

## El impacto de la extensión al sur, hacia el Mediterráneo (9-10 noviembre 1979)

**Source:** Secretaría de Estado para la Unión Europea, Madrid, 1016.1.II y III.1., 09-10.11.1979.

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**URL:** [http://www.cvce.eu/obj/el\\_impacto\\_de\\_la\\_extension\\_al\\_sur\\_hacia\\_el\\_mediterraneo\\_9\\_10\\_noviembre\\_1979-en-1f213f95-334e-434a-9fc5-7e00d102ac5a.html](http://www.cvce.eu/obj/el_impacto_de_la_extension_al_sur_hacia_el_mediterraneo_9_10_noviembre_1979-en-1f213f95-334e-434a-9fc5-7e00d102ac5a.html)

**Last updated:** 20/02/2014

ASSOCIATION POUR L'ETUDE DES PROBLEMES DE L'EUROPE

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" THE IMPACT OF THE EXTENSION OF THE COMMUNITY SOUTHWARDS TO  
THE MEDITERRANEAN BASIN "

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XXXIIIème TABLE RONDE

MADRID

9 et 10 Novembre 1979

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## The Impact of the Extension of the Community southwards to the Mediterranean Basin

### I. The Significance of the Mediterranean for the Community

The Mediterranean area comprises 19 riparian states (including Portugal and Jordan), 16 of which are developing countries for the purposes of the list drawn up by the OECD's Development Assistance Committee (DAC List). As Italy and France are members of the Community, this makes the EEC a Mediterranean riparian too.

The developing countries located within this area reveal sharply falling levels of economic advancement as one moves from North to South. The only exception is Israel, which is already highly industrialized.

They have a total population of 220 million people spread over countries varying tremendously in size: Turkey, for example, has 41 million inhabitants and Malta only 0.3 million (see Annex 1).

The developing states of the Mediterranean face a large number of individual problems and regional differences calculated to make this area, straddling as it does the dividing line between the industrialized states and the emerging nations of Africa, a focal point for political unrest. We need only cite the Near East problem, the conflict on Cyprus between two fellow-members of NATO, the moves in Portugal, Greece and Spain towards a pluralist democracy or the fragile economic situation in Turkey.

Three of the countries named above i.e. Greece, Portugal and Turkey belong to NATO whilst Greece, Turkey, Malta and Cyprus are members of the Council of Europe.

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In this context, one exception among the developing countries of the Mediterranean area is Yugoslavia, which has been able to maintain its autonomy within the Eastern bloc's sphere of influence despite the fact that it is a Communist state. Although it belongs to the OECD, it is also associated with Comecon without however being a member of the Warsaw Pact.

Because of its position vis-à-vis Europe and the need of the EEC to safeguard its own long-term interests, the Mediterranean holds special significance for the Community. This fact is reflected in the Community's foreign, trade and development policies towards this region as well as in the important cultural and commercial links forged with the various countries there.

The southward extension of the EEC will draw the Mediterranean even closer towards us, both politically and economically. On this account, the enunciation of a coherent all-embracing Mediterranean policy has become one of the EEC's first and foremost aims. This task has become all the more a commitment for the European Community because its future enlargement to include Spain, Greece and Portugal will place its previous structure on a completely new basis. The EEC of the Twelve will include 5 Mediterranean states, i.e. nearly half of the total.

As a result, the Community's "centre of gravity" will move towards the South. That in turn will have substantial implications for the decisions to be taken in all sectors but notably in agriculture, since farming still possesses considerable importance in all of the five Member States in question. This might perhaps bring about a decisive change in the EEC's pattern of trade and impair the role of the Mediterranean as a bridge between Europe and the black African states.

## II. The Present links between the EEC and the Mediterranean Countries

With the exception of Albania and Libya, the EEC has entered into contractual relations with all riparian states of the Mediterranean (including Portugal and Jordan). Four types of agreement may be distinguished:

- a customs union under Article 238 of the EEC Treaty with Greece, Turkey, Malta and Cyprus
- free trade agreements under Article 238 of the EEC Treaty with Tunisia and Morocco
- free trade agreements under Article 113 of the EEC Treaty with Portugal, Spain, Algeria, Egypt, Israel, Lebanon, Syria and Jordan
- a non-preferential trade agreement under Article 113 of the EEC Treaty with Yugoslavia (application of most-favoured-nation treatment).

While some of these agreements run for an unlimited period of time, others such as the one concluded with Yugoslavia are subject to a time limit. For this reason, the Yugoslav Agreement is at present being re-negotiated with a view to approximating this agreement to the type of free-trade agreement with North African states. The Agreement with Spain is also currently under discussion because it still has not yet been adapted to the enlargement of the EEC by Great Britain, Denmark and Ireland. Finally, the Association Agreement with Turkey will have to be adapted to that country's special difficulties because it is no longer able to meet its commitments, for example in respect of the contractually agreed reduction in tariffs. By the same token, the Community wishes to revoke its obligations to establish complete freedom of movement by 1986.

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Broadly speaking, the aim of these agreements consists in achieving a comprehensive form of cooperation. They contain provisions on both economic and technical cooperation. On the trade side, they provide basically for exemption from customs duties and quantitative restrictions for industrial products and reduced tariffs for the major farm products from the Mediterranean area. The trading quid pro quo is partly limited to the granting of most-favoured-nation terms or, in the case of the customs unions, to a gradual reduction in tariffs.

