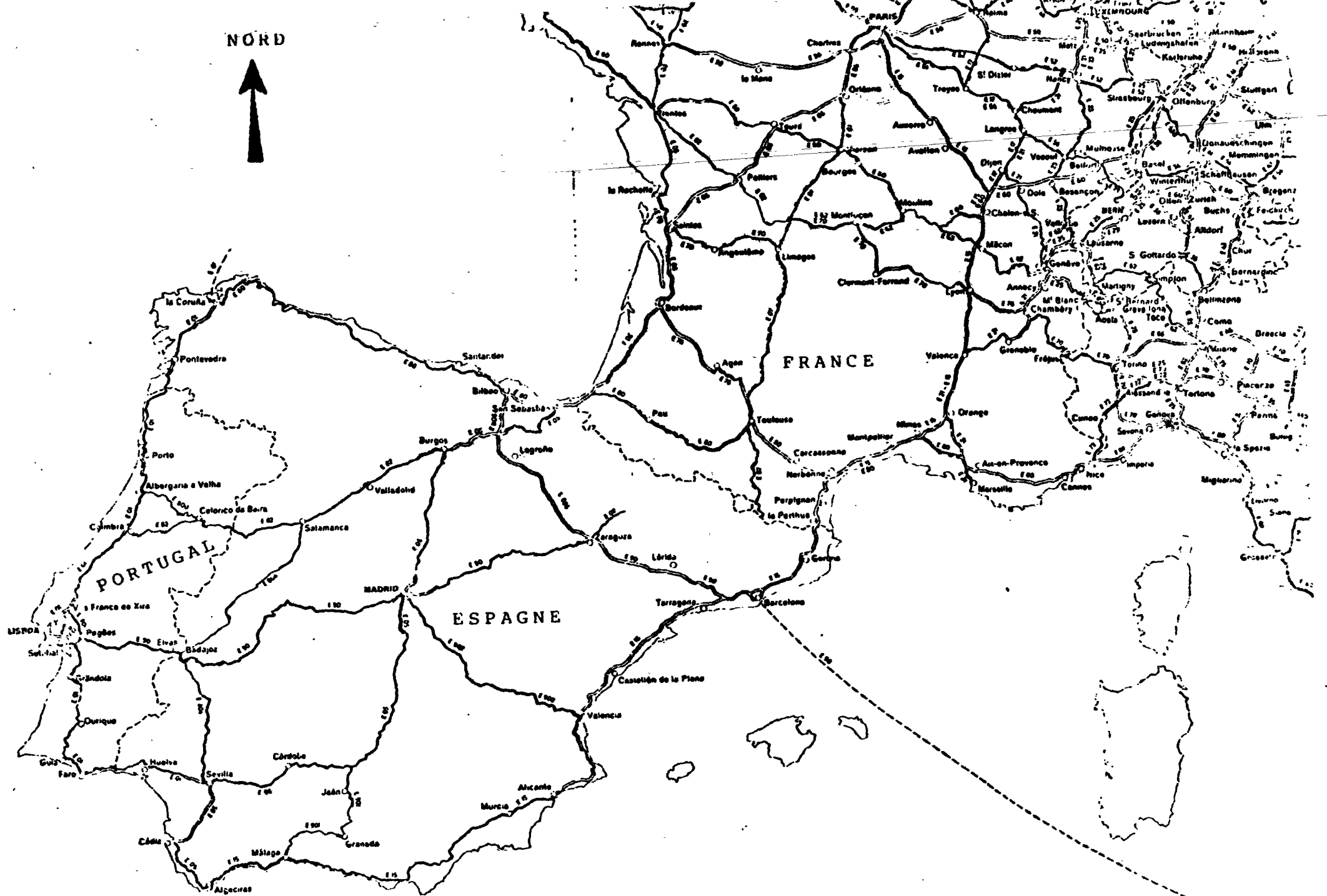
I - INTRODUCTION

1. As in the case of the report by Mr COTTRELL¹ on the occasion of Greece's accession to the European Community, the Committee on Transport is again considering the problems which may result from the enlargement of the Community, in this case to include Spain and Portugal.
This opinion will not consist of purely formal consideration with a view to formulating a comprehensive position on the problems raised by these countries' accession, but will go further by emphasizing the importance of what is at stake in terms of transport problems.
Furthermore, an attempt should be made to define the measures which would seem necessary.
2. This allowance for the factor of transport marks a wholly positive shift in the general perception of this issue. The previous report drawn up by Mr PINTAT on behalf of the Political Affairs Committee in 1979² concerning the prospects for enlargement with a view to the entry of Greece, Spain and Portugal made no mention of transport, even though it dealt with other sectoral aspects.
3. Two essential reasons suffice to justify that consideration be given to transport aspects within the context of future enlargement: firstly, the distance of the Iberian peninsula from the central regions of the Community, which implies the need for an effective transport network from and to the two candidate-countries, and secondly, the relative weakness of the internal infrastructure of these two countries, in particular Portugal, as compared with the Community as a whole.
4. In examining these problems, and after providing certain basic statistical data, your draftsman intends to distinguish between the following aspects:
 - the contents of the part of accession negotiations concerning transport,
 - the structural situation concerning transport in the candidate-countries,
 - land links between the Iberian peninsula and the European Community,
 - the common transport policy as perceived by Spain and Portugal.

