

***Jahrbuch für Europäische Integration  
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Laia Mestres\* and Eduard Soler i Lecha<sup>†</sup>***

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During 2017 and 2018, Spain experienced a political and social roller-coaster ride. Politically, the main topic on the agenda was the territorial crisis in Catalonia. In a case of unusual consensus, all mainstream Spanish parties agreed on measures to counter the secessionist challenge. Yet, domestic dynamics suddenly changed when, in May 2018, the ruling conservative People’s Party (*Partido Popular/PP*) was found guilty in a massive corruption case by the National Court. This situation opened a window of opportunity for a no-confidence motion by the opposition.

Socially, terrorism and feminism ranked high on the agenda. Barcelona suffered a jihadist attack in August 2017 during its peak tourist season whereas ETA announced in May 2018 its complete dissolution after 59 years. An unprecedented feminist strike and street protests on the International Women’s Day of 8 March 2018 against sexual discrimination, domestic violence and the wage gap put a social problem to the forefront, which the Conservative government had not sufficiently addressed.

On 1 June 2018, Prime Minister Mariano Rajoy lost a no-confidence motion and was replaced by Socialist opposition leader Pedro Sánchez, who had managed to gain the support of Podemos (a coalition of alternative leftist groups) and Basque and Catalan nationalist parties. His fall was the result of a perfect storm (unaddressed corruption issues, Catalan territorial crisis, and inability to connect with social demands) and recalibrates both Spain’s internal political balance and the country’s profile in Europe

**Catalonia monopolised the agenda... for how long?**

In 2017 Spain faced an unprecedented territorial crisis. The Catalan government decided to call a referendum for independence despite the fact that the Constitutional Court declared it an illegal act and urged anyone not to contribute to it. This challenge, and the response to it, had a strong European dimension in its different stages.<sup>1</sup>

First, already before the so-called “independence referendum”, Europe was a main battle ground for both secessionist and counter-secessionist political campaigns. On the one hand, the Catalan government and the Public Diplomacy Council of Catalonia were actively involved in organising events and meetings around the world, but particularly in EU countries, to gain support or sympathy among experts, NGOs and politicians. In fact, the EU component was central for them because the Catalan Government aimed for international recognition of the new state and EU Membership. On the other hand, the Spanish government, particularly through the Ministry of Foreign Affairs, mobilised its

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\* Research Fellow at IBEI, Institut Barcelona d’Estudis Internacionals (IBEI) and associated researcher of the Observatory of European Foreign Policy.

<sup>†</sup> Senior Research Fellow at CIDOB, Barcelona Centre for International Affairs and associated researcher of the Observatory of European Foreign Policy.

<sup>1</sup> Ramoneda, Josep, “Europa y la cuestión catalana”, *El País*, 30.03.2018.

resources to counter the secessionist narrative and occasionally tried to impede those competing events to take place. As a result of this struggle, in one way or another, European governments and think-tanks realised the intensity of this political conflict.

Second, Europe was part of the strategy of the pro-independence movement. As some of its leaders would admit later, the plan was to create a situation in which the EU, or some of its core member states, would pressure the Spanish government in holding a commonly agreed referendum. This hope never materialised and this miscalculation has been seen as a major tactical mistake by secessionist leaders that contributed to the failure of their road-map.

Third, although at a very late stage, one of the members of the European institutions did decide to intervene. Donald Tusk urged Catalan President Carles Puigdemont directly to hold off from announcing unilaterally independence to not end all hopes for a peaceful dialogue. This call, and the (non-fulfilled) hope of a stronger European engagement in the conflict, convinced Puigdemont to delay the declaration of independence for a few weeks.<sup>2</sup>

And forth, also in the aftermath of the unilateral declaration of independence, the conflict kept a European crisis. After this declaration, the Spanish Senate suspended Catalan autonomy and imposed direct rule from Madrid, while Prime Minister Rajoy called snap elections for a new Catalan parliament at the earliest possible date. Puigdemont and several members of his cabinet fled to Brussels, only a few hours before Spain's attorney general charged them for rebellion, sedition and misuse of public funds. It was the beginning of a long judicial process in which Spain requested several countries – initially Belgium, and later Germany and the United Kingdom – to extradite the fugitives. However, in none of these cases, the local courts permitted the extradition on the basis of rebellion, the most serious charge, and the Spanish authorities preferred to withdraw their requests under these conditions.

While the lack of support from Europe eroded some of the traditional euro-enthusiasm of Catalan nationalism<sup>3</sup>, the difficulties on the judicial front created negative feelings towards the EU or towards some of its member states in some Spanish circles. What remains to be seen is whether political changes in Madrid and Barcelona and social fatigue may open space for a solution of this conflict or whether these tensions are there to stay.

### **Economic recovery but changes in the ministry**

The Spanish economy recovered its pre-crisis GDP level in 2017. According to the International Monetary Fund, Spain overtook Italy in terms of GDP per capita (\$38,285 for Spain and \$38,140 for Italy) becoming one of the fastest growing countries among developed countries since 2015<sup>4</sup>. Deficit figures met the EU-imposed target of 3.1 per cent and paved the way to end supervision by Brussels. However, other economic data were still less positive. Unemployment remained stubbornly above 16 per cent. Moreover,

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<sup>2</sup> “Don’t make dialogue impossible, Donald Tusk tells Carles Puigdemont”, *The Guardian*, 10.10.2017.

