Then there are the external repercussions of the southward extension, which are not given due attention in the political public. The admission of European developing countries to the EC will in the first place limit the scope for concessions by the Community to states in the Third World; member states will come first in the disbursement of development funds, technology transfers and preferential treatment for industrial and agricultural products. It is already being argued that the development problems in Europe must receive priority and that a contribution should be made to their solution.

If this argument is not merely a dodge to deter the states of the Third World from more far-reaching demands, the Community will have to take early action. It will have the delicate task of demonstrating the superiority of its own development model. If the accession to the EC fails to result in a substantial improvement of the material conditions and the consolidation of democracy in Greece, Portugal and Spain, the consequences for the Community’s reputation will be devastating. The present readiness of the states of Southern Europe to integrate themselves into the Community, will change into open opposition, and the suspicion that the economically strong are the major beneficiaries of the Community would reinforce the centrifugal tendencies also among the old members. Such failure would fuel the charge of neocolonialism and militate directly against the efforts of the EC to establish a relation of partnership with the Third World.

The decision in favour of a southward extension of the Community was politically motivated. The hope remains that the political aspects will not be lost sight of in all the details of the negotiations about agricultural market organizations and similar items.

Agricultural Problems of the Accession of Greece, Portugal and Spain to the EC

by Georg Gallus, Bonn *

Apart from other issues raised by the inclusion of Greece, Portugal and Spain in the European Community, it will make the Common Agricultural Policy more difficult rather than easier. Georg Gallus, Secretary of State of the Federal Ministry of Food, Agriculture and Forests, discusses the new agricultural problems the Community, the acceding states and third countries will have to live with.

The economies of the Mediterranean countries Greece, Spain and Portugal are characterized by a more or less pronounced agricultural orientation. They have much in common, in agriculture as elsewhere (e.g. the production and unit structures are in general not favourable, a high proportion of the working population is engaged in agriculture), but there are also significant differences between them (e.g. in Greece the production reserves are limited, in Spain they are much larger). The three countries are joining a Community in which agriculture has already to cope with a good many difficulties (e.g. agricultural surpluses, structural problems in certain regions). The acceding states are hopeful that they will find it easier to deal with their difficulties in the Community framework. The Community on the other hand expects in a realistic assessment of the economic developments that it will have more rather than fewer problems to attend to in agricultural policy.

The three candidates for accession will move away from a state of autonomous responsibility and independent action and enter a community of states which operates a complicated, diversified and strict regulatory system, at least in the sphere of agriculture. Although the agricultural policies of the “new” members have much in common with those of the “old” members, the adoption of the
agricultural system of the EEC will necessarily take some time; it will involve readjustments by the “old” as well as the “new” Community countries and call for realism in agricultural policies if the successful outcome desired by all is to be attained in full and in the shortest possible time.

The negotiations with the three candidates for accession have reached different stages: The EC concluded the negotiations with Greece essentially in 1978; the accession treaty with Greece will be signed this year, and following its ratification by the parliament in Greece and the parliaments of the member states of the EC Greece is likely to become a member of the Community at the beginning of 1981. The negotiations with Portugal opened in the autumn of 1978. With Spain the EC will shortly enter into negotiations on accession. For political reasons Greece, Portugal and Spain will not all join at the same time. The problems which they pose for the Community are in many respects similar but they differ greatly in their importance. As far as Greece is concerned, the problems have been largely resolved as shown by the negotiations; it must not be overlooked however that during the 16 years of associate status Greece has already adapted to Community conditions in many areas, and its agricultural production capacity is of a size which can be accommodated by the Community. The accession of Spain involves quite different dimensions (the agricultural area is 2½ times as large as in Greece and Portugal together) and the integration with the outside world is much closer (e.g., Spain, unlike Greece, is a big importer of farm produce). While the accession of Greece may have a kind of “pilot effect” on the other two countries, the Greek model is not transferable. That is evident from the detailed negotiations of the Community with the three acceding countries.

Adoption of the EC System

It is an axiom in all negotiations for EC accession that new members adopt the EEC’s agricultural system as it exists at the time of their accession. Greece, Portugal and Spain will assume all the rights but also all the obligations pertaining to the agricultural policy of the EEC. They will, in particular, adopt:

☐ The market regulations of the EEC with their various price and support systems and protection arrangements against third countries,

☐ The structural arrangements of the EEC, e.g., the measures for modernization of agricultural enterprises and improvement of processing and marketing conditions for agricultural produce,

☐ The EC customs union including the removal of internal duties between the EC and the acceding countries, the substitution of the EC’s common external tariff for national tariff rates and the dismantlement of quantitative restrictions vis-à-vis the Community and also third countries.

☐ The preferential import arrangements of the EC, e.g. the preferential tariffs for Mediterranean countries, the preferences for the ACP states and the generalized preferences.

In many agricultural areas the adoption of the EC system will cause no difficulties because the acceding countries are operating support schemes which are in many ways similar to the EC one. There will be no need for special arrangements in these sectors which pose no problems. In other agricultural areas conflicts could however arise; in these possible problems are to be obviated, or at least substantially alleviated, for the “new” and the “old” members by transitory arrangements of limited duration. At the end of the transition period these limited arrangements will be discontinued; the new members will then be “full members” of the Community.

The negotiations with Greece which were brought to a successful conclusion shortly before Christmas 1978 show that the transition period was also in the agricultural sector one of the major points at issue. Others concerned special problems related to the market regulation arrangements (e.g. a new market regulation).

The transition period is to enable the candidates for accession and the EC member states to adapt to the new situation. A transition period is however only to be allowed in sensitive agricultural areas. The full effects of accession (e.g. complete freedom of goods exchanges between Greece and the EC, full-scale EC grants for the acceding country) come only into force when the transition period is over. A transition period with appropriate protective mechanisms for the acceding country and the old Community which it joins are justified only where marked distortions of the competitive conditions (e.g. major price, tariff or subsidy differentials between Greece and the EC) are threatening or possible. During this adjustment period there are only two protective mechanisms in operation: the countervailing levies arising on accession and the escape clause. In addition, monetary compensation amounts would have to be applied if needed for exchange rate reasons.

The countervailing levies on accession are used to even up the price levels of the acceding country and the old Community if they differ materially. Their purpose is to prevent the EC prices being undercut by unduly low Greek export prices and to avoid consequent distortions of the competition in the markets of the Community.