¹ Doc. 1-684/80

² Doc. 1-42/79

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II - STATISTICS CONCERNING TRANSPORT IN SPAIN AND PORTUGAL

5. Road network (1979)

LENGTH OF NETWORK (km)		
	SPAIN	PORTUGAL
National network	81,382	20,360
Provincial network	<u>67,283</u>	<u>15,725</u>
TOTAL	148,665	36,085

NUMBER OF ROAD VEHICLES		
	SPAIN	PORTUGAL
Cars	7,600,000	1,200,000
Lorries and vans	1,340,000	300,000
Buses	<u>42,600</u>	<u>8,000</u>
TOTAL	8,982,600	1,508,000

6. Railway network - width of gauge 1.668

LENGTH OF NETWORK (km)		
(RENFRE + FEVG + PRIVATE COMPANIES - 1979)		
	SPAIN	PORTUGAL
Electrified track	5,469	425
Non-electrified track	<u>9,875</u>	<u>3,175</u>
TOTAL	15,344	3,600

TRAFFIC (1979)		
	SPAIN	PORTUGAL
Passengers carried (thousands)	206,300	210,657
Passenger-kilometres (thousands)	14,047,000	5,635,000

7. Air transport (1979)

AIR TRAFFIC

	SPAIN	PORTUGAL
Internal movement of aircraft (in thousands)	371	24
International movement of aircraft (in thousands)	245	10
Internal passenger traffic (in thousands)	26,478	1,888
International passenger traffic (in thousands)	21,194	492

8. Maritime transport (1979)

PORT TRAFFIC

	SPAIN	PORTUGAL
<u>CABOTAGE TRAFFIC:</u>		
- passengers (thousands)	9,902	146
- goods (thousands of tonnes)	74,645	14,013
<u>EXTERNAL TRAFFIC:</u>		
- passengers (thousands)	989	8
- goods (thousands of tonnes)	122,386	21,508

9. Breakdown by mode of the transport of goods to and from the EEC in percentage terms (1977)

SPAIN

	EXPORTS	IMPORTS
ROAD	27.2%	33.1%
RAIL	11.8%	5.1%
SEA	60.8%	61.6%
AIR	0.2%	0.2%
TOTAL	100.0%	100.0%

PORTUGAL

	EXPORTS	IMPORTS
ROAD	5.0%	5.2%
RAIL	2.9%	0.4%
SEA	91.5%	94.0%
AIR	0.6%	0.4%
TOTAL	100.0%	100.0%

III - THE PLACE OF TRANSPORT IN THE ACCESSION NEGOTIATIONS

10. The lack of an effective common transport policy is clearly illustrated by the fragmented nature of the 'acquis communautaire' in this field. Consequently, the accession negotiations have necessarily only concerned specific points which are not of decisive importance to the general process of accession. The negotiations with Spain and Portugal, which have been conducted since the end of 1979, have not revealed insuperable obstacles, and this has made it possible to conclude the section on transport fairly swiftly.
11. The adoption of the tachograph by the candidate-countries was undoubtedly one of the most delicate problems, and was solved without undue difficulty by the fixing of transitional periods of five years or less, depending on whether the vehicle in question is new or already in use and used for domestic or international transport.
12. As regards the technical control of cars, lorries and trailers, here too provision has been made for short transitional periods and it should be possible to introduce technical controls by stages, beginning with the oldest vehicles.
13. Questions relating to the allocation of the Community quota for goods transport by road and the liberalization of occasional services have also been settled without difficulty.
14. Although no objections were raised to the principle of combined transport by rail and road, it would appear however that the implementation of Community legislation will meet with difficulties, due to the need to adapt this type of transport to existing infrastructure, in particular in the case of Portugal.
15. Other aspects of Community legislation concerning transport (concept of public service, accounts of railway undertakings etc.) have been integrated into Portuguese and Spanish law, in certain cases with provision for the adoption of transitional periods, without undue difficulty.

16. The two candidate-countries have thus accepted unreservedly Community legislation in the field of transport. However, careful attention should be paid to the manner in which this legislation is applied at the moment of accession. Essential rules, such as those governing the technical control of vehicles, the transport of dangerous goods etc., are of significance only when they are effectively applied. Public opinion has not forgotten the accident of Los Alfaques, the causes of which were apparently due to non-compliance with elementary safety standards. There is therefore a need to ensure that these norms are strictly complied with by the governments of the candidate-countries and that genuinely effective means are introduced to permit controls, in particular in cases where Community legislation affects public safety.

IV - EXISTING TRANSPORT STRUCTURES IN THE CANDIDATE-COUNTRIES

17. Before examining transport structures in Spain and Portugal sector by sector, account should first be taken of the following factors:
- (i) The disparity in general economic and social development that exists between Spain and Portugal is also evident in the field of transport, be it at the level of facilities, investment or the training of those employed in this sector. This situation means that it is often necessary to distinguish between specific aspects of each sector in the two countries.
 - (ii) Even though they form the geographical entity of the Iberian peninsula, for obvious historical reasons relations between Spain and Portugal have been limited, one illustration being the existence of only one single-track railway line between the two capitals, Lisbon and Madrid.
 - (iii) For many years, and in particular since the 1973 preferential agreement, the Community has extended to Portugal direct financial assistance or assistance through the EIB for investment projects relating, in particular, to transport infrastructure. This aid has enabled Portugal to pursue an active policy of modernizing its transport structures.
 - (iv) Furthermore, it should be noted that maritime transport accounts for over 90% of Portugal's external trade.

Road network

18. The Spanish road network has been significantly improved over the last twenty-five years and its standard may now be considered satisfactory, although a certain number of weaknesses persist which have been taken into account for the coming years by the Spanish Ministry of Transport. A particular effort must still be made in the north-west of Spain in order to improve links affecting relations with both Portugal and France. Factors concerning transport safety have also been integrated into the policy of the Ministry of Transport.