<sup>3</sup> Aumaitre, Ariane (2017), “Four graphs about Catalonia and citizens’ attitudes towards the EU” *Euro crisis in the press blog LSE*, 17.11.2017, available at <http://blogs.lse.ac.uk/eurocrisispress/2017/11/17/four-graphs-about-catalonia-and-citizens-attitudes-towards-the-eu/>

<sup>4</sup> “Spaniards now wealthier than Italians (but only according to the IMF)”, *El País*, 20.4.2018

Spain was one of countries in EU with the largest income inequality, and the economic recovery did not arrive at many less skilled workers, young people or pensioners.

The Spanish Ministry of Economy, Industry and Competitiveness changed hands twice in 2018. In a controversial process, Minister Luis de Guindos was appointed vice-president of the European Central Bank. Even though the European Parliament's Economic Affairs committee found Philip Lane, the governor of the Irish Central Bank, the more convincing candidate, his convenient withdrawal opened the door for the Ecofin Council to appoint De Guindos.

De Guindos' replacement, Román Escolano, stayed only for three months in office until the successful motion of no-confidence by the Socialist party. During his brief tenure, he presented a reform proposal for the Eurozone, which was less ambitious as the position established by his predecessor one year earlier. Initially, and backing French proposals, Spain had supported a fiscal capacity for the Euro zone through a set of reforms which would include a shared anti-crisis budget, a common unemployment insurance system, the establishment of euro-bonds and a common treasury, as well as the completion of the banking union. Instead of this, in April 2018 the new minister watered down that plan by discarding the ideas of Eurobonds and an EU Finance Minister, while replacing the proposal of a shared budget by a simple stabilization capacity with the participation of the European Investment Bank.<sup>5</sup>

After the change in government in June 2018, new Prime Minister Pedro Sánchez appointed Nadia Calviño as new minister of economy. Calviño had been the European Commission's director-general for budget and won plaudits in Brussels while creating "instant credibility in terms of differentiation with Italy".<sup>6</sup> One of Calviño's main duties will be to defend Spain's interests in the negotiations on the Multiannual Financial Framework 2021-2027 in which the country will probably be for the first time a net contributor. The red lines drawn by the Spanish (conservative or socialist) governments in these negotiations were: (a) supporting the common agricultural policy without any co-financing mechanism, and (b) fostering cohesion policy with the inclusion of new structural variables that hamper long-term growth such as youth unemployment and demographic trends.<sup>7</sup> The new socialist government seems to align itself with the Franco-German Meseberg Declaration on the Eurozone reform, thus returning to Spain's traditional ambitions in this area.

### **Spanish interests in the softest Brexit possible**

It was in Spain's interest to defend the softest Brexit possible, despite the fact that the departure of Britain could become a good opportunity for Spain to consolidate a seat at the EU's core.<sup>8</sup> Bilateral relations are so complex in economic and social terms that a bad split between London and Brussels would also have very negative consequences for Spain. Both countries have strong economic links, the UK being the third largest gross

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<sup>5</sup> Spanish Ministry of Economy, Industry and Competitiveness, "Spanish position on the Strengthening of EMU" 20.04.2018, available at [http://www.mineco.gob.es/stfls/mineco/comun/pdf/Spanish\\_position\\_on\\_strengthening\\_EMU.pdf](http://www.mineco.gob.es/stfls/mineco/comun/pdf/Spanish_position_on_strengthening_EMU.pdf).

<sup>6</sup> Stothard, Michael, "Hola Brussels", *Financial Times*, 05.06.2018.

<sup>7</sup> Spanish Ministry of Economy, Industry and Competitiveness, "Spanish position on the Multiannual Financial Framework post-2020. A financial framework for a stronger Europe", 12.02.2018, available at <https://cor.europa.eu/Documents/Migrated/Events/Spanish-position-on-the-MMF-post-2020.pdf>

<sup>8</sup> Colomina, Carme (2018), "Spain and EU's Post-Brexit Realignment: A new core role for Spain" *Opinión CIDOB*, nº512, 1.2.2018.

investor in Spain and the second largest recipient of gross direct investment from Spain. The populations are not only connected by tourism, but also by large numbers of expats living in the other country. Over two hundred thousand Spaniards live in the UK, mainly young people looking for job opportunities, while about four hundred thousand UK citizens live in Spain (a large part of them are British pensioners looking for sun at the Mediterranean coast).

Gibraltar is undoubtedly a thorny issue in this complex bilateral relationship. Spain's proposal on shared sovereignty over the Rock (which would allow Gibraltar to remain in the EU) was very badly received by the British Government but backed up by the European institutions. The EU even offered Spain the right to veto any decision regarding Gibraltar in the transition period and after Brexit. However, the Spanish Foreign Affairs ministry lowered this threat in order to find a common solution that would not harm the interests of the more than 10,000 Spanish workers who cross the border every day for their jobs.<sup>9</sup> This cautious approach would also include the reopening of the tripartite forum to address concrete cooperation issues such as Gibraltar airport, the three-miles-zone, law enforcement cooperation in the bay, or a potential customs-free zone.

