GENERAL AGREEMENT ON
TARIFFS AND TRADE

Committee on Balance-of-Payments Restrictions

OPENING STATEMENT BY THE REPRESENTATIVE OF SPAIN

Once again we are consulting with the Committee on Balance-of-Payments Restrictions, and once again our intention is to co-operate to the utmost, and to achieve practical results that can contribute to the joint efforts being made to improve conditions of trade between contracting parties to the General Agreement.

Our report on the year 1966 comprises very little that is new as compared with the 1965 report. Over the past year, the trends already apparent in 1965 have continued, and although the volume of our exports has increased, there has been no appreciable improvement in the terms of trade of our agricultural exports, due to the fact that some countries that are traditional outlets for these products are hindering access to their markets; and despite the considerable effort that the negotiations of the sixth trade conference represented, this situation is bound to persist, at least in the immediate future, so far as agricultural products of the temperate zone are concerned, and it is essentially these which my country exports.

Furthermore, as has just been recognized by the mission sent to Spain by the International Monetary Fund to carry out the consultations provided for in Article XIV, the strengthening of supra-national associations of which Spain is not a member is adding to the difficulty of introducing new industrial exports into the various markets.

As a result, in the course of 1966 the trade deficit increased still further, and consequently the balance-of-payments deficit also increased further, because the items in the services account that up until 1964 had been sufficient to offset the deficit are no longer adequate. In 1966 our trade balance showed a deficit of $2,338 million, representing an increase of almost 14 per cent over the preceding year; this is a matter of serious concern for my Government, particularly having regard to the fact that this figure is almost double the value of Spain's total exports in the same year.

The fact that for the first time in recent years the export increase (29 per cent) was greater than the growth in imports (19 per cent) is hardly reassuring if one considers that my Government has been applying severe measures to contain domestic demand ever since the end of 1965.

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Unless the pressure exerted on the Spanish economy by credit restrictions is alleviated by improved access to external markets - and unfortunately this does not seem likely to result from the tariff negotiations that are now coming to an end - a crisis might occur that would not only prevent us from improving conditions of access of foreign products to our markets in the near future, but would also oblige us to introduce new selective restrictions in order to protect our balance of payments. I think it is beyond question that my Government is very desirous of maintaining the high degree of liberalization now existing in our external trade, and also of extending liberalization so far as possible; but this objective is encountering serious obstacles because some countries are continuing to apply import restrictions which are not in conformity with the principles and the spirit of the General Agreement. As a result, Spain will not in the near future be able to draw up plans for expanding certain production sectors, and agriculture in particular, in which exports could contribute to restoring equilibrium in our trade balance.