

European Issues from a Spanish Perspective: Contribution to the EU-25/27 Watch

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Theme: This paper analyses various European issues –the ratification of the Lisbon Treaty, future enlargement, Kosovo’s independence, the Mediterranean Union project, relations with Russia and the Budget review– from a Spanish perspective.

Summary: The EU-25/27 Watch is part of EU-CONSENT, a network of Excellence for joint research and teaching comprising more than 50 research institutes (of which the Elcano Royal Institute is one) that addresses questions of the mutually reinforcing effects of deepening and widening the EU. The project sheds light on key issues and challenges of European integration. The aim is to give a full comparative picture of debates on European integration and current developments in European politics in each of these countries. This is the Spanish contribution to the project.

Analysis:

The EU’s Future: The Major Parties Support the Lisbon Treaty

Spain held national elections on 9 March 2008. José Luis Rodríguez Zapatero, the incumbent Prime Minister, won for a new four-year period. Thus, the ratification process of the Lisbon Treaty will start only after the formation of the new government. Alberto Navarro, the current Spanish Secretary of State for the EU, said on 17 January that ratification would not take place until June or July at the earliest. It is, however, unlikely for the entire ratification process to be completed by the new Parliament before the summer and it might even possibly be delayed until September or October 2008.

Although the call to elections has had some effect on the uncertainty regarding the timetable, the required majority for ratification will be easily reached. Both the socialist and conservative leaders, José Luis Rodríguez Zapatero and Mariano Rajoy (of the centre-right Popular Party, PP), support the Lisbon Treaty.¹ Although this has been an extremely conflict-ridden parliamentary term for the two major parties, the deep disagreements between them have been based on domestic reasons –moral issues, territorial politics or

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¹ It is clear that the Prime Minister, who signed the Reform Treaty in Lisbon last December, and his party – the PSOE – will vote in favour. The leader of the opposition Popular Party –Mariano Rajoy– also announced his support in Parliament after the European Council. See the Parliamentary Journal of Debates (*Diario de Sesiones del Congreso de los Diputados*), 19 December 2007, nr 309, www.congreso.es/public_oficiales/L8/CONG/DS/PL/PL_309.PDF.

how to handle the fight against Basque separatist terrorism— while EU policy has continued to be an area in which bipartisan agreement still dominates.

The government has declared that the Treaty does not require a referendum² and, despite not having formally announced its position, the Popular Party seems to agree that a new popular vote is unnecessary³ (the preceding Constitutional Treaty was already endorsed by a large majority of voters, even with a low turnout, in a consultative referendum which was held in 2005). Public opinion and the media are not calling for a referendum either, since there is a broad social consensus among Spaniards on the advantages of European integration. However, even if the strong support consistently shown towards the EU appears unchanged, the responsiveness and level of communication of policy makers with Spain's citizens in the current stage of the integration process is relatively poor.⁴ A less favourable economic situation could lead to increased disaffection and could negatively influence the relation between a passive wider public and the few officials or party elites who tend to monopolise EU policy-making in Spain.⁵

In any case, following the elections and the formation of a new government, the Lisbon Treaty will be ratified without a doubt in Parliament's two chambers. Since both main parties –PSOE and PP– appear to be in favour, an overwhelming majority of close to 95% of the vote will be reached (and only an absolute majority of 51% is required in the Congress of Deputies –ie, 176 votes out of 350 deputies– and for subsequent approval in the Senate). Of the minor parties, the moderate Catalan and Basque nationalists also support the Treaty. Only the left-wing United Left (*IzquierdaUnida*, IU) and the radical nationalist parties (with less than 5% of the seats in Congress) are against it.

