

The Member States' reservations towards Spain's accession

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The inaugural speeches by François Poncet, Roy Jenkins and Leopoldo Calvo Sotelo on 5 February 1979 revealed even then that all parties were aware of the difficulty involved in the new process being set in train. Spanish agriculture, fisheries, some of the country's industrial products, along with the domestic economic situation and the number of unemployed workers — all of these issues could pose problems upon accession.

The Community context did not augur well either. The arrival of Margaret Thatcher in Number 10 Downing Street in May 1979 meant that debates on the budget were high on the Community agenda. The British Prime Minister sought a new corrective mechanism for Community resources: she regarded the United Kingdom's contribution as inordinately high and won the 'British rebate' in 1980, reducing the British contribution by two thirds. As a consequence, the Common Agricultural Policy (CAP) was to become less of a burden on budgets.

Nor should we lose sight of the economic crisis and the inflation rates that the European countries were grappling with at the beginning of the 1980s. The consequences of the oil crisis of 1973 were still being felt almost ten years later, chiefly in protectionist policies and high rates of unemployment, which only began falling in the mid-1980s.

In May 1980, amid the commemorations for the 30th anniversary of the Schuman Declaration, the Common Market was the only plausible answer: only free movement could produce the return to socio-economic equilibrium that was so sought after. There was talk of formulating a genuine common energy policy to tackle the energy crisis. Regarding the European Monetary System which had been brought into operation in March 1979, real agreement on economic policies was still required, the role of the ECU still needed to be stepped up and a genuine European Monetary Fund established. The CAP, which had been regarded as one of the pillars of the Community, had been in question for some time. It was becoming increasingly vital to adjust and modernise it, not only to ensure the Community's survival but because of its importance in the accession negotiations. The new enlargement had to be a success both in economic terms, especially with regard to agriculture and industry, and on the technical front, with adjustments to institutions in flux.

Such was the background against which Valéry Giscard d'Estaing made his famous and controversial statements to the Assembly of French Chambers of Agriculture on 5 June 1980, calling for a halt to the new enlargement and causing a huge stir not only among the Spanish population as a whole but also in the corridors of Brussels. Since the outset there had been talk in Spain that France would try to use its veto; under the EEC rules of procedure, decisions had to be unanimous. Nonetheless, on the following day the meeting of the representatives of the Nine plus Spain went ahead as planned without incident, and at the Venice European Summit the following week it was confirmed that the negotiations would continue. Despite initial fears there was no hiatus, although it was generally acknowledged that negotiations would inevitably slow down sharply, a phenomenon known in Spain after the event as the *giscardazo*. There was no change to the regularity of the meetings during the entire process, although they did not appear to make any headway.

The various interpretations of this episode have featured a desire to explain the French attitude to the Spanish accession as wariness if not hostility regarding the large agricultural potential of Spain, with France's own domestic interests as the principal reason for that attitude. However, another country which would unquestionably be adversely affected by Spanish agriculture was Italy, and Italy had unconditionally supported the accession of Spain since the outset. The entry of three new Mediterranean countries could help bring changes to Community rules which disproportionately benefited European production of cereals, milk, milk products and meat to the detriment of citrus fruits and other fruit and vegetable products.

There were two sides to agriculture as an issue in the accession negotiations. On the one hand were the transition periods for free trade in agricultural produce on both sides of the borders; on the other, the benefits of the Community budget, almost 70 % of which was at that time allocated to the CAP. The transition

periods were a very complex matter in the negotiations, especially where matters such as the application of value added tax (VAT), the free movement of workers or Customs Union were concerned.

Taking the last of those matters first, prominent in the Community position was the idea that the Preferential Agreement of 1970 was very advantageous to Spain as it allowed higher levies on imports and a number of reliefs on exports. A settlement of the differences on this matter was reached by way of VAT: a seven-year transition period was agreed for the full removal of tariffs, but VAT would be applicable as from the time of entry into the EEC.

Fisheries and the free movement of workers would also be subject to a seven-year transition period, and indeed that period would ultimately be applied to most agricultural products. The major obstacle was the export of Spanish fruit and vegetables and the import of prime continental products such as milk and beef, and quantitative limits for these were set as an additional mechanism to prevent distortion of competition. Agricultural and structural funds were not forthcoming immediately either, meaning that a mechanism to correct the Spanish contribution to the Community Budget had to be found: the Commission would repay a proportion of VAT into Spanish coffers, and the amount of the repayment would gradually be reduced until it was removed completely, when Spain would become a recipient of funds on the same terms as any other member of the Community.

In short, the reluctance with which the Member States viewed the Spanish accession can be summarised as concern for the potential consequences the accession might have had on the economy and institutions. Consequently, there were constant negotiations throughout the seven-year negotiating period, but they were not immune from ups and downs.