Furthermore, the EEC offers the Mediterranean countries financial cooperation (with the exception of Spain). The finance protocols appended to the cooperation agreements provide for EEC financial aid either in the form of loans from the European Investment Bank's own funds or subsidies from budgetary appropriations (cf. annex 2). Yugoslavia, however, only receives loans from the EIB (50 million European units of account).

The confining of Mediterranean policies to the riparian states plus Jordan and Portugal may seem an arbitrary decision. It does, however, flow from trading considerations in that the EEC's free-trade policy - already embracing agreements from Greenland to Capetown - might otherwise get out of hand and risk impairment.

### III. Consequences of Enlargement

The extension of the EEC southwards will not only alter the political balance of forces in the Mediterranean area, but also create economic and trading problems:

- in the newly acceding countries as well as in the Southern Region of France and in Italy; and
- in other Mediterranean riparian states.

1. The Problems of the Applicant Countries. Southern France and Italy

For the first time, the EEC is getting ready to grant membership to quasi-developing nations (Greece, Spain and Portugal). A few economic statistics will suffice to confirm this statement. The per capita G.N.P. of the three above-named countries in no way matches the average in the Europe of Nine (approximately 5,000 U.S. dollars per person including Ireland with 2,600 U.S. dollars per person). The per capita G.N.P. in Greece is 2,400 U.S. dollars, in Spain 2,900 U.S. dollars and in Portugal only 1,700 U.S. dollars. Only Spain is in surplus on its current account balance (since 1978); the other two countries are in deficit. The external value of the three nations' currencies has fallen steeply during the last two years (although the Spanish peseta has strengthened since the beginning of 1979), their currency reserves are relatively insignificant and consumer prices have been rising sharply. The inflation rate in Portugal persists at about 24 % and it also remains above the Community average of about 10 % in the two other countries.

The existing structural problems will grow worse after accession by Greece, Spain and Portugal in that the EEC is going to incorporate a region where the farming sector possesses considerably more economic importance than in the EEC of the Nine. Enlargement will only increase the EEC's gross domestic product by 8 %: the available agricultural acreage will however rise by 33 %, agricultural output by 20 % and the level of employment in the farming sector by 57 % (by 5 million in absolute terms). Greece and Portugal still face the whole range of structural problems inherent in the transition to industrialization - problems which the present members of the Community had to solve decades ago before the inception of the EEC, i.e. apart from certain problem regions.



To this must be added the typical structural problems of agriculture in Southern Europe: the growing concentration of production in climatically favourable locations, the contrast between large and very small farms and the major role played by hill farming. These factors generate a large amount of regional and social tensions in the farming areas. 22 % of the farms in Greece cultivate an agricultural area of less than 1 hectare each and 57 % of them 1 to 5 hectares each: hill farming accounts for 40 % of farmland. Yet these farms produce only about 20 % of the economically profitable products for further processing, such as cotton, tobacco and oil plants.

In Spain the position is somewhat better. Yet even there, 23 % of farms possess an agricultural area of less than 1 hectare each. Nevertheless, 22 % of farms have over 10 hectares and they cultivate approximately 77 % of the total agricultural acreage. Another favourable circumstance in Spain is that many small-holdings are run on a supplementary or spare-time basis; the corresponding figure for Greece is hardly worth mentioning.

On the whole, conditions in Portugal resemble those in Greece although additional difficulties arise as a result of the highly differing agricultural structure from region to region: mini-farms in the North, middle part of the country and the Algarve contrasting with huge estates in the Southern Alentejo. At the present time, Portuguese agriculture is in a chaotic condition. It is precisely the relatively profitable, large farms in the South whose viability is being put at risk by seizures of farming land. As Portugal still imports almost half of its foodstuffs, there will be no problems in this respect which could produce a market disequilibrium in the farming sector of an enlarged community.

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Quite a different situation exists in Greece and Spain. The most important agricultural products of Greece and especially Spain such as wine, fruit, vegetables, sub-tropical fruits and olive oil will flow to vulnerable EEC-markets and make it necessary in the Community as a whole as well as in Greece and Spain to provide additional market support. The present rising trend in production in these countries will probably gain further encouragement from the adoption of the higher level of EEC producer prices and lead to problems in Italy and Southern France.

There is likely to be keen competition at the expense of Italy and France in tomatoes, table grapes, apples, pears, apricots and peaches as the present EEC market regulating system provides comparatively slender protection for producer prices, Greece and Spain can produce more cheaply and there would be a surplus of these products in the enlarged Community. As for citrus fruits, problems would probably arise for Italy despite the import demand of the enlarged community because of the poorer quality and higher cost of its produce.

Producers in the present Community can hardly expect to improve their earnings by exporting to Greece and Spain: sales might only be possible in the case of beef, feed grains and perhaps highly processed milk products. On the other hand, Portugal will probably represent a good market for the sale of EEC farm products - though probably more for northern than southern produce with the result that Italy and Southern France will hardly profit from this development.

It was therefore no surprise when Italy and France came forward in the 1978 agricultural negotiations with demands for compensation for wine, fruit and vegetables. Further

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concessions have already been made in Community policy to improve the structure of agricultural areas. These include the afforestation of certain Mediterranean areas, the irrigation of Corsica, the implementation of flood-protection measures in Southern France and the setting up of an agricultural consultative service in Italy. As the Maghreb negotiations have already shown, France and Italy expect any concession they make in the agricultural sector to be remunerated either by the Community allotting additional finance to structural measures or introducing more stringent intra-Community intervention machinery vis-à-vis non-EEC countries. A similar threat arises especially from the accession of Spain, aggravating the problem of surpluses.