19. Over the last decade Portugal has pursued an ambitious policy to renovate its road infrastructure. Although major roads are now of good quality, much remains to be done, at the level of both public works (bridges and tunnels) and the linking up of roads to create an effective network. Links between the east and west of the country remain particularly unsatisfactory. However, your draftsman notes with satisfaction the granting by the EEC in June 1982 of 27 million ECUs for improving the road between ALVEIRO and VILARFORMOSA (IP5).

Railway network

20. The Spanish and Portuguese railway networks differ from those of the rest of continental Europe by having a different gauge. Although this problem does not constitute a serious technical barrier, it is unlikely to facilitate the carriage of goods by rail and lengthens delays at frontiers.
21. In recent years Spain has substantially invested in the modernization of its rail transport: investment in infrastructure has increased from 9,000 million pesetas in 1970 to 32,000 million pesetas in 1979, and investment in loading stock from 1,600 million pesetas to 8,100 million, representing a much higher increase than has been the case for the other modes.
- Efforts are currently being made to extend electrification and the modernization of locomotives. Spain attaches great importance to the development of combined transport by rail and road, thereby reflecting Community policy in this area. Convergence of views also exists as regards improving the financial position of railway undertakings by improving their commercial policy and reducing their operating deficit, and on the need to motivate railway workers and abolish lines operated by stopping-trains which show heavy deficits.
22. The railway infrastructure in Portugal may be considered satisfactory as regards main lines but much less adequate as regards the regional lines frequently used by the population - 50% of all public transport journeys in 1976 were made by rail. The economic and financial situation of the railways is far from satisfactory and measures are being envisaged with a view to clarifying relations with the State, particularly as regards the concept of public service and responsibility for the resulting financial burden. Given these factors, current government policy would seem to centre on the closing of lines showing heavy operating deficits or requiring excessive infrastructure work.

Maritime transport

23. It should be remembered that, following the accession of these two countries, Europe will have over half of the Mediterranean Basin under its control. Notwithstanding the efforts made in the past, Portugal would still appear to face considerable financing requirements in order to obtain the necessary port facilities to deal with modern loading and unloading techniques, such as container vessels.
24. Apart from the importance of maritime transport for the external trade of the Iberian peninsula, links must also be assured with the island territories of the candidate-countries. Such links are frequently the source of operating deficits and investment costs arising out of the acquisition of vessels: due consideration must be given to all these problems.

Air transport

25. Although domestic air services are still somewhat limited, the volume of the tourist industry ensures an important role for international air transport. The two countries have certain fundamental reservations as regards the development of inter-regional transport for reasons connected with the financial difficulties encountered by the national airlines. As regards airport facilities, the situation is relatively satisfactory; specific measures will be taken by the Spanish Government to improve the efficiency of airport management.

Air traffic control

26. This is an essential aspect of air transport as it affects the safety of both aircraft and their passengers.

There are evident shortcomings in this field throughout the Iberian peninsula. There is a vital need to increase radar cover, improve air navigation aid systems and develop automated air traffic control systems. The Spanish Ministry of Transport is aware of existing shortcomings and has made provision for an investment programme totalling 2,200 million pesetas.

Energy savings

27. Spain is already well aware of the problem of energy saving in transport. Road transport has top priority with a view to improving the utilization of vehicles for goods transport, developing public transport and programmes to provide the public with information on means of saving fuel.

Similar actions are underway in the field of rail transport (development of electricification), air transport (rationalization of national network) and maritime transport (study of substitute means of propulsion).

Here too there is a convergence of views with Community policy on energy savings.

28. In this connection, Portugal would not seem to have yet formulated such specific sectoral objectives, although it does endorse the general objective of energy savings, if only to reduce the deficit on its balance of payments.

Relations with third countries

29. The issue here is that of relations with the countries of North Africa. Not unlike Greece, the Iberian peninsula represents a bridgehead for the European Community in Africa and the Middle East.

The Community will therefore give particular consideration to measures aimed at improving relations, especially with Morocco, across the Straits of Gibraltar or from other ports in southern Spain which would make it possible to step up trade.

The idea of a fixed link between Spain and North Africa has been put forward on several occasions in recent years. There is an obvious parallel with the project for a fixed link across the Channel.

However, the conditions for implementing this project appear some way off, given the political factors connected with the Rock of Gibraltar, and technical factors such as the geology of the terrain involved.

V - LAND LINKS BETWEEN THE IBERIAN PENINSULA AND THE EUROPEAN COMMUNITY

Bottlenecks in the Pyrenees

30. Trade by land between the Community and the candidate-countries must be carried out over the Pyrenees, which constitute a significant natural obstacle. At present, access is principally concentrated on the two extreme ends of the mountain range.
- These two axial links by both road and rail constitute a serious bottleneck, for reasons connected with both their physical capacity and administrative factors. The situation naturally becomes critical during the summer period, with resulting loss of time and, in particular, economic penalties incurred by road hauliers in the shape of delivery delays.
31. Although we are entitled to hope for greater simplification of administrative formalities at the Franco-Spanish frontier after accession, the problem of traffic jams will remain the same given the under-capacity of road and rail links.

As regards the solutions put forward, reference should be made to the important work carried out by the Conference of European Local and Regional Authorities as contained in the report on the European network of main axes of communications presented at the 16th session of the Conference in Strasbourg on 27-29 October 1981. The Conference considers that central links through the Pyrenees should be stepped up by the construction of bridges and tunnels etc., thereby making it possible to save time and reduce the isolation of the peripheral Spanish and French regions.

Indeed, from a long-term perspective this objective is undoubtedly interesting. However, over an initial period care must be taken to ensure that existing links between the two extreme ends of the Pyrenees are provided with better facilities by improving motorway links on both the Spanish and French sides.