The establishment of an independent Reflection Group (the so-called 'Committee of the Wise') at the last European Council, adapting the original idea launched by President Sarkozy, has generally been well considered in Spain as an opportunity to help the EU to anticipate future challenges. Some of the issues and developments which the 'Committee' has to discuss as areas for potential strengthening of EU action are precisely the topics in which Spain has the most interest, such as immigration, energy policy and the fight against terrorism. The limits imposed on the Committee's agenda with regard to institutional matters or current EU policies should help safeguard the ongoing ratification of the Reform Treaty and the success of the budgetary revision currently in progress. Therefore, this somewhat limited mandate has been well accepted. Since it is not clear if the 'wise' men will discuss Turkey's prospective membership, Spain –that supports enlargement– will await the development of the workings and discussions within the Group. However, some statements attributed to the Committee's Chairman, Felipe González, defending an alternative solution to full membership for Turkey⁶ –perhaps only a 'privileged partnership'– could anticipate future divergences.

² Alberto Navarro, Secretary of State for the EU, 17 January 2008.

³ Mariano Rajoy announced his support for a trouble-free ratification of the Treaty at a so-called 'European meeting' organised by the French UMP governing party in Paris on 30 January, alongside the French President Nicolas Sarkozy and the German Chancellor Angela Merkel.

⁴ See the Elcano Royal Institute's Barometer (BRIE, 16th Wave, issued November 2007), http://www.realinstitutoelcano.org/wps/portal/rielcano_eng/Content?WCM_GLOBAL_CONTEXT=/Elcano_in/Barometer/Barometer16.

⁵ To involve some popular attachment in this process, the current Government plans to provide the Treaty ratification bill, including the EU Charter of Fundamental Rights, with legal binding effects and some reference to European symbols, such as the flag and the anthem, which are very well accepted in Spain.

⁶ Quoted by J. Torreblanca, http://www.ecfr.eu/content/entry/commentary_more_wisdom_for_europe/.

However, despite this specific discrepancy between the Spanish government and Felipe González, the appointment of a past Spanish socialist Prime Minister as the Chairman of the Reflection Group helps the Committee's overall positive impact and the idea that Spain might shape to some extent the results of the reflection. The government has stated to the Parliament that the election of González as Chairman of the group is excellent news for Spain.⁷ Furthermore, his high political profile and prestige⁸ should help to bring about an active process of reflection and an ambitious outcome.

Enlargement: Spain Backs Turkish Membership

Enlargement to the East entails a number of challenges for Spain. It does not stand to gain from the economic opportunities of enlargement but will suffer from the consequences (reduced structural funds, increased migratory flows, industrial relocation and disinvestment and trade competition in key markets). Nevertheless, for historical and moral reasons Spain has supported the enlargement process from the very beginning and continues to back future developments. The Spanish government backs not only the entry of Turkey and Croatia but also of the Former Yugoslav Republic of Macedonia.

According to Spain's Foreign Affairs Minister, Miguel Angel Moratinos,⁹ Turkey's membership of the EU is a 'strategic issue'. Successive Spanish governments (whether Conservative or Socialist) have backed Turkey's entry to the EU for a number of different reasons which have to do with the EU's general political, economic and security interests, while not considering questions of cultural or religious identity to be central to the issue.

Concerning Croatia, the government has supported the opening of negotiations and considers that talks are progressing very satisfactorily. It believes Croatia's future membership to be a decisive factor for the Balkan region.

As regards potential candidate countries, Spain supports all initiatives and efforts to make progress in the improvement of the political situation in the Balkans through the Association and Stabilisation Process. According to the Spanish government, Spain has a commitment towards these countries and backs the idea that their future should only be within the EU.¹⁰

In general, enlargement is a topic without relevance in the mass media and in political debate, with the exception of Turkey. Nevertheless, even in the latter case, there is no significant debate about the advantages and disadvantages of Turkish membership or of its consequences for Spain. According to the 15th Wave of the Elcano Barometer (June 2007),¹¹ most Spaniards believe that Turkey's situation is very bad or bad (59%) and only 20% consider it good or very good. Regarding Turkey's relations with the EU, 56% are opposed to Turkey's future membership, while 25% believe it should be a privileged partner but not a member and 33% believe it should be a full member. The results for the

⁷ See the Prime Minister's address in the Parliamentary Journal of Debates (*Diario de Sesiones del Congreso de los Diputados*, VII Legislatura), 19 December 2007, nr 309, p. 15356, http://www.congreso.es/public_oficiales/L8/CONG/DS/PL/PL_309.PDF.