Thus, the agricultural sector will present France and Italy with difficulties which have induced these two states to lay down a long transitional period (7 years) for certain farm products in the accession treaty with Greece signed in Athens on 28th May 1979 (see Annex 3). Yet even when viewed from the standpoint of the applicant countries, a longer transitional period will prove necessary, particularly to adjust the level of prices to that of the EEC. According to the Commission's estimates based on current prices, the substitution of Community prices for Greek prices will entail a 14 % jump in the cost of food for Greek consumers. Since spending on food accounts for about 36 % of the Greek cost-of-living index, the rise of 14 % probably represents about 5 % in the index. An excessively rapid rise in prices would be bound to fuel additional inflation.

However, the difficulties for the applicant countries will be even more pronounced in the field of industry and trade. The industrial sectors in Greece and Portugal - less so in Spain where large-scale enterprises

based on modern technology have emerged since the 1960s - are marked by conditions such as typify the South of Italy. Despite the high growth rates for industrial production during the last 12 years, the stage of development reached by the acceding countries lies in some cases far below the EEC level. Industry in these countries is highly concentrated in certain regions and diversified to a small degree only - quite apart from the characteristic predominance of small firms with the exception of a few industries. Productivity remains low and unemployment extremely high, accounting in Portugal for about 20 % of the gainfully active population (the official figure is lower at 12.6 %). In Spain it is a good 8 %, with Greece the exception at perhaps 3 %. In most cases, this unemployment is probably of a structural nature. The labour-intensive character of their industry points to a large reservoir of potential jobless in the future. The question is: will these problems be solved by integration into the Community's "home market" or will they be aggravated? And in what way can the Community help the acceding countries to advance their industrial development and thus counteract a widening of the gap between North and South?

Above all the traditional industries in these countries must expect harsher competition from EEC products since the tariff reductions granted by them in the industrial sector in their agreements with the EEC so far only affect 60 % of goods in the case of Greece and 70 % in the case of Portugal. The present level of duty imposed by Greece on EEC imports after the 8 % cut in November 1978 under the association treaty is still 13 %, while the level in Portugal is hard to assess because of that country's application of specific duties. Spain's average protection level after its voluntary cuts in April 1979 is only 8.1 %. On the other hand, averaging tariff rates is not particularly meaningful. It is the highest and lowest rates which count.

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Greece for example continues to provide a wide measure of protection for the following industries even after the November 1978 reductions: clothing 14 - 28 %, leather and leather goods 28 %, yarns and fabrics 16 - 28 %, metal goods 3 - 10 %. These high tariffs have almost totally prohibited imports of some products. This is why a small import ratio as evidenced in foreign trade statistics is no proof that the domestic industry involved is competitive. On the contrary, even small tariff cuts for these products lead to big increases in imports so that home production may have to be restricted. The industries mentioned account for almost 40 % of gross manufacturing output.

In Spain too there are some industries which continue to enjoy high tariff protection in spite of the reductions in duty in April 1979. These are clothing (21 - 24 %), motor vehicles (35 %), electrical machinery (8.5 - 31 %), plastics and footwear (15 - 20 %). On top of this comes turnover tax on imports which can be very high, e.g. 13 % on passenger cars. The industries in question account for some 35 % of gross manufacturing output, i.e. a relatively large share as in the case of Greece.

The situation in Portugal is difficult to assess because of the specific customs duties in operation there. All in all, however, the situation may be described as-if anything-worse than in the two first-named countries.

One important point should be borne in mind: the acceding countries for their part will hardly gain any additional tariff-induced opportunities for exporting to the Community. In 1975, the share of overall EEC industrial imports accounted for by the acceding states came to 2.5 %. The biggest market shares are held in leather goods, wood and cork products, clothing, yarns and

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woven fabrics. With the exception of a few special products such as cork, the market shares stand at less than 2 %. EEC membership will hardly improve the export opportunities of the acceding states vis-à-vis the EEC. Greece and Portugal cannot look forward to any impact on exports from reduced duties since the EEC has already liberalized imports from these nations in large part. By contrast, Spain could derive certain opportunities for expanding her trade because EEC tariffs are still 3 % and will be reduced. In some fields Spain's industry is certainly competitive. Its textile sector has started a vigorous restructuring effort and the footwear industry is already competitive now.

Broadly speaking, accession will force the industry of the three candidate countries to take a jump into cold water and to face up to EEC market competition. Even though arrangements are being made for generous transitional periods and safeguarding clauses, such as for Greece, the changeover is bound to take its toll.

## 2. The Problems of the non-EEC Mediterranean States

The situation attendant upon the enlargement of the Community will pose much graver problems for countries in the Mediterranean basin not belonging to the EEC than it will for the applicant nations or France and Italy.

The fundamental principle at the heart of the negotiations with the acceding countries is that they must accept prevailing Community law including external economic commitments by the Community and the Community's agreements with other countries. Hence Article 117 of Greece's accession treaty provides that it will adopt

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the EEC's generalised preferences scheme from 1st January 1981. Spain and Portugal will have to assume similar commitments when they join. This will of course make access to the new members' markets easier for non-EEC Mediterranean countries. Furthermore, when the new members become parties to the EEC's agreements with Mediterranean third countries they will have to lower their tariffs vis-à-vis these countries. This will go hand in hand with tariff cuts inside the Community after entry. Greece's membership treaty provides in Articles 118-120 that protocols to free trade agreements with third countries will be negotiated. This is because derogations from preference arrangements with individual third countries cannot be imposed unilaterally in an accession treaty.