Transport Links from the Iberian peninsula to Central Europe

32. All traffic between Spain and Portugal and the Community must pass through France. The roads used by operators are always the same and are extremely busy during the months of June, July, August and September. This is equally true for both the Rhone Valley (for transport to northern Europe) and the Mediterranean route (Cote d'Azur, Italian Riviera) for traffic to Italy and southern Germany.

33. In this connection, account should be taken of the CALAIS-BAYONNE link currently being constructed. This route principally concerns all of Northern Europe (Belgium, The Netherlands, Denmark, northern Italy) and the British Isles. As it has been laid out, the CALAIS-BAYONNE link is particularly direct, makes it possible to avoid the greater Paris area and could be connected up with the project for a fixed link across the Channel.

The improvement of this route, which has already been partially carried out, involves limited work on certain stretches rather than overall construction. This route could therefore justify specific action by the Community, as it would be used by traffic from or to Spain and Portugal. In any case, it is worthy of detailed consideration.

VI - OBSERVATIONS ON THE DEVELOPMENT OF THE COMMON TRANSPORT POLICY AND THE ACCESSION OF SPAIN AND PORTUGAL

34. An examination of all the problems raised in the field of transport relations with the candidate-countries illustrates clearly the vital need for the development of a common transport policy with a view to enlargement. It would seem clear that the European Community has an obvious need for a transport infrastructure fund endowed with sufficient resources to ensure the financing of fundamental projects, particularly in the candidate-countries.
35. At present, it is evident that Spain and Portugal do not possess a clear perception of the common transport policy and the value of its development. This is hardly surprising, given the limited extent of the 'acquis communautaire' in this area.
36. An attempt by the Committee on Transport to stimulate public interest in Spain and Portugal would therefore appear extremely advisable.
Renewed efforts should therefore be made with this aim in view at the meetings of the delegations from the European Parliament and the Spanish and Portuguese Parliaments, and contacts should be envisaged forthwith between our committee and the committees responsible for transport in Spain and Portugal.

VII - CONCLUSIONS

The Committee on Transport requests the Political Affairs Committee to include the following conclusions in its report:

- it should be emphasized that the quality of transport systems affects the development of trade, in particular in the case of the Iberian peninsula, which is geographically distant from the central regions of the Community;
- in general terms, and with a view to enlargement, the examination of transport problems should not be confined to existing Community legislation but should take account of all aspects not yet covered by legislative texts;
- the Commission should be asked to ensure that the Spanish and Portuguese Governments are able, immediately upon their countries' accession - subject, naturally, to the transitional arrangements - to ensure strict compliance with Community legislation in the field of transport, particularly in cases where it may affect public safety;
- the European Parliament should welcome the considerable efforts made over the past twenty years by Spain and Portugal to improve and modernize their transport systems;
- however, numerous shortcomings exist at the level of infrastructure, including the urgent need to improve traffic control systems;
- the necessary financing aids should be envisaged forthwith in order to tackle the most urgent investment projects;
- as indicated above, there is an essential need for a specific transport infrastructure fund to give practical expression to projected improvement measures;

- it should be pointed out that land-access links to and from the Iberian peninsula suffer from bottlenecks through the Pyrenees with serious economic consequences, in particular during the summer period, and all administrative measures should be adopted to ensure immediate improved traffic flow and plans made for the improvement of such links in order to eliminate these bottlenecks;
- the Community should examine the possibility of contributing towards the improvement of direct access to northern Europe by means of the CALAIS-BAYONNE link, which could help to reduce congestion and open up links to western Europe;
- during the period prior to accession, measures should be taken to stimulate public opinion and awareness in Spain and Portugal of the common transport policy, either through the joint EEC-Spain and EEC-Portugal parliamentary delegations or through direct contacts between the European Parliament's Committee on Transport and the equivalent Spanish and Portuguese committees;
- if accession by Spain and Portugal represents a challenge for the Community in a general sense, development of the common transport policy must be an essential element in meeting that challenge.

Opinion of the Committee on the Environment, Public Health
and Consumer Protection

Draftsman: Mr GHERGO

of the Committee on the Environment, Public Health and Consumer Protection

Draftsman : Mr GHERGO

on 28 April 1982 the Committee on the Environment, Public Health and Consumer Protection appointed Mr GHERGO draftsman.

The draft opinion was considered at its meetings of 25 May 1982 and 23 June 1982 and adopted unanimously on 23 June 1982.

The following took part in the vote: Mr Johnson, acting chairman; Mr McCartin, vice-chairman; Mr Ghergo, draftsman; Mr Bombard, Mr Del Duca, Miss Hooper, Mrs Krouwel-Vlam, Mrs Lentz-Cornette, Mrs Schleicher, Mrs Seibel-Emmerling, Mr Sherlock, Mrs Spaak and Mrs Van Hemeldonck.

MATTERS RELATING TO THE ENVIRONMENT, PUBLIC HEALTH AND CONSUMER PROTECTION

1. It should be remembered that the Treaties themselves contain no direct provisions relating to the establishment of a coordinated policy on the environment. However, such a policy can be achieved indirectly through the application of various other provisions and its aims were defined in the declarations by the Council of 22 November 1973¹ and of 17 May 1977²:

- preventing, reducing and, as far as possible, abolishing the harmful effects of environmental pollution;
- maintaining a sound ecological balance and ensuring the protection of the biosphere;
- guiding development in accordance with the requirements of quality, notably through improving working conditions and the quality of life;
- greater respect for the environment in urban and rural planning;
- seeking common solutions to environmental problems through cooperation with non-member countries.