⁸ Felipe González has even been praised by the conservative leader Mariano Rajoy as someone who has clearly demonstrated he has many ideas about Europe. See his statement in the Parliamentary Journal of Debates (*ibid*, p. 15359).

⁹ Statement by the Minister of Foreign Affairs at the Spanish Congress of Deputies, 10 May 2007.

¹⁰ Spanish Permanent Representation before the EU, July 2007, see www.es-ue.org.

¹¹ See www.rielcano.org.

latest Elcano Barometer (November 2007) remain practically unchanged, with the exception that those who are opposed to Turkish membership are down to 25%.

The Western Balkans: Kosovo's Independence a Highly Controversial Issue

Kosovo's future is also a highly delicate and controversial issue in Spain. It is feared that separatist Basque and Catalan nationalists could try to exploit a unilateral declaration of independence from Serbia. The Spanish government has insisted since the beginning of the crisis that there is no possible comparison and that there are no elements in the case of Kosovo that could be transposed to the domestic political debate.

Spain always expressed its refusal to accept the 'unilateral declaration of independence of Kosovo'. For the Spanish government, such a declaration cannot be viewed positively as it would constitute a breach of international law. Spain bases its position on the principles of 'respect for international law and European unity' and that EU unity and credibility must be preserved.

According to several analysts and government officials the independence of Kosovo was the US government's first option and no alternative options were fully analysed. There were a number of options that recognise Kosovo's special position without having to resort a unilateral declaration of independence, which was likely to generate even more problems. Moreover, Russian support for the Serbian government has made it more difficult to reach an agreement between the Albano-Kosovars and the Serbians.

As stated above, this is a controversial issue in domestic politics. When the Prime Minister, José Luis Rodríguez Zapatero, presented the results of the European Council to the Spanish Parliament (December 2007) he was severely criticised regarding this issue.¹² The main opposition party, the centre-right Popular Party, expressed its disagreement with some of the European Council's conclusions. Its leader, Mariano Rajoy, criticised the lack of a European appeal to the Security Council to substitute the UN's current Resolution 1244. Nevertheless, he considered it positive –although insufficient– that the European Council had underlined that the resolution of Kosovo's status was a *sui generis* case that did not set a precedent. He would have liked the Council's conclusions to include the fact that territorial integrity and the stability of borders are prime elements of the European order and should not be modified by unilateral action.

Paradoxically, nationalist parties such as *Esquerra Republicana* (leftist and pro-Catalan independence) and the *Partido Nacionalista Vasco* (centre-right Basque nationalist) criticised the same paragraph of the Council Conclusions but with the opposite meaning. They believe the independence of Kosovo sets a precedent for the genuine and legitimate aspirations of other nations integrated in European states, such as the Basque Country and Catalonia.

Concerning relations between the EU and Serbia, the Spanish Secretary of State for the EU, Alberto Navarro, stressed that Serbia's future is within the EU as a full member.¹³ In this context, the Spanish Foreign Minister, Miguel Ángel Moratinos, has pointed out that it should be important for the EU to sign with Serbia the Stabilisation and Association Agreement before the next legislative elections, to be held on 11 May, in order to reinforce the pro-European parties.

¹² Plenary Session of the Spanish Congress of Deputies, 19 December 2007.

¹³ Press conference, Secretary of State Alberto Navarro, 28 January 2008, www.es-ue.org.

After Kosovo's Declaration of Independence

The Spanish government has reacted with startling severity against the declaration of independence. However, Spain does not feel comfortable being in the minority within the EU, especially when countries such as France, the UK and Germany backed Kosovo's independence. It should be noted that the independence of Kosovo has come in the middle of an election campaign.

The main opposition party (the Popular Party) has given its support to the Government's position and has demanded that Spain should not participate in the Kosovo's EU mission.

