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CONFIDENTIAL

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MR POWELL (10 Downing Street)

Ceuta and Melilla

The Prime Minister asked in Cabinet this morning about the status of Ceuta and Melilla within the European Community. I understand that Ceuta and Melilla are not considered by Spain as dependent territories but as a part of its metropolitan territory. The attached note, agreed with the Foreign and Commonwealth Office, summarises the position within the Community.

I am sending copies to Lyn Parker (FCO) and to Trevor Woolley.

D F Williamson
D F WILLIAMSON *ms*

23 July 1987

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②
Prime Minister
CDP
23/7.

Ceuta and Melilla

1. Article 25 of the Spanish and Portuguese Act of Accession provides that:

- the Acts of the Institutions of the Community apply to Ceuta and Melilla;

except that

- Ceuta and Melilla are not covered by the Customs Union or the common agricultural and fisheries policies.

2. It is open to Spain to ask that Ceuta and Melilla be included at a later stage in the Community's customs territory. Other alterations to the arrangement applicable to Ceuta and Melilla can also be made at the request of a member state or on a proposal by the Commission. In both cases the Council must decide unanimously and the European Parliament has to be consulted.

3. Although Ceuta and Melilla are not part of the Community's customs territory, goods originating there enter Spain duty-free, and duties imposed by other member states are being reduced on the same schedule as those applying to Spanish goods.

4. The arrangements in Protocol No. 2 applying to fisheries and agricultural products are complex, but are intended to ensure that Ceuta and Melilla are treated no worse than Mediterranean countries enjoying preferential access to the Community.