2. As far as the environment is concerned, the specific problems posed by the accession of Spain and Portugal to the EEC are mostly connected with the acceptance by these two countries of the Community rules already in force. There are a considerable number of Community provisions (directives, decisions, resolutions, recommendations) relating to water, air and earth pollution and to the protection of flora and fauna, which will have to be introduced as quickly as possible by our new partners, who in the past have nevertheless been involved to some extent in Community initiatives on the environment, because of the transfrontier nature of ecosystems.

3. A case in point is Council Decision No 77/585 of 25 July 1977 on a Convention for the protection of the Mediterranean Sea against pollution.

4. Particular attention must be paid to the protection of whales. The cessation of commercial whaling by Spain and Portugal must be considered a necessary consequence of accession.

¹ OJ No. C 112 of 20 December 1973

² OJ No. C 139 of 13 June 1977

5. However, it is to be hoped that, during the intervening period of negotiations on the entry into the EEC of the new members, scheduled for 1 January 1984 at the latest, the two countries will set in motion a process for the harmonization, where necessary, of their laws on the environment, in order to bring them into line with Community standards. This would be in the interests of both sides and would benefit the applicant countries because on entering the Community, they would already have helped consolidate the joint campaign against pollution or disturbance of the ecological balance - for the more extensive, coordinated and comprehensive this campaign is, the greater its chances of success will be.

6. In many ways the fight against pollution is linked to the protection of consumers and public health. Two examples out of many in this connection are the Council Directive No 76/895 of 23 November 1976 relating to the fixing of maximum levels of pesticide residues in and on fruit and vegetables and the setting up of a Scientific Advisory Committee to examine the toxicity and ecotoxicity of chemical compounds (Commission Decision No. 78/618 of 28 June 1978).

7. As far as consumer protection is concerned, the matter is equally simple, though perhaps more delicate, as it involves production sectors such as agriculture, the processing industry, distribution and so on. Here it will clearly be necessary to establish criteria for adopting, as quickly as possible, national laws to Community rules, giving priority to those areas most directly concerned with the physical protection of consumers, for example the use of additives in foodstuffs (colouring, preservatives, flavourings, etc.). There are no specific problems with regard to public health, a field in which Community action at the present stage is geared essentially towards the harmonization of the various national systems. As for the application of social security to migrant workers this is governed by Regulation No 1408/71, and in this connection there are no particular problems in the sector of health assistance.

CONCLUSION

8. As stated above the committee considers that legislation in the applicant countries must be brought into line, as quickly as possible and without derogations, with the Community's achievements with regard to the environment, public health and consumer protection.

OPINION OF THE COMMITTEE ON YOUTH, CULTURE,
EDUCATION, INFORMATION AND SPORT

Draftsman: Mr Pol. M.E.E. MARCK

The Committee on Youth, Culture, Education, Information and Sport was asked to deliver an opinion for the Political Affairs Committee on the enlargement of the Community to include Spain and Portugal (Docs. 1-771/79, 1-190/80, 1-375/80 and 1-570/81).

At its meeting of 24 and 25 November 1981 the committee appointed Mr MARCK draftsman.

This opinion was considered at the meeting of 27 and 28 April 1982 and 17 and 18 May 1982 and adopted unanimously at the latter meeting.

The following took part in the vote : Mr Beumer, chairman; Mr Fajardie, 1st vice-chairman; Mr Marck, rapporteur; Mr Beyer de Ryke, Miss Brookes, Mr Gerokostopoulos, Mr Hutton, Mr Papageorgiou, Mr Pedini and Mr Papapietro (deputizing for Mr Bucchini).

1. TERMS OF REFERENCE

Apart from a few provisions relating in a general way to education and information, the Treaty has very little to say about possible negotiations with applicant countries in the fields which fall within the terms of reference of this committee. The obvious course, therefore, is to refer to the articles of the budget, which are a measure of actual expenditure in these areas, and also to the initiatives which have been taken in recent years by our committee and which undoubtedly can be applied by extension to applicant countries. The applicant countries may provide an interesting testing ground for a number of projects.

2. GENERAL CONSIDERATIONS

Spain and Portugal have contributed through their history, culture and presence in all parts of the world to the shaping of what is conventionally known as Western or Christian civilization; at the same time they represent a gateway to other cultures and peoples. These include, on the one hand, the Maghreb countries and the Moslem civilization, of which so many remarkable vestiges remain in Spain and Portugal and the fruits of whose culture still have an active influence, but also the Spanish- and Portuguese-speaking countries of Latin-America where the literary development of these two languages is still maintained.

The hundreds of thousands of Spaniards and Portuguese working in the countries of the Community and the millions of tourists from the Community who visit Spain and Portugal every year are another important factor. These existing and active links are in themselves arguments in favour of encouraging further integration.

On the other hand, there is the increasingly serious problem of the number of languages used in the Community which although it makes for variety, but also involves considerable expense. It is more necessary than ever to find pragmatic solutions which take due account of each country's language.

Furthermore, our committee believes that the accession of Spain and Portugal can contribute significantly to the democratic process, which has been established in both of these countries. In particular, the

committee wishes to underline the importance of freedom to express opinions, freedom of choice in language, education and culture and the protection of ethnic minorities.

3. Education

Our committee sees the report by Mrs Gaiotti de Biase as setting out the basic principles of a European education policy. Particular attention should be given in this area of the accession negotiations to the Council Directive of 25 July 1977 on the provision of school education for children of migrant workers. The direct extension of this scheme to the children of Spanish and Portuguese workers in the Community would undoubtedly be seen as a significant gesture. They could also be included in the scheme preparing young people for careers.