In relation with the EU mission to Kosovo, Spain will only participate after the transfer of authority from the UN to the EU. This transfer of competences is scheduled for mid-June; nevertheless, the lack of agreement within the Security Council could delay the decision.

European Neighbourhood Policy (ENP): Centrality of the Mediterranean Countries

Spain supports the ENP and promotes its reinforcement. However, the Spanish government believes that ENP should maintain the balance between regions but not support some regions to the detriment of others. The country-specific approach within ENP and the principles of differentiation and flexibility should be respected. From the Spanish point of view, ENP should not be considered a first step to integration in the EU but must have a value in itself. ENP is considered a complement to –and a reinforcement of– the Barcelona process.

According to Spain's foreign policy priorities, the Mediterranean countries are central within the ENP. Morocco is particularly important for Spain's interests. In this context, Spain has welcomed the ongoing discussions with Morocco on an 'advanced status'. The Spanish Foreign Minister has stressed the relevance of establishing 'privileged relations' with a partner as significant as Morocco.¹⁴

Mediterranean Union: A New Impulse to the Barcelona Process

As regards the Mediterranean, there is no public document describing in detail the proposal of a Mediterranean Union, which was initially met by the Spanish government with a degree of mistrust and caution. Spain's main concern was that the initiative could damage the Barcelona Process. Despite the latter's lack of results, the government believes some of its elements should be maintained, for instance the fact that all EU member states are involved in the process and that the northern members are beginning to show an interest in Mediterranean matters. In addition, it is believed that given the number of organisations which are concerned by the Mediterranean it would be unnecessary –or even counterproductive– to have an additional body such as the Mediterranean Union. From Spain's point of view, the French initiative should be complementary to the Barcelona Process and ENP but not replace them. It should be noted that the conditionality approach could be absent from the new initiative.

Nevertheless, Spain's perception has changed during the past weeks, probably on account of the significant Franco-Spanish cooperation in such important issues as terrorism and energy. The main theme of the Zapatero-Sarkozy-Prodi summit held in Rome in December 2007 was the Mediterranean Union. At the meeting the Spanish Prime Minister, José Luis Rodríguez Zapatero, expressed his commitment towards the

¹⁴ Press conference, Foreign Minister Moratinos, 10 December 2007, www.mae.es.

project, which he described as a new stage in which the Mediterranean countries could play a leading role.¹⁵

The declaration signed by the three leaders in Rome on 20 December 2007 stated that the Mediterranean Union does not intend to replace the current cooperation mechanisms but to 'supplement them and give them an additional momentum, in a spirit of complementarity and co-operation with all the existing institutions'.¹⁶ Despite the declaration explicitly stating that the Barcelona process and the ENP would continue to be central elements, some analysts believe that it will now be very difficult for them not to be relegated.

The last European Council, held on 13-14 March, reached an agreement to launch the project but under the principle that all EU member states would participate, a German requirement for giving its support to the plan. It should be noted that the name of the initiative is 'Barcelona Process: Union for the Mediterranean', including the reference to Barcelona as a way of reinvigorating –not replacing– the original cooperation format.

Russia

From Spain's point of view, there are several issues in EU-Russian relations that must be taken into account: difficulties in Russia's membership of the World Trade Organisation, the divide within the EU to reach a consensus on a European Energy Policy, the different European member states' interests regarding Russia and the unpredictable and unclear situation in Russia until a new government assumes power. In this context, Spain's aim is to steer a prudent course, given the relevance Russia has acquired over the past few years (it is currently Spain's main supplier of crude oil). Accordingly, Spain is reinforcing its bilateral relations and has just created a Spanish-Russian Relations Council, whose aim is to improve business initiatives and projects in the areas of infrastructure, energy, trade, finance, etc. The Spanish government believes that Russia is one of the EU's strategic partners and that relations must be based on a legal instrument. It also believes that without the Polish veto an agreement could be reached soon. The Spanish government considers that the agreement must include a perspective of shared (EU-Russia) responsibility for the stability of the European continent and the solution of frozen conflicts (such as Transdnistria and Chechnya). Spain will back initiatives to reinforce the cultural, social and academic ties between Russia and Europe.

