

'Godsend or disaster for Spain?' from Le Monde (12 June 1985)


Caption: On 12 June 1985, the French daily newspaper Le Monde examines the position of Spain's agricultural community towards the issue of Spain's membership of the European Economic Community (EEC).

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Accession of Spain and Portugal to the EEC

Godsend or disaster for Spain?

I. — Farmers up in arms

From our correspondent, Thierry Maliniak.

Madrid. — Spain's accession to the EEC: a godsend for its farmers and a disaster for its industry! By sheer force of repetition, this platitude seems to have become common currency throughout most of the Community. As likely as not for no good reason. When seen from Madrid, the situation appears rather less clear-cut.

In joining the Ten, Spain will be neither jump-starting its primary sector nor dealing a deathblow to its secondary sector. It will, on the other hand, be forcing both to proceed with modernisation programmes that have been put off for far too long and to do so without delay.

Do Spain's farmers really stand to gain from accession to the EEC? Nothing could be less sure, to judge from the prevailing mood in the farmers' organisations — there are no fewer than five at national level — which is sombre to say the least. 'We'll have to accept that it's our people who will pay the price of accession, since we account for only 6 % of GNP,' can be heard with feigned resignation at the CNAG, the National Confederation of Farmers and Stockbreeders, the umbrella organisation for the major players in the sector. The mood is hardly any brighter at the COAG (Coordination of Farmers' and Stockbreeders' Organisations), representing smallholders: 'This is not a balanced treaty, since the Community protects the products in respect of which it is uncompetitive far more effectively than does Spain.'

Reacting to this restless mood in the farming organisations, the Minister for Agriculture, Carlos Romero, is concerned to put things into perspective: 'We have made a lot of concessions and modified our starting positions as regards our most sensitive sectors, whereas the EEC has conceded very little ground in the areas where it is vulnerable. We will be opening up the whole of our market in stages from the very moment when we join, while the Community will not be opening its doors in some sectors until year five. The transitional period will, in all likelihood, be difficult for us, but the fact remains that accession will be globally beneficial in the medium term.'

To speak in global terms is, at all events, rather bold in itself, for the impact of accession will vary considerably from sector to sector. The variety of situations reflects Spanish agriculture itself. How much is there in common between the large estates of Andalusia and the smallholdings of Galicia, between the dry areas of the south and centre and the humid areas in the north-west, or again between Valencia's cutting-edge citrus exporters and Asturian cattle-breeders 50 years behind the times? 'Abroad, people are familiar only with the exporting sectors of Spanish agriculture, which are precisely those best equipped to compete — but which are also in a minority,' so the argument goes in Madrid. And that view is not unfounded: Spanish fruit and vegetables, which are prompting so much disquiet north of the Pyrenees, account for only 25 % of final agricultural output, whereas livestock products (meat, dairy products, etc.), an area in which Spain is less well placed in relation to the EEC, account for 43 %.

Spain is competitive in relation to the Community as regards the fruit and vegetables, the wine and the olive oil that it produces; but it is uncompetitive as regards milk, beef and veal and sugar production. A more evenly balanced situation prevails for most other products, including cereals. During the negotiations on accession, farming issues were among the most hotly disputed. Both the Ten and Madrid sought to shelter their 'sensitive products' by a series of transitional safeguard measures which would allow for 'painless' adjustment in the least competitive sectors on each side.

A five-year wait

Spain is probably right when it asserts that, in this area, the EEC has obtained more than it has conceded.

This is certainly true of its main 'sensitive sector', fruit and vegetable production, which will be subject to a ten-year transitional period, divided into two stages. During the first stage, lasting four years, Spain's producers will, to all intents and purposes, remain in their present situation, that of a non-member country. It is only as from year five that the Community will begin to open the door a little. In the intervening period, the reference price system, which allows the EEC to apply compensatory amounts at its external borders in the event of a fall in internal prices, will continue to apply to the Spanish.

'I can understand the EEC insisting on protective mechanisms in cases, such as wine or milk, where its production is currently in surplus but not where the Community is in deficit,' exclaims Mr Romero. 'How, after accession, are you going to explain to European consumers that they are not going to be able to benefit from cheaper Spanish products because the Community prefers to buy more expensive fruit from non-member countries?'

Citrus fruits are the most extreme example in this respect. As Leopoldo Ortiz, head of the citrus exporters' committee for eastern Spain, observes, 'The Community produces barely 43 % of what it consumes in this sector. So it can hardly claim that it is trying to protect its own producers by limiting access to our oranges and lemons! As matters stand today, we pay customs duties of 12 % to the EEC, when the North African countries pay only 4 % and Israel 8 %. It will take us another five years, after accession, to get back on an equal footing with those non-member countries. That's a strange interpretation of Community preference!'

All the same, the anger voiced by fruit and vegetable growers south of the Pyrenees seems to be prompted more by impatience than by serious disquiet. However hard the transitional period may prove to be, they know that they can look forward to a secure future once they are fully integrated into the Community. And, even today, while lambasting the 'iniquitous behaviour' of the EEC countries, the eastern seaboard citrus exporters nevertheless send 87 % of their output to the Community (34 % going to France, the biggest customer).

Restructuring

Uncompetitive farming sectors in Spain are, on the other hand, in a more serious situation, for their very survival is under threat from elsewhere in Europe. There is nothing feigned about the concern expressed by stock farmers in Galicia and the Asturias.

Admittedly, they, too, have secured a number of safeguards. For four years, Spain will be allowed to impose gradually increasing import quotas for fresh milk, butter and certain types of wheat. But will the transitional period give Spain's stock farmers enough time to pull even with their competitors from the Ten? There seems little doubt that the most acute problems will arise in the milk sector: accustomed as they are to disposing of their output with relative ease in a national market marked by a supply shortfall, Spain's dairy farmers will suddenly find themselves enveloped by a Community which, for its part, runs a very substantial surplus in this sector and, for the first time, they will have to contend with far more efficient foreign competitors.

If there is one area in which Spanish farming will undergo profound and positive change as a result of accession to the EEC, that area is market regulation. If it is to adjust to the CAP, the Community's common agricultural policy, Spain will have to establish more effective control over the distribution of its output, develop farmers' associations, create 'model markets' and adopt stricter quality standards.

This is fundamental to the accession process: it was precisely by emphasising the absence of such market control mechanisms south of the Pyrenees that the Ten were able to impose on Spain a long and arduous transitional phase.

The argument was not entirely unfounded, even if some Mediterranean countries already belonging to the Community are no better organised in this respect. All the same, Spanish agriculture is not, as tends sometimes to be thought further north, a prey to unbridled, unprincipled capitalism. To take an example, in Spain, the FORPPA, the Farm Prices and Products Adjustment and Regulation Fund, performs many of the

price support functions assigned in the EEC to the EAGGF, the European Agricultural Guidance and Guarantee Fund. It determines in particular the 'indicative prices' for 17 agricultural products, although these do not include fruit and vegetables.

Contrary to Community practice, these price support mechanisms have hitherto been applied in Spain by the state itself. Following accession, the farmers' associations will be expected gradually to take over. Quite a challenge, considering that associations of this kind still only exist in embryonic form in Spain. While they may be relatively well established in Catalonia and down the eastern seaboard (where they are concerned more with controlling exports than sales in the domestic market), they are virtually unheard-of in the rest of the country. Their widespread introduction will imply nothing short of a mental revolution: as they enter the EEC, Spain's farmers must come to realise that, henceforth, 'strength lies in union'.