Immediate opportunities for cooperation present themselves in the following areas :

- improvement of the educational system
- higher education
- teaching of the foreign languages (possibly the setting up of pilot projects)
- new European schools
- academic recognition of diplomas
- the European Centre for the Development of Vocational Training
- Community projects related to vocational training and career guidance
- continuous training of adults

4. Culture

Given the major contributions made by Spain and Portugal to cultural renewal, the cultural field seems to offer an ideal opportunity for cooperation and integration even before the negotiations have been concluded. Indeed, this aspect, which has been totally neglected in the past, ought to be included in the negotiations.

Under this heading it is worth recalling the discussions in and initiatives taken by our committee with regard to the protection of the architectural heritage, the organization of cultural events and pilot projects, relations with cultural workers in the various sectors and so on.

5. The European Foundation

In order that the European Foundation may become operational, the applicant countries should be involved at the earliest possible stage in its work.

In fact, the task of the Foundation, as set out in Article 2 of the Act establishing it, is to improve mutual understanding among the peoples of the Community, to promote a better understanding of the European cultural heritage both in its diversity and in the points it has in common, and to further a greater understanding of European integration.

6. Ethnic minorities

Our committee has always attached great importance to regional languages and cultures. For instance, the Arfe report which was recently adopted by Parliament advocated a Community charter of regional languages and cultures and a charter of the rights of ethnic minorities. The trend, particularly in Spain, towards regional autonomy and the preservation of regional languages and cultures may be conducive to a fruitful exchange of experience and plans.

7. Information

The appropriations set aside for information in the budget include provision for the applicant countries as a matter of priority. The Commission's 1982 information programme also proposes more new initiatives vis-a-vis these two countries. It is highly desirable that the citizens of these two countries should be better informed about Community policy, and of both the positive and negative aspects of accession, the better to prepare themselves for the necessary decisions.

This will involve widening the circulation of publications of all types in the relevant languages, ensuring that the Community is represented at important events such as exhibitions, and so on.

8. Youth

In addition to the measures already described, it is worth considering an extension of the second programme for the exchange of young workers and, indeed, of all youth exchange schemes.

Our committee would ask that special attention be paid to the problem of youth unemployment, which is perhaps dealt with in more depth by the Committee on Social Affairs and Employment.

9. Tourism

In view of the economic, cultural and psychological importance of tourism between the Community and the two applicant countries, greater account should be taken of it in the accession negotiations.

10. Conclusion

Although our committee is fully aware that the emphasis in the accession negotiations is more likely to be placed on the political and economic aspects, it feels very strongly that greater attention must be paid to the cultural, educational and information aspects than has been the case hitherto. Ultimately, the success of accession depends largely on human relations. Laying greater stress on the areas described above can do much to improve the quality of these relations.



Our committee would like the following recitals and paragraphs to be incorporated in the resolution drawn up by the Political Affairs Committee:

- Considering the important cultural and educational aspects of the accession of Spain and Portugal to the European Community
- Considering the need to inform the Spanish and Portuguese populations fully about the European Community
- Urges strongly that greater account be taken than hitherto in the accession negotiations of cultural and educational aspects including in particular the academic recognition of diplomas, school education for the children of migrant workers,

continuous training for adults, the protection of the architectural heritage, the protection of ethnic minorities and youth exchanges

- Looks to the Commission to make a consistent effort to inform the Spanish and Portuguese populations about the Community
- Stresses the importance of involving the applicant countries at the earliest possible stage in the work of the European Foundation.

Opinion

of the Committee on Development and Cooperation

Draftsman: Mr Derek ENRIGHT

On 24 November 1981 the Committee on Development and Cooperation appointed Mr Enright rapporteur.

The Committee considered the draft opinion at its meetings of 25 May 1982 and 5 July 1982, and adopted it unanimously on 5 July 1982.

Present: Mr Sablé, oldest member present, acting chairman;
Mr Enright, rapporteur; Mrs Castellina; Mr Cohen; Mr Deniau; Mrs Focke;
Mr C. Jackson; Mr Michel; Mr Pearce; Mrs Pruvot (deputising for Mr Irmer);
Mrs Rabbethge.

Also present: Lord Douro, rapporteur for the Political Affairs Committee.

Opinion of the Committee on Development and Cooperation

The Committee on Development and Cooperation calls on the Political Affairs Committee to incorporate the following points in its resolution on the enlargement of the Community to include Spain and Portugal:

1. Calls on the Community to take full account of its obligations to associated developing countries when negotiating the terms of Spanish and Portuguese accession to the Community;
2. Notes that certain third countries, notably in the Maghreb, the Mashreq and the ACP, could be adversely affected by the accession of Spain and Portugal to the Community and, consequently, calls on the Commission to enter into full consultation at the earliest possible stage with these countries, consideration also needs to be given to the implications for the non-associated states;
3. Requests the Commission to investigate the means by which countries concerned may be assisted during the transitional period to make the necessary adjustments for the loss of markets resulting from Spanish and Portuguese accession;
4. Recognises that the measures referred to above may involve the provision of additional financial aid by the Community to those States with which it is associated, and calls for a full assessment of the budgetary implications for the Community that are likely to result as a consequence;
5. Calls for timely and meaningful consultation with the ACP countries pursuant to Article 181 of the Convention of Lomé II;
6. Strongly opposes any protectionist measures which would affect industrial products, notably textiles, clothing and footwear imported from either the southern Mediterranean countries or the ACP;
7. Recognises that competition for markets between the applicant states and developing countries will be particularly serious for agricultural products, especially in the olive oil, fruit and vegetable and wine sectors and expects this to be taken into account in negotiations;
8. In planning long-term internal policies for an enlarged Community of 12, the Commission and Member States must be sensitive to the likely progress of developing countries, particularly in the agricultural and industrial sectors;
9. Stresses the need for the applicant States to confirm their commitment to the Community's existing development policies and to make known their views on future relations between the Community of twelve and developing countries, as these could be important for the negotiations for the successor agreement to the second Lomé Convention.