The ENP's Nordic dimension, Baltic cooperation and the Black Sea Synergy are not very significant in Spain's European policy. However, the Spanish government recognises the overall relevance of these initiatives, while other regions –such as the Mediterranean– maintain their primacy.

Regarding the Treaty of Lisbon's likely impact on the ENP, it should be stressed that this is the first time it is referred to in an EU treaty and its inclusion reflects the importance given by the EU to its relations with its neighbours. The creation of the post of High Representative of the Union for Foreign Affairs and Security Policy aims to give the EU a more efficient international presence and to contribute to a more coherent development and implementation of Europe's foreign policy.

¹⁵ Statement by Rodríguez Zapatero at the Rome Summit, 20 December 2007, www.la-moncloa.es.

¹⁶ 'Rome calls for the Union for the Mediterranean', <http://www.emwis.net/initiatives/mediterranean-union/snews829431>.

Budget Review: Net Contributions

The review of the EU budget started by the Commission, with a medium- and long term horizon, has hardly had any impact on the Spanish general media or the public at large. In contrast with the discussion the process has stimulated in member states such as Germany and also in contrast with the vivid debate in Spain itself at the time of the negotiations on the financial perspectives, this deep reform has so far been perceived as a technocratic rather than a political issue. Only certain experts and officials from the central government departments involved (Economy and Finance, Agriculture, EU Affairs and the Permanent Representation) have participated at the initial stage of the review. A government report on the issue was approved on 28 December and an inter-ministerial task force has just been created to coordinate the Spanish position.

Despite the Commission's aim of marking a parallel with the radical reform implied by the Delors I Package in 1987-88 to give effect to the principles of Economic and Social Cohesion articulated in the Single European Act, the Spanish government considers the process an important one but not necessarily decisive: 'it is not considered a negotiation but just a reflection'.¹⁷

The reform's importance for Spain has to do with the predicted end of its national position as a net recipient.¹⁸ What the government is trying to avoid is becoming an excessive and unfair contributor after 2014 and it claims that the future model of EU revenues must consider relative wealth. The Spanish government prefers an EU budget that continues to be based on the gross national income of the member states rather than on the EU's own revenues, such as some kind of new direct taxation or a bigger proportion of VAT (a theoretical development that would increase the autonomy of the EU, although it would probably harm Spanish interests and it would have some unfair general effects). The Spanish government proposes a 'fair' convergence of all national contributions to the EU budget of close to 0.8% of GDP.¹⁹ Spain does not support a debate on financial balances among member states and considers it a priority to reach an agreement on revenue before discussing expenditure.

Regarding future spending, and considering the difficulties that Spain will face to obtain traditional structural funds in the next financial perspectives, the government will favour – apart from a general strategy of 'value for money' considering the objectives of the reformed EU Treaty– new programmes on immigration and, above all, the increase in funds promoting Research and Development to help countries who are attaining the convergence objective to move on to accomplishing the competitiveness objective.

With regard to the future of the CAP, only after the end of the so-called 'health check' (planned to start next Autumn under the French Presidency) would Spain accept to open a discussion which might entail a certain reorientation of the CAP (which will account for only 33% of total spending for 2013) towards new objectives linked to the environment or rural development. Nonetheless, Spain is currently defending with France and another 10 countries the CAP status quo,²⁰ rejecting the proposal of the Commission to cut direct

¹⁷ Statement by the Secretary of State for the EU, Miguel Ángel Navarro, 21 January 2008.

¹⁸ Spain's contribution to the EU budget in 2006 was around 8.5% of total EU revenues, while expenditure in Spain was close to 12% of total EU spending.

¹⁹ According to the figures presented by the Secretary of State for the EU, Miguel Ángel Navarro, as of 21 January 2008 Spain's contribution to the EU budget was close to 0.93% of GDP while the UK's was only 0.54% of GDP.