Although this will give non-EEC Mediterranean countries a treaty guarantee of easier access to the acceding countries' markets, it will also mean that they have to compete with the new Member States in the Community market, which is much more important to them. Faster growth in the acceding countries and rising living standards in the present Member States may cushion this impact for a while. In the end however the preferences granted to Mediterranean third countries will be devalued. In addition, the new Member States will make Europe of the Twelve even more inclined to keep out third-country imports so that they can better exploit their own opportunities in the Community market.

The non-EEC Mediterranean countries have close trade links with the Community and in fact 40 to 60 % of their total imports come from the EEC. With the exception of Jordan, the share of exports to the Community is about the same (see Annex 4). As a percentage of GNP, such exports in 1976 amounted to 28 % in Malta, 17.5 % in Cyprus, 14.5 % in Algeria, 12.5 % in Syria,

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11.5 % in Morocco, 6.5 % in Israel, 5 % in Egypt, 2.5 % in Turkey and 1 % in Jordan. Their trade balances are in most cases in deficit.

As a result of these close trading relations between the Mediterranean non-EEC states and the Community, it will probably be trade too which principally feels the impact of enlargement. This review will have to concentrate on this area, which is not deny the significance of other fields such as freedom of movement for workers between third countries in the Mediterranean and the Community. Employment difficulties in these countries will be even less solvable by migration to the EEC after enlargement since the Community will want to impose restrictions on labour market access for the new Member States as has already been done in the case of Greece (Articles 44 ff of the accession treaty).

The non-EEC Mediterranean states may be classified into three groups:

- those countries which export primary products such as Algeria, Morocco or Tunisia (mainly oil or phosphates);
- agricultural exporting countries such as Turkey, Egypt or Cyprus; and
- countries with relatively large exports of industrial goods such as Israel, Lebanon and Malta.

This classification only relates to the most important exports and in fact all the above-named states export farm products, for example, just as the mainly agricultural exporting states also sell industrial products abroad.



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The enlargement of the Community will exacerbate the problems the Mediterranean countries have with industrial goods already affected by structural difficulties, i.e. textiles, clothing, footwear, leather goods and to some extent steel. Since the Mediterranean countries have concentrated their industrialisation effort on these very sectors or intend doing so, as for instance in steel, there will be a swelling volume of exports from them leading to growing Community protectionism. The acceding countries especially hope for better protection of their infant domestic industries, which after entry will be subject to import competition not only from the present Member States but also from third countries of the Mediterranean.

The Community has controlled textile and clothing imports from both the candidate and other Mediterranean countries by negotiating voluntary restraint agreements. After entry these agreements will lapse for the new members. This necessarily reduces the export opportunities of Mediterranean third countries and it is not at all clear at the moment when their voluntary restraint agreements will expire. If their potential market for textile and clothing exports is not to become even smaller, the Community will have to review its policy on voluntary restraint and give up its restrictive attitude. An occasion presents itself in 1981 when the Multifibres Agreement on which the voluntary restraint agreements are based runs out. Whether the MFA will be renewed is still a totally open question.

Textiles are particularly important exports for Egypt, Tunisia, Turkey and Lebanon which have developed strong textile and clothing industries in recent years that are increasingly capable of exporting. These countries receive between 10 and 20 % of their export earnings

from textiles and clothing. Clothing alone accounts for 55 % of Malta's export earnings. Since their domestic markets are expanding only slowly, while production capacity is growing fast and a switch to other types of exports is only limitedly possible, a ceiling on these countries' exports of textiles and clothing would threaten the stability of their external economic relations and damage their industrialisation policies (see Annex 5).

The negative consequences of enlargement for the non-EEC Mediterranean countries will become notably apparent in the agricultural sector. The shrinking import requirements of the larger Community will produce problems for the outside countries of the Mediterranean area wanting to sell their produce to the EEC. For most categories of produce offered by the non-EEC Mediterranean states, the level of self-sufficiency attained in the Community now stands at a critical level. For example, the degree of autarky enjoyed by the enlarged Community in respect of olive oil, fresh vegetables, potatoes, wine and tomatoes will rise to 100 % or nearly so and in some cases more (see Annex 6). In addition, the adoption of the common agricultural policy will actuate price changes in the acceding countries likely to result in increased production. These price changes may be reinforced still further by more increases in reference prices. The reference price for tomatoes is already very high because it is based on production costs for tomatoes grown under glass.

It is not easy to gauge the production potential of the applicant countries. However, taking crucial factors into account like acreage open to irrigation and yields in the past, it would seem there is scope for considerable expansion. Added to this is the fact that the

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acceding countries sell in significant quantity to third countries and these products will, after entry, gravitate to the EEC market. This applies for instance to Greek oranges and tomatoes, of which only 17 and 13 % respectively are sold to the Community at present.

The economies of the non-EEC Mediterranean countries depend to varying degrees on the export of their farm produce to the EEC. Algeria, Egypt, Jordan, Lebanon, Yugoslavia and Malta export 2 to 9 % of their farm products to the Community; this rises to as much as 63 % in the case of Cyprus (see Annex 7). By the same token, the share of export earnings from the sale of products in which the EEC attains a self-sufficiency level of 100 % or more is quite substantial for a number of countries. For instance, 30 % of the export earnings of Cyprus, 15 % of those of Morocco and 10 % of those of Tunisia hinge upon the five above-mentioned critical products. If one includes fresh fruit and small vegetables - as the EEC's level of self sufficiency in this sector is already nearly 100 % and competition from other third countries is increasing - then one must add Israel and Turkey to the three above-mentioned non-EEC Mediterranean states as being the hardest hit.

