

Memorandum of Conversation
Part 1 of 3

Approved in S
5/8/64

DATE: April 23, 1964
12:30 p.m.
The Secretary's Office

SUBJECT: Spain's Association with the European Economic Community.

PARTICIPANTS: Spain
Fernando Castiella, Foreign Minister of Spain
Alfonso Merry del Val, Ambassador Designate of Spain
Angel Sagaz, Director General for Relations with the U.S., Spanish Foreign Office
Nuno Aguirre de Carcer, Charge d'Affaires of the Embassy of Spain

United States
The Secretary
Mr. William R. Tyler, Assistant Secretary
Mr. Frank V. Ortiz, WE
Mr. Donald Barnes, Interpreter

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During his call on the Secretary, Spanish Foreign Minister Casteilla reviewed Spain's position on relations with the European Economic Community (EEC). The Minister said that as the renewal of the U.S.-Spanish Defense Agreement provided for an exchange of views he desired the U.S. to understand fully the Spanish position on this important problem. The Minister said that although Spain's relations with the U.S., Latin America and the Arab countries were of first importance, Spain's policy for many years had also been designed to draw Spain closer to Europe. Thanks to Spain's improved economic position achieved with the help of the U.S. and international organizations, Spain's relations with Europe had improved greatly. Some two years ago Spain decided that her economic future lay in association with the EEC to which Spain's exports were greatest. While seeking association with the EEC, Spain remains strongly committed to European unity.

Two years ago Spain sent a letter to the EEC Council asking for talks leading to Spain's association. This application had a great psychological impact in Spain. Spain's labor and business men reviewed their thinking and operations and the autarkical system in Spain was being dismantled in preparation for Spain's entrance into the Common Market. After a careful study of the Rome Treaty

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Treaty no clause was found to which Spain could not subscribe. As a result of the expectation that Spain would eventually be a member of the EEC Spain had evolved considerably economically and socially, as any impartial observer could attest.

Spain was requesting associate rather than full membership as it would take approximately 10-12 years for the Spanish economy to be ready for full membership. In essence Spain desired relations with the EEC similar to those of Greece and Turkey. There was no need now to decide on full membership for Spain.

The Minister said the crisis over British membership in the EEC had delayed consideration of the Spanish petition. Now that such consideration was being given, maneuvers by Spanish exile groups with Socialist circles in Belgium and Italy had resulted in opposition in those countries and the Netherlands to Spain's association. France and Germany were giving strong and active support to the Spanish application. The Spanish exile groups apparently considered that membership in the EEC was a matter of life or death for the Spanish regime. The Minister said that this was not the case. However if the door to the EEC were to remain closed, Spain of necessity would be forced to re-orient her trade and other policies. Spain, which is on the threshold of an ambitious economic development plan, is at an important cross-roads. The GOS needs to know in which direction Spain's future lies. It is because of this that her relationship to the EEC needs to be determined. A change of Spain's present policies would result in turning Spain on an inward course, interrupting encouraging Spanish evolution towards liberalized institutions and integration with Europe. Spanish trade would also have to be re-oriented with unforeseeable results.

The Minister said that Mr. Spaak, the current head of the EEC Council, was taking the position that Spain could associate with the EEC in a commercial sense. The Minister said that commercial discussions with the EEC were not of great significance to Spain as Spain was a member of GATT, and commercial problems could be resolved there. However, a form of economic association with the EEC which would involve certain financial advantages is what Spain sought.

The Minister reviewed the problems for Spanish association originating in Italy. He said the Italian Socialists were putting great pressures on Saragat and Nenni. The Minister noted that the Rome Treaty had not set up political qualifications for EEC membership. However there may be an element of agricultural competition between Italy and Spain. The Minister said that very confidentially the Spanish Government had been assured of support for its position by leading Italian political figures as well as industrial and other influential elements and that Italy's position had already begun to soften. The Italians had very great commercial and investment interests in Spain. The Spanish market was an expanding one and Italian interest in this market would influence Italy's position. The Minister said these factors had been

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brought to the attention of the Italian Government. Italy's opposition to Spanish EEC association was harmful to the Spanish people. It did not matter much if Spain were excluded from NATO but exclusion from the EEC was a serious problem for Spain and Spain would be forced to act to protect her interests. The Italian problem seemed on the road to solution as just recently the Italian Foreign Minister had assured the Spanish Ambassador that Italy would not impose obstacles to conversations regarding Spanish association with the EEC.

Belgium too was greatly interested in the Spanish market. However the Belgians had been told their opposition to Spain on the EEC question would affect Belgium's position in the Spanish market. The Social Democratic party in Belgium was assuring Spain of its support for the Spanish position and Spain was confident that the Belgian position also would change. The Netherlands had a very favorable balance of trade and Spain had hoped the Dutch position too would undergo modification.

The Minister repeated that Spain was not seeking full membership but only discussions which would lead to the most appropriate economic relationship for Spain given the present circumstances. The Minister said that while he believed the matter was developing favorably he requested that the Secretary put in a good word with the Italians and Mr. Spaak so as not to interrupt Spanish evolution along the road which is desired by all. A meaningful relationship of Spain to the EEC would be to everybody's interest.

The Secretary listened without comment to the Minister's presentation and noted his arrival in Brussels on May 9th at the time of the EEC Council meetings when the Spanish application would be considered.

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