²⁰ EU Council of Agriculture, 21 January 2008.

subsidies to farmers by 13% for 2013. It must be taken into account that Spain is now the second-largest recipient of Agricultural funds (€6.681 million in 2006).²¹ However, Spain considers that any CAP reform will be conditional on the end of the British rebate. The Spanish government does not want to start the discussion on spending without a previous, or at least parallel, discussion on revenues.

Current Issues in Spain: Terrorism and Energy

The Fight Against Terrorism and Bilateral Cooperation with France

Following the failure of the ceasefire negotiated by the Rodríguez Zapatero government with ETA, the fight against terrorism has become a central issue for the Spanish government and Spanish public opinion. After the assassination of two Spanish civil guards in the French village of Cap Breton (1 December 2007), France and Spain have reinforced their bilateral cooperation in the fight against terrorism. At the last bilateral Summit held in Paris on 10 January 2008 the two governments reached a crucial agreement to set up joint research teams to prevent attacks and pursue terrorists in France and Spain. The two leaders have also encouraged an accord to halt illegal immigration and have agreed to re-launch the project of a new electric interconnection linking Figueres (Spain) and Perpignan (France).

Main Issues in the Spanish Energy Debate (by Paul Isbell, Senior Analyst for the Economy and Energy, Elcano Royal Institute)

The energy policy debate scene has recently been dominated by three issues: (1) Spain's continued status as an electricity island due to the lack of interconnections with France; (2) the relatively benign reception of the Commission's proposals for the Spanish targets for Green House Gas Emissions and Renewables; and (3) the debate over the fate of nuclear power in Spain.

The interconnections issue is a long-standing one for Spain. The extremely limited interconnection capacity between Spain and France has meant that no more than 4%-8% of Spain's electricity consumption is supported by international flows. Spanish energy security would be greatly boosted by a more integrated position with the rest of Europe, and that means much more interconnection capacity with France. Spaniards by and large attribute this state of affairs to French resistance and apathy. One theory in Spain is that the real reason behind the French attitude is that France does not want to see, really, a well-functioning integrated single European market in electricity (or gas, for that matter) because it would prejudice the positions of its electricity and gas giants (or, if you will, its 'national champions'). It is more difficult to justify the Commission's 'unbundling' proposals if a truly single market does not exist, at least 'physically'. This also means that Spain – theoretically behind the Commission's proposals – will not really fight for them passionately, at least not until interconnection capacity is more prominent.

Spain has digested its latest emissions and renewables targets from the Commission fairly well. Emissions must come down only 10% from 2005 levels (one of the softest targets among the EU-27) and renewables must make up 20% of the primary mix by 2020 (in line with the EU average and with Spain's relative position in terms of per capita income). In the wake of how Spaniards had come to feel about their original Kyoto targets

²¹ The Spanish Minister of Agriculture, Elena Espinosa, said in Brussels on 21 January 2008 that CAP reform must be undertaken only after 'a deep analysis of the impact of proposed reforms on food supply and inflation'.

(as if they had been duped into accepting excessively stringent targets, given their unexpected economic boom), these new ones have come as something of a relief.

The nuclear debate is heating up in Spain, despite the claims by nuclear proponents that there is no debate. In Spain nuclear power accounts for a bit less than 10% of the primary energy mix and somewhat less than 20% of the electricity mix. The current government has oscillated between a programme to eventually phase out nuclear power completely to a more moderate position that might consider renewing certain plants over time so as to retain a certain position for nuclear energy within the overall mix (without stating what share that might feel comfortable with). A diversified but still minority coalition of interests claims that Spain simply cannot afford not to expand nuclear power, given its rising energy demand. The overwhelming majority still either claims the risks are not worth it, or that nuclear expansion will require enormous state commitment that would be better employed supporting renewables and clean coal. Still others maintain their opposition while basically ignoring the contents of the dilemma. Yet neither side in the debate has yet come to terms with the fact that there are economic and political problems with either an expansion or a contraction of nuclear power within the mix and that either move will require decades before a real impact will be felt. For better or worse, it appears that Spain is stuck with its current nuclear power contribution for a long time to come.

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