In the year of impasse between the start of the negotiations in March 2017 and the Brexit's deadline in March 2019, Spain fully supported all the steps taken by Michel Barnier's team. Madrid welcomed the efforts to enable the effective exercise of citizen's rights derived from Union law, in particular the right to stay for EU citizens and their families in the UK and vice versa. At the request of the Spanish government, the negotiations between the EU and the UK government included a reference to social security coordination rules and to the recognition of qualifications for citizens having worked or resided in the UK or in a EU27 Member State.<sup>10</sup>

Finally, the prospect of Brexit had also some other implications for Spain. Barcelona applied, unsuccessfully, to be the new home of the European Medicines Agency (EMA) after its departure from London. The EMA would eventually move to Amsterdam and the Catalan capital was already eliminated in the first round of the voting process. Even though Barcelona had never been the favorite, the result left a bitter aftertaste for the Catalan and Spanish administrations.<sup>11</sup> While some blamed the Catalan independence movement and the resulting instability for the failure, others admitted that Spain already housed five European agencies of which one, the European coordination of the ITER project to build a nuclear fusion plant, was even located in Barcelona.

Another implication of Brexit was an increased representation of Spain in the European Parliament (from 54 to 59 seats), provided that the United Kingdom did not participate in the 2019 elections anymore. The redistribution of the British seats was meant to solve some of the issues with the current distribution, which underrepresents the citizens of the large member states.

## **Foreign policy and migrations**

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<sup>9</sup> "Spain treads softly on Gibraltar despite EU veto win", *El País*, 2.1.2018.

<sup>10</sup> "Comparecencia del señor secretario de estado para la Unión Europea, Jorge Toledo Albiñana, para informar con carácter previo del Consejo Europeo de los días 22 y 23 de marzo de 2018", Comisión Mixta de la Unión Europea, *Diario de Sesiones de las Cortes Generales*, 27/2018, 21.3.2018.

<sup>11</sup> "Barcelona and the European Medicines Agency: the lessons of failure", *ARA*, 22.11.2017.

There was a high degree of continuity on foreign policy priorities under Mariano Rajoy's six years of government but the internal political instability drew most of this attention to domestic issues. This was reinforced by the fact that Rajoy never showed much appetite for foreign affairs. In contrast, Pedro Sánchez seems more willing to invest in Spain's international agenda. Unlike former Spanish leaders, he speaks both French and English and has international experience as an assistant in the European Parliament and as a member of the cabinet of the high representative in Bosnia-Herzegovina.

There is a wide consensus that domestic crises dragged Spain's attention from foreign affairs and many analysts consider that the country was punching below its weight. In 2018 there were some signs that Spain was trying to bring some new dynamism to bilateral relations. For instance, government-to-government summits were held with countries such as Algeria, Tunisia and Turkey with whom such meetings had not taken place since 2015 due to political impasse in Spain (the country had caretaker government for 314 days between October 2015 to October 2016). Bilateral relations with the most sensitive neighbour, Morocco, remained at the top of the agenda but these efforts could not translate into an upgraded political dialogue. In fact, the official visit of the Spanish King was cancelled twice due to the health problems of the Moroccan king and his prolonged absences from his country. In 2017 and 2018, relations with Morocco combined a strictly bilateral dimension (mainly around police and intelligence cooperation) and a European one, which revolved around the negotiations for the new fisheries agreement from 2019 onwards. These talks were threatened by a ruling of the European Court of Justice, which confirmed that they would not include the waters of the Western Sahara<sup>12</sup>. One of the major concerns of Spain in relation to its southern neighbours was the surge of migrants arriving to the European coasts in 2018, particularly in comparison with the relatively low numbers in 2017.

Migration has always been a major topic on Spain's international and European agenda. In its first weeks in office, the Sánchez Administration chose a crisis concerning this issue as a way to send a clear message of change to both the domestic audience and the international partners. After Italy did not allow the Aquarius, a boat that had rescued 600 migrants in the Strait of Sicily, to disembark at its ports, the new Government provided Spain as an alternative destination.

Pedro Sánchez's government has raised high expectations, both at home and in many European capitals. Berlin and Paris perceive Spain as a necessary ally to safeguard European integration, particularly in a moment in which Italy seems to be turning away from Europe's core. Will this alignment solidify? Will it be enlarged to incorporate Portugal, another pro-European left-leaning government? Will Spain use this opportunity to increase its leverage when negotiating key issues such as the new EU budget? When a crisis occurs, there is always someone who benefits. Politically, Spain is trying to increase its value as an (unexpected) anchor in a period of high turbulences for the EU.

### **Further reading**

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<sup>12</sup> "Morocco fisheries pact must not include Western Sahara, EU Court confirms", *Euractiv.com*, 27.02.2018, available at <https://www.euractiv.com/section/economy-jobs/news/morocco-fisheries-pact-must-not-include-western-sahara-eu-court-confirms/>

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