On this account, the safeguard clauses incorporated in treaties with the non-EEC Mediterranean states will be applied more frequently in future with a view to avoiding the pressure of imports emanating from there. As the low level of income elasticity in regard to demand and the modest growth in overall demand due to stagnating populations in the EEC are scarcely likely to produce additional demand, that will erode the preferential treatment granted to the third countries of the Mediterranean.

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Nearly all the Mediterranean third countries have already approached the Community with requests for consultations about the effects of the EEC expansion southwards. This follows from provisions in the free trade agreements which call for consultations when a new member enters the Community (e.g. Article 50, para. 2 of the agreement with Morocco). Such consultations are particularly vital for Israel because it has no diplomatic relations with Greece or Spain and is thus left only with contacts to the EEC.

Various talks have already taken place this year, for example with Morocco, which will lead on to negotiations to adjust the free trade agreements to the changed situation after enlargement. It is certain that demands will be made for financial compensation to offset losses of sales to the enlarged Community market.

#### IV. Possible Solutions

The scene is thus already set for conflict between the non-EEC Mediterranean countries and the Community including the new members. A solution can only come from an international structural policy designed to provide adequate scope for market forces. It would certainly be wrong:

- to aim at specialization agreements for certain industries so as to channel industrial development policy in the Mediterranean countries;
- to conclude agreements to restrain competition in the enlarged market;
- to supplant market economy principles by government controls; and
- to strengthen protectionism in foreign trade.

A more sensible policy would be to continue structural change in the Mediterranean states with the instruments of a free market, to create favourable general conditions for investment and to improve infrastructure. All this will necessitate an enormous transfer of resources.

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The regional fund, the social fund and the agricultural structure fund provide only limited help in eliminating structural disparities. Moreover, they cannot operate in the non-EEC Mediterranean countries. An attempt should therefore be made - quite apart from the existing instruments of mutual Community aid - to implement a comprehensive scheme of intra-Mediterranean assistance. Such endeavours would however require cooperation among all Mediterranean riparian states. After all, the agricultural and structural problems facing these countries are of a supra-regional nature: they cannot be solved bilaterally with each of the applicant states or each of the other Mediterranean riparians. In farming and some sections of industry, the acceding countries will not be competing with the Community heartland but with Italy and France together with the non-EEC Mediterranean nations and in particular with each other. This is why countries must be interested in a general development policy for the whole Mediterranean area.

The need is for an aid programme designed to embrace intra-European and intra-Mediterranean development assistance. The Mediterranean countries must be given priority in any scheme chosen to augment the range of financial instruments available for advanced developing countries. In the case of Portugal, the North African states and Turkey, the essential requirement remains that of furnishing traditional capital aid. In Greece and Spain, a much bigger role will have to be played by private capital, which would perhaps have to be mobilized by the provision of appropriate guaranty.

Apart from financial support, importance will also attach to technical assistance. All the Mediterranean countries with the exception of Spain, France and to some extent Italy suffer from an enormous shortage of trained personnel in administration, regional planning, agricultural services and rural social welfare. They badly need administrative bodies which can

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apply for and utilize project aid. The classic example of Southern Italy has illustrated the inadequacy of simply transferring resources. Such a transfer must be backed by action to improve the economy's administrative infrastructure and enhance its capacity for absorbing capital.

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	BSP per capita	Bevölkerung 1977 000	Wirtschaftswachstum 1977	Aktive Bevölkerung i.d. Landwirtschaft	Größe 1976 km <sup>2</sup>	landwirtsch. Nutzfläche km <sup>2</sup>	davon bewässert km <sup>2</sup>
ypem	1.740	860	0,1	35,4	9.240	4.320	940
alta	1.680(1)	332(1)	0,3	5,5	320	150	10
arokko	570	17.696	2,5	52,9	446.300	78.300	4.700
unesien	860	5.873	2,4	43,2	155.360	44.100	1.300
ürkei	1.110	41.935	2,5	58,6	770.760	276.990	20.000
srael	2.920	3.531	3,-	7,6	20.330	4.330	1.870
ugoslawien	1.960	21.720	0,9	41,-	255.400	80.050	1.240
gypten	310	39.214	2,3	51,6	995.450	28.260	28.260
ibanon	1.070	3.371	3,1	12,4	10.230	3.480	850
ordanien	710	2.881	3,2	28,1	97.180	13.650	600
lgerien	1.110	16.997	3,5	53,-	2.381.740	71.100	3.300
yrrien	900	7.900	3,3	48,6	164.180	56.720	5.470

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## Annex 2

## Cyprus

Financial Protocol annexed to the Cooperation Agreement signed between the European Community and Cyprus on 15 September 1977

## Community financing (million u.a.)

Loans from EIB own resources (1):	20
Budgetary funds	
– Loans on special conditions (2):	4
– Grant aid:	6
	<u>        </u>
	Total: 30
For commitment by	31. 12. 1983

(1) Generally attracting a 2% interest subsidy financed from grant aid.

(2) Term: 40 years, including a 10-year grace period; rate of interest: 1 % per annum. Part of the aid to be provided in the form of loans on special conditions may be used as contributions towards the formation of risk capital, the conditions being determined on a case-by-case basis.