EXPLANATORY STATEMENT

I. Introduction

In 1977 the Portuguese Republic and the Kingdom of Spain formally applied for accession to the European Economic Community, and it appears probable that these two countries will become full members within the next two to three years. The Committee on Development and Cooperation is of the view that, for political reasons, their accession is highly desirable but feels obliged to point out that it would give rise to very serious problems for the Maghreb and Mashreq countries with which the Community has agreements, and, to a lesser extent, for the ACP.

Because the southern Mediterranean countries are likely to be the most seriously affected, this opinion will consider their position first.

II. The effects of EEC enlargement on the southern Mediterranean countries

A series of cooperation agreements with the Maghreb countries (Morocco, Algeria, Tunisia) was signed in 1976 and with the Mashreq countries (Egypt, Jordan, Syria, Lebanon) in 1977. The agreements with the individual countries differ in detail, but they all provide for :

- duty free access to the Community for their industrial goods,
- preferential accession for the main agricultural products, within clearly defined limits,
- access to Community development grants and EIB loans,
- renunciation by the Community of preferential access to the markets of these countries,
- consultation mechanisms in regard to problems which might arise.

In the case of Morocco, Mediterranean fruits and vegetables accounted for 33.3% of all exports to the Community in 1978. The proportion was much less for the other south Mediterranean countries but was nevertheless significant except in the case of Algeria which depends principally on the export of hydrocarbons. Products most seriously threatened in the agricultural sector would be: olive oil, tomatoes (fresh and tinned), citrus fruits, new potatoes, wine and sardines. Countries most seriously affected would be Morocco, which exported 237 MUA of agricultural products to the Community in 1977, and to a lesser extent Tunisia.

It should be noted that, following the accession of Spain and Portugal, the enlarged Community will have an internal surplus of olive oil, a considerable wine surplus and a surplus in many varieties of Mediterranean fruits and vegetables.

The accession of Spain alone would seriously modify Community agriculture. The area of useable agricultural land would increase by 27%. The area of irrigated farmland would increase by 80%, the active farm population would increase by 28% and the number of farm units by 30%. However Spanish membership would only increase the number of EEC consumers by 36 million, or 13%, and it should be noted that per capita income in Spain is well below the Community average. At present Spanish prices for fruit and vegetables, olive oil and wine are less than those obtaining in the Community. It seems probable that, after membership, prices in Spain will gradually be aligned with those in other Community countries, thereby providing an incentive to even greater levels of production given that, at present, fruit and vegetables do not benefit from any market support mechanism in Spain. Furthermore Spanish agricultural products do not have the right of free access to the Community, though Spain does benefit from concessions of varying scope on a product-by-product basis. Increased production of Mediterranean agricultural products would inevitably lead to attempts to dispose of such products, perhaps through subsidised exports, on the already limited world market for such goods. Here again it is the south Mediterranean countries that would be most disadvantaged.

It has been argued that these countries should be encouraged, perhaps by the provision of Community finance in the form of grants or loans, to diversify their agriculture away from these products. This would, obviously, give rise to serious difficulties as land which is suitable for olive, citrus and grape production is not necessarily appropriate for other types of agriculture, and a peasant population used to the production of certain crops cannot easily be trained in entirely new techniques.

While the most immediate difficulties occur in the field of Mediterranean agricultural products, industrial goods would also be adversely affected. By far the most important industrial products exported to the Community by the southern Mediterranean countries are textiles and clothing, which accounted for 32.9% of Tunisia's total exports to the Community, 13.0% of Morocco's and 8.7% of Egypt's in 1978. Smaller quantities of footwear are exported from these countries. Southern Mediterranean textile producers are aware of the current difficulties facing the Community's textile sector and fear that their exports will be under much greater pressure following the accession of Spain and Portugal, both of which have important textile sectors. Already the Community has negotiated self-limitation agreements on textile exports with Morocco, Tunisia and Egypt. It is likely that the Community would be under strong pressure to increase protectionism in the textile sector once Community markets are fully open to Spanish textile and footwear production, as at present Spain, unlike Portugal, does not enjoy duty-free access to the Community for its industrial goods.

It should be noted that the Community has a trade surplus with each one of the Maghreb and Mashreq countries ranging, in 1978, from 2,775 million US\$ with Algeria to 382 million US\$ with Syria. The seven Maghreb and Mashreq countries in fact accounted in 1978 for 16.5% of Community imports from the Arab League and 35% of Community exports to the same group of countries.

In other words the Community has been able to help offset its oil deficit with its sales to the southern Mediterranean states and that trend is likely to continue in the future as the bulk of the population of the 21 Arab League States is concentrated in this area (Morocco, Algeria, Tunisia and Egypt have a combined population of some 79 million people, 54% of the Arab League total). These countries represent a growing market for the export of capital goods and transport equipment from the Community.

Any serious downturn in Maghreb/Mashreq exports to the Community could well be reflected in a desire on the part of those countries to increase their trade with other parts of the world at the expense of Community exporters.

It is thus apparent that certain southern Mediterranean countries, notably Morocco and Tunisia, could be particularly adversely affected by the accession of Spain and Portugal to the Community. It is of the greatest importance that the Community respect the spirit of the cooperation agreement signed between these countries and enter into full consultation at the earliest possible stage with these countries. Nevertheless it is obvious that consultation will not be sufficient. Neither will adaption of existing agricultural patterns and to a lesser extent industrial patterns be easy. The necessary adjustments will be costly. The Committee on Development and Cooperation feels very strongly that the Community must provide finance where required to assist in the restructuring that will be necessary as a result of Community enlargement, and stresses the interdependence that characterises Community relationships with the southern Mediterranean countries.

