OPENING STATEMENT BY THE REPRESENTATIVE OF SPAIN

In its various consultations in the Committee on Balance-of-Payments Restrictions Spain has always clearly shown its desire to progress towards trade liberalization. In recent years the Spanish authorities have been endeavouring to facilitate access to the Spanish market for goods imported from abroad, from both the purely commercial and the financial aspect.

This trade liberalization programme launched by Spain in 1960 has, however, been prevented from developing as rapidly as had been hoped for because of certain factors. Some of these are internal, but others are in the international field and their repercussions on the Spanish economy are just as important as those of the purely national factors, if not more so.

Among the most pronounced factors at internal level we may mention the following: growing import needs deriving from the first development plan, structural inadequacies in the Spanish export sector which is developing favourably but very slowly, lack of competitiveness of our industry, growing consumption needs as a result of a rising standard of living, and disequilibrium between production and consumption which has been particularly apparent in the past two years. All these factors have significant repercussions on the Spanish economy and year after year are causing large deficits in the trade balance which have resulted in substantial balance-of-payments deficits.

At international level, I must refer here to the principal economic event of last year - the Kennedy Round. I need not stress the interest which the Sixth tariff conference represented for Spain as for so many other developing countries that are exporters of agricultural products; I must, however, express my country's disappointment at the results achieved in the agricultural sector. The progress in this sector was very limited and so far as non-tariff barriers are concerned, there has been no elimination of most of the barriers that stand in the way of the normal development of interested exporting sectors in most of the developing countries. So far as Spain is concerned, more than fifty of its traditional agricultural export products, whether natural products or manufactures, are included in the list of residual restrictions still maintained by certain industrial countries despite repeated recommendations by GATT on this subject.
So long as this situation continues, Spain’s agriculture cannot have a long-term production policy that would permit rational development of its traditional export sectors. The existence of countervailing duties and other variable charges, import calendars, periods of import prohibition, etc. prevent any proper programming of annual production and crops, and so long as this situation continues my country will not be able to secure for the agricultural sector that stability which is of fundamental importance for the country’s development.

Nevertheless, although internal economic conditions as well as those at international level have slowed down Spain’s economic development - as is borne out with the fact that the annual growth rate of gross national product was only 3.7 per cent last year, as compared with 7.7 per cent in 1966 - the Spanish Government has made progress, though more slowly, towards trade liberalization by reducing the number of products coming under global quota, with the liberalization of imports of paper and paper manufactures, nails, bolts, nuts, etc., of iron and steel, household and sanitary articles, and outboard motors and parts. At the same time, the customs duties on 82 tariff headings have been reduced and the reduction is at the rate of 100 per cent of the duties previously in force on 43 of these headings; in addition, reductions have been made in the countervailing tax for internal charges (Impuesto de Compensación de Gravámenes Interiores) on 69 tariff headings.

So far as the balance of payments is concerned, short-term capital movements that are mostly difficult to control have caused a decline of the order of $138 million in foreign exchange reserves, so that the modest surplus in the general balance has been completely absorbed. The characteristics of this situation and its real significance are examined in some detail in the basic document before the Committee. I should merely like to mention here two significant facts that show the unreliability of the sectors that offset the large trade deficit in the balance of payments as a whole. I refer to tourism and to "remittances from emigrants".

For a number of years past, foreign exchange earnings from tourism had exceeded the level of total foreign exchange earnings from our export trade; in 1967, however, for the first time for some years, these receipts declined as compared with the preceding year. Although this is undoubtedly attributable to the serious economic situation of several Western countries that are among the principal sources of foreign tourists visiting Spain, it shows the unreliability of this source of foreign exchange earnings which depends so directly on international circumstances that are completely unrelated to my own country’s possibilities of action.

The second fact to which I have referred is the slowing down in the rate of Spanish emigration to other European countries, to such a point that recently the number of workers seeking better economic conditions in other countries has been smaller than the number of those returning to Spain for good. In the near
future, this is bound to cause a decline under the heading of "remittances from emigrants" which has been of such importance in recent years.

To conclude these brief remarks on the most significant developments in the Spanish economy in 1968, I should merely like to re-affirm the Spanish Government's intention of persevering to the utmost, and in the expectation also of the goodwill of other contracting parties, towards the progressive liberalization of international trade which is of such fundamental importance to all of us.