*N.B. The Commission of the European Communities directly administers grant aid earmarked for technical cooperation.*

*The EIB grants loans from its own resources and, acting under mandate from the Community, administers interest subsidies, special loans and risk capital.*

## Algeria

Financial Protocol annexed to the Cooperation Agreement signed between the European Community and Algeria on 26 April 1976

### Community financing (million u.a.)

Loans from EIB own resources (1):	70
Budgetary funds	
– Loans on special conditions (2):	19
– Grant aid:	25
	<u>114</u>
Total:	114
For commitment by	31. 10. 1981

(1) Generally attracting a 2% interest subsidy financed from grant aid.

(2) Term: 40 years, including a 10-year grace period; rate of interest: 1% per annum. Part of the aid to be provided in the form of loans on special conditions may be used as contributions towards the formation of risk capital, the conditions being determined on a case-by-case basis.

*N.B. The Commission of the European Communities directly administers grant aid earmarked for technical cooperation and loans on special conditions for rural development and social infrastructure.*

*The EIB grants loans from its own resources and, acting under mandate from the Community, administers interest subsidies, special loans and risk capital in the industrial, energy, mining, tourism and economic infrastructure sectors.*

## Egypt

Financial Protocol annexed to the Cooperation Agreement signed between the European Community and Egypt on 18 January 1977

### Community financing (million u.a.)

Loans from EIB own resources (1):	93
Budgetary funds	
– Loans on special conditions (2):	14
– Grant aid:	<u>63</u>
	Total: 170
For commitment by	31. 10. 1981

(1) Generally attracting a 2 % interest subsidy financed from grant aid.

(2) Term: 40 years, including a 10-year grace period; rate of interest: 1 % per annum. Part of the aid to be provided in the form of loans on special conditions may be used as contributions towards the formation of risk capital, the conditions being determined on a case-by-case basis.

*N.B. The Commission of the European Communities directly administers grant aid earmarked for technical cooperation and loans on special conditions for rural development and social infrastructure.*

*The EIB grants loans from its own resources and, acting under mandate from the Community, administers interest subsidies, special loans and risk capital in the industrial, energy, mining, tourism and economic infrastructure sectors.*

## Greece

Second Financial Protocol of 28 February 1977 annexed to the Association Agreement signed between the European Community and Greece on 9 July 1961

### Community financing (million u.a.)

Loans from EIB own resources (1):	225
Budgetary funds	
– Loans on special conditions (2):	10
– Grant aid:	<u>45</u>
	Total: 280
For commitment by	31. 10. 1981

(1) Including 150 million u.a. carrying a 3% interest subsidy financed from grant aid; subsidised loans go primarily to economic infrastructure and agricultural development projects and to financing small and medium-scale industrial ventures through development banks.

(2) Term: 30 years, including an 8-year grace period; rate of interest: 2.5% per annum. Intended for financing projects concerned with agricultural modernisation.

*N.B. The Commission of the European Communities directly administers grant aid earmarked for technical cooperation.  
The EIB grants loans from its own resources and, acting under mandate from the Community, administers interest subsidies and special loans.*

**Israel**

Financial Protocol of 8 February 1977 annexed to the Cooperation Agreement signed between the European Community and Israel on 11 May 1975

**Community financing (million u.a.)**

Loans from EIB own resources:	30
Budgetary funds	
– Loans on special conditions:	—
– Grant aid:	—
	<b>Total: 30</b>
For commitment by	<b>31.10.1981</b>

## Jordan

Financial Protocol annexed to the Cooperation Agreement signed between the European Community and Jordan on 18 January 1977

### Community financing (million u.a.)

Loans from EIB own resources (1):	18
Budgetary funds	
– Loans on special conditions (2):	4
– Grant aid:	<u>18</u>
	Total: 40
For commitment by	31. 10. 1981

(1) Generally attracting a 2% interest subsidy financed from grant aid.

(2) Term: 40 years, including a 10-year grace period; rate of interest: 1 % per annum. Part of the aid to be provided in the form of loans on special conditions may be used as contributions towards the formation of risk capital, the conditions being determined on a case-by-case basis.

*N.B. The Commission of the European Communities directly administers grant aid earmarked for technical cooperation and loans on special conditions for rural development and social infrastructure.*

*The EIB grants loans from its own resources and, acting under mandate from the Community, administers interest subsidies, special loans and risk capital in the industrial, energy, mining, tourism and economic infrastructure sectors.*

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## Lebanon

Financial Protocol annexed to the Cooperation Agreement signed between the European Community and Lebanon on 3 May 1977

### Community financing (million u.a.)

Loans from EIB own resources (¹):	20
Budgetary funds	
– Loans on special conditions (²):	2
– Grant aid:	8
	<u>          </u>
	Total: 30
For commitment by	31. 10. 1981
Exceptional aid (EIB loans):	20

(¹) Generally attracting a 2% interest subsidy financed from grant aid.

(²) Term: 40 years, including a 10-year grace period; rate of interest: 1 % per annum. Part of the aid to be provided in the form of loans on special conditions may be used as contributions towards the formation of risk capital, the conditions being determined on a case-by-case basis.

*N.B. The Commission of the European Communities directly administers grant aid earmarked for technical cooperation and loans on special conditions for rural development and social infrastructure.*

*The EIB grants loans from its own resources and, acting under mandate from the Community, administers interest subsidies, special loans and risk capital in the industrial, energy, mining, tourism and economic infrastructure sectors.*



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## Malta

Financial Protocol of 4 March 1976 annexed to the Association Agreement signed between the European Community and Malta on 5 December 1970

### Community financing (million u.a.)

Loans from EIB own resources (1):	16
Budgetary funds	
– Loans on special conditions (2):	5
– Grant aid:	5
	<u>5</u>
	Total: 26
For commitment by	31. 10. 1983

(1) Generally attracting a 2 % interest subsidy financed from grant aid.