While wholeheartedly supporting the accession of Spain and Portugal, the Committee on Development and Cooperation maintains that this should not be at the expense of developing countries which have signed cooperation agreements with the Community and which have already serious trade deficits with the EEC.

III. EEC enlargement and the ACP

Article 181 of the Convention of Lomé II states: "in the event of the accession of a third country to the Community, the contracting parties agree to take, as necessary, the appropriate measures of adaptation and transition". The accession of Greece to the Community, and subsequently to the Convention of Lomé, was carried out in a manner which failed to reflect the intentions behind Article 181. The need for ACP-EEC negotiations on the question of Greece's accession ought to have been fully anticipated. As early as February 1979, during the negotiations for Lomé II, the ACP was led to believe that consultations would be entered into in due time to ensure that the interests of the ACP States would be taken into consideration. The agreement between the Community and Greece was signed in May 1979 without any consultation.

The matter was however discussed at the 5th ACP-EEC Council meeting in Nairobi in May 1980 when the Community undertook to give ACP States any necessary explanations regarding the possible effects of Greek accession on ACP-EEC trade. Also in May 1980 the ACP Council mandated the ACP Committee of Ambassadors to undertake, as a matter of urgency, a joint study with the Community, with a view to identifying the possible effects of enlargement on ACP-EEC trade and economic relations and to call on the Community to give political assurances that ACP interests would be safeguarded and, if necessary, that the ACP would be adequately compensated for any erosion of their benefits.

In his general report¹ on the 5th Annual Report of the ACP-EEC Council of Ministers, Ambassador Insanally clearly expressed the disappointment felt by the ACP at the manner in which consultation was carried out. The question of Greek accession was not put before the ACP until October 1980, and then only informally. In November 1980 a Draft Protocol on Adaptation and Transition was submitted to the ACP, containing provisions which the Community had already negotiated and settled with Greece for its Treaty of Accession. The ACP was then advised to accept that Protocol on the grounds that it represented the best the ACP could hope to get.

Thus, in spite of the Commission's early assurances, consultation with the ACP was started at so late a stage that it was not possible for the ACP to have had any influence on the arrangements negotiated between the Community and Greece, and by extension, on the relationship between Greece and the ACP. The ACP felt that this procedure effectively prevented it from being consulted on the nature of its relationship with Greece during the transitional period. In Ambassador Insanally's words "the equality of partnership cannot be vitiated by the imposition of a virtual fait accompli by one partner on the other"².

¹ Doc. ACP-EEC 29/81/rev.

² Doc. ACP-EEC 29/81/rev.

Explanatory Statement, para.13 - 119 -

In fact the accession of Greece had relatively few effects on the ACP. Certain forms of export were adversely affected, and the ACP was concerned about the tariff treatment of a list of products exported by the ACP on which Greece and the Community had already agreed in the Accession Treaty. The ACP States were particularly irritated by the fact that many of these products which are denied free entry, including raw waxes, jute sacks, cocoa beans and pineapple juice, were not exported to Greece by the Community, but by the ACP.

Perhaps the most disturbing element of the arrangement with regard to Greek accession was the fact that the ACP, in accordance with the provisions of Lomé II, was required not to discriminate among the Member States of the Community which would, after January 1981, include Greece. As a result the ACP would be bound to treat Greece just as any other Member State during the transitional period, even though during that period Greece would not be obliged to treat the ACP as favourably as did the other Member States of the Community.

Your draftsman has gone into some detail on the difficulties faced by the ACP in connection with Greek accession in the hope that these will not be repeated in the case of negotiations on the accession of Spain and Portugal. Spain is an important importer of tropical products without being a producer thereof, and imposes high duties on these products. The adoption of the Community 'acquis' towards the ACP will involve Spain in considerable trade liberalisation and the opening up of a hitherto protected market. At present the ACP States account for 3.8% of Spain's total imports, and 22.6% of its imports other than oil from developing countries. Thus Spain's entry could be of benefit to certain ACP countries. In the case of the industrial sector, the situation is likely to be less positive. Certain ACP countries in the early stages of industrialisation have concentrated on textile and clothing production, a low technology industry well suited to the level of industrial development obtaining in certain ACP countries. As has already been mentioned in the case of the Maghreb and Mashreq countries it is probable that Spanish and Portuguese accession will lead to increased pressures for the protection of the Community footwear and textile industries, particularly given the high levels of unemployment in the two candidate countries. Spanish industrial goods, which do not have the right of free access to the Community market at present, will enter freely when Spain becomes a full member. This could alter the conditions of competition between Spanish and ACP products on the Community market.

The Committee on Development and Cooperation wishes to point out that the Convention of Lomé imposes a moral as well as a legal responsibility on the Community to treat the ACP countries more favourably than other States. It should further be noted that ACP textile imports account for only 1.8% of the Community's overall textile imports. Thus the Committee would strenuously oppose any attempt to impose tariff barriers or self-limiting agreements on the ACP States.

While likely to be less seriously affected by enlargement than the southern Mediterranean countries, the ACP will nevertheless inevitably face certain difficulties in specific sectors. The Community has a duty to assist its ACP partners where such difficulties may occur. This could only be done through full and timely consultation in the spirit of Article 181 of Lomé II. The Committee on Development and Cooperation insists that the mistakes made in connection with Greek accession be not repeated in the case of Spanish and Portuguese accession.