(2) Term: 40 years, including a 10-year grace period; rate of interest: 1 % per annum. Part of the aid to be provided in the form of loans on special conditions may be used as contributions towards the formation of risk capital, the conditions being determined on a case-by-case basis.

*N.B. The Commission of the European Communities directly administers grant aid earmarked for technical cooperation. The EIB grants loans from its own resources and, acting under mandate from the Community, administers interest subsidies, special loans and risk capital.*

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## Morocco

Financial Protocol annexed to the Cooperation Agreement signed between the European Community and Morocco on 27 April 1976

Community financing (million u.a.):	
Loans from EIB own resources (1):	56
Budgetary funds	
– Loans on special conditions (2):	58
– Grant aid:	<u>16</u>
	Total: 130
For commitment by	31. 10. 1981

(1) Generally attracting a 2 % interest subsidy financed from grant aid.

(2) Term: 40 years, including a 10-year grace period; rate of interest: 1 % per annum. Part of the aid to be provided in the form of loans on special conditions may be used as contributions towards the formation of risk capital, the conditions being determined on a case-by-case basis.

*N.B. The Commission of the European Communities directly administers grant aid earmarked for technical cooperation and loans on special conditions for rural development and social infrastructure.*

*The EIB grants loans from its own resources and, acting under mandate from the Community, administers interest subsidies, special loans and risk capital in the industrial, energy, mining, tourism and economic infrastructure sectors.*

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## Portugal

Financial Protocol signed between the European Community and Portugal on 20 September 1976

### Community financing (million u.a.)

Loans from EIB own resources (1):	200
Budgetary funds	
– Loans on special conditions:	–
– Grant aid:	<u>30</u>
	Total: 230
For commitment by	31. 10. 1983

(1) Including 150 million u.a. carrying a 3% interest subsidy financed from grant aid; subsidised loans go primarily to economic infrastructure and agricultural development projects and to financing small and medium-scale industrial ventures through development banks.

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## Syria

Financial Protocol annexed to the Cooperation Agreement signed between the European Community and Syria on 18 January 1977

### Community financing (million u.a.)

Loans from EIB own resources (1):	34
Budgetary funds	
– Loans on special conditions (2):	7
– Grant aid:	19
	<u>        </u>
	Total: 60

For commitment by 31.10.1981

(1) Generally attracting a 2 % interest subsidy financed from grant aid.

(2) Term: 40 years, including a 10-year grace period; rate of interest: 1 % per annum. Part of the aid to be provided in the form of loans on special conditions may be used as contributions towards the formation of risk capital, the conditions being determined on a case-by-case basis.

*N.B. The Commission of the European Communities directly administers grant aid earmarked for technical cooperation and loans on special conditions for rural development and social infrastructure.*

*The EIB grants loans from its own resources and, acting under mandate from the Community, administers interest subsidies, special loans and risk capital in the industrial, energy, mining, tourism and economic infrastructure sectors.*

## Tunisia

Financial Protocol annexed to the Cooperation Agreement signed between the European Community and Tunisia on 25 April 1976

### Community financing (million u.a.)

Loans from EIB own resources (1):	41
Budgetary funds	
– Loans on special conditions (2):	39
– Grant aid:	<u>15</u>
	Total: 95
For commitment by	31. 10. 1981

(1) Generally attracting a 2% interest subsidy financed from grant aid.

(2) Term: 40 years, including a 10-year grace period; rate of interest: 1% per annum. Part of the aid to be provided in the form of loans on special conditions may be used as contributions towards the formation of risk capital, the conditions being determined on a case-by-case basis.

*N.B. The Commission of the European Communities directly administers grant aid earmarked for technical cooperation and loans on special conditions for rural development and social infrastructure.*

*The EIB grants loans from its own resources and, acting under mandate from the Community, administers interest subsidies, special loans and risk capital in the industrial, energy, mining, tourism and economic infrastructure sectors.*

## Turkey

Third Financial Protocol of 12 May 1977 annexed to the Association Agreement signed between the European Community and Turkey on 12 September 1963

### Community financing (million u.a.)

Loans from EIB own resources:	90
Budgetary funds	
– Loans on special conditions (1):	220
– Grant aid:	—
	Total: 310
For commitment by	31. 10. 1981

(1) Granted by the EIB, acting under mandate from the Community, for a term of 40 years, including a 10-year grace period, with interest payable at 2.5% per annum.

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## Annex 3

Landwirtschaft

Für den Bereich Landwirtschaft wurde eine allgemeine Übergangszeit von fünf Jahren vereinbart. Eine besondere Übergangszeit von sieben Jahren gilt für frische und haltbar gemachte Tomaten sowie für frische und haltbar gemachte Pfirsiche.

Die Übergangsmaßnahmen betreffen im wesentlichen die schrittweise Beseitigung der Restzölle und die Angleichung an den GZT, sowie die Angleichung der griechischen Preise an die Preise der Gemeinschaft. Während der Übergangszeit werden die Preisdifferenzen zwischen griechischen und Gemeinschaftserzeugnissen - wie bei der früheren Erweiterung - durch ein System von Ausgleichsbeträgen kompensiert. Für bestimmtes frisches Obst und Gemüse gilt während der Übergangszeit ein besonderer Ausgleichsmechanismus.

Die Produktionsbeihilfen der Gemeinschaft werden im Verlauf der Übergangszeit schrittweise auf die griechischen Erzeuger ausgedehnt, eine Regelung, die für die Erzeuger von Olivenöl, Obst- und Gemüsekonserven sowie Hartweizen in Griechenland von besonderem Interesse ist. Neue Beihilferegelungen werden für Erzeuger von Baumwolle, getrockneten Feigen und Rosinen geschaffen. Zur Vermeidung abrupter Veränderung der Produktionskosten oder Preisstruktur in Griechenland laufen einige nationale Beihilfen erst in der Übergangszeit allmählich aus. Dies gilt insbesondere für die Viehzucht und für die Düngemittelindustrie.





## Außenhandel der Mittelmeer-Drittländer 1975/76 mit der EG

Ländergruppe/Land	Anteil der Einfuhren aus der EG an Gesamteinfuhren (%)	Anteil der Ausfuhren in EG-Länder an Gesamtausfuhren (%)	Hauptausfuhrgüter (Anteil an Gesamtausfuhr, %)	Anteil der Landwirtschaftl. Exporte an Gesamtextporten (%)
<u>Maghreb-Länder</u>				
Algerien	66,9	64,7	Erdöl, Gas (80)	2,6
Marokko	51,9	57,2	Phosphate (59), Textilien (7,7) Nahrungsmittel (9,5)	16,9
Tunesien	61,2	51,8	Erdöl (41), Textilien (12,8), Nahrungsmittel (16)	4,8
<u>Mashrek-Länder</u>				
Ägypten	38,0	21,7	Textilien (19,5), Chemie (9,5)	42,5
Jordanien	41,0	3,7	Phosphate (49)	24,3
Libanon	44,9	11,6	Metallwaren (38,8), Textilien (13,9)	17,2
Syrien	39,5	47,5	Erdöl (71)	16,8
<u>Assoziierte Länder</u>				
Türkei	44,6	49,2	Textilien (14,3)	56,2
Zypern	47,4	33,2	Nahrungsmittel (21,7), Textilien (13,2)	29,1
Malta	65,7	69,0	Textilien (57,8)	2,8
<u>Andere Länder</u>				
Israel	42,7	36,6	Metallwaren (20), Chemie (13,3), Textilien (7,9)	13,6



Exporte der Mittelmeerländer von Textilien, Bekleidung  
und Schuhen 1975/76

Ländergruppe/Land	Anteil am Gesamtexport (%)			
	Textilien (SITC 65)	Bekleidung (SITC 841)	Schuhe (SITC 851)	Total (1+2+3)
	(1)	(2)	(3)	(1+2+3)
<u>Maghreb-Länder</u>				
Algerien	0,6	-	-	0,6
Marokko	4,5	3,4	0,7	8,6
Tunesien	2,9	8,9	-	11,8
<u>Mashrek-Länder</u>				
Ägypten	13,9	3,2	7,1	24,2
Jordanien	1,5	1,0	0,2	2,7
Libanon	5,5	5,9	1,1	12,5
Syrien	3,3	2,8	-	6,1
<u>Assoziierte Länder</u>				
Türkei	5,6	4,2	-	9,8
Malta	6,0	48,2	0,6	54,8
Zypern	0,5	7,9	4,3	12,7
<u>Beitrittsländer</u>				
Griechenland	9,4	7,2	2,3	18,9
Spanien	3,2	2,1	5,5	10,8
Portugal	15,2	11,0	1,9	28,1
<u>Andere Länder</u>				
Israel	2,2	4,7	0	6,9

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## Annex 6

Selbstversorgungsgrad der Gemeinschaft im Agrarbereich

	<u>Selbstversorgungsgrad in %</u>	
	<u>EWG 9</u>	<u>EWG 12</u>
Frisches und verarbeitetes Obst	78	95
Zitrusfrüchte	43,5	77
Orangen	47	86
Kleinfrüchte (Mandarinen usw.)	39,3	96,3
Frisches und verarbeitetes Gemüse	91,9	100
Kartoffeln	98	99,5
Tomaten	93	98,7
Wein	108	111,8
Olivenöl	84,4	100,2



Export der Mittelmeer-Drittlander von  
sensiblen Produkten nach der Gemeinschaft in %  
und der Gesamtexporte

	EG			Weltexporte		
	sensible Agrar- produkte	sensible Industrie- produkte	sensible Produkte insgesamt	sensible Agrar- produkte	sensible Industrie- produkte	sensible Produkte insgesamt
Zypern	63,15	5,28	68,43	22,98	1,92	24,90
Malta	2,48	55,45	57,94	1,60	35,71	37,31
Marokko	36,40	15,10	51,50	20,57	8,53	29,10
Tunesien	18,74	29,39	48,13	10,69	16,47	27,16
Turkei	13,60	29,12	42,72	6,70	14,42	21,12
Israel	21,01	12,39	33,40	7,56	4,45	12,01
Jugoslawien	3,01	25,54	28,55	0,74	6,92	7,66
Ägypten	6,79	4,86	11,65	2,98	2,13	5,11
Libanon	8,99	0	8,99	0,57	0	0,57
Jordanien	5,68	0	5,68	0,06	0	0,06
Algerien	1,80	0	1,80	0,69	0	0,69
Syrien	0,27	0	0,27	0,13	0	0,13

(x) sensible Produkte: Agrar: Obst - Gemüse (frisch oder verarbeitet)  
Fisch, Wein, Olivenöl  
Industrie: Textilien, Schuhe



