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## **Towards an Enhanced Polish-Spanish Partnership**

In Autumn 2011, parliamentary elections took place in Poland and Spain. In both countries centre-right parties came out triumphant, but the new governments will hold power in extremely challenging times. The much-desired economic recovery in the EU has yet to come to pass and economic issues will dominate national political agendas. Poland Prime Minister Donald Tusk's coalition government of Civic Platform (PO) and its junior partner, Polish People's Party (PSL), will have to make significant reforms to reduce public debt and minimize the risk of recession. In Spain, however, Mariano Rajoy's People's Party (PP), the majority government, will have much harder work to do. It will need to restore international confidence in the Spanish economy, implement further measures aimed at stimulating economic growth and reducing the country's record-high unemployment. The success will depend on close cooperation among EU member states. Indeed, it is not only European economic recovery at stake but also the future of European integration. The present difficulties have been feeding euroscepticism and doubts about the integrity of the EU. With their strong record as the most vocal supporters and beneficiaries of the membership to the bloc, Poland and Spain could champion efforts advocating solidarity and further integration in the EU. The urgency and scale of the issues concerning the Union give a perfect opportunity for these new governments to renew a common agenda and enhance their bilateral relationship.

### **Bilateral Relations—An Overview**

Poland and Spain have been frequently seen as similar countries because of their demographics, but most importantly because of their experience with democratic transitions and status as key beneficiaries of membership in the EU. They long have been rather secondary partners to each other. A substantial change was seen in the late 1990s when the government of Jose María Aznar decided to build closer relations with candidate countries for EU membership, and with Poland in particular. In 1998, Poland and Spain signed a bilateral declaration on granting mutual relations with a special character. Notwithstanding

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the non-binding nature of the document, it has served as an important basis for developing the cooperation. The most visible fruit of that process has been the annual intergovernmental summits at the prime ministerial level, first organized in 2003 and aimed at advancing a common agenda.

With the 2004 victory of the centre-left PSOE led by José Luis Rodríguez Zapatero, the formula was continued but with less relevance because of a change in priorities (a preference for Germany and France within the EU) and also in part because of an ideological divergence between the subsequent governments in Poland and the government of Rodríguez Zapatero. Nevertheless, bilateral relations progressed substantially as Poland gradually consolidated its position in the EU after the accession in 2004. Government-to-government contacts were frequent. The annual summits retained their status as the main platform for dialogue, not to mention the fact that Poland has been the only country among the EU's 12 new members to attain such a high-level mechanism with Spain. Also, since 2009, parliamentary bilateral forums have taken place. The Polish presidency in the EU Council in the second half of 2011 created an opportunity for dialogue on specific questions, such as cohesion policy, energy security and renewables, and defence cooperation.

Membership in the EU allowed both partners to significantly foster their economic cooperation. Since Poland joined the EU, its trade with Spain has risen considerably (from €3.2 billion in 2004 to €5.9 billion in 2009), although it stalled in 2009 as a result of the financial crisis. For Spain, Poland remains the main trading partner and investment market in Central Europe, especially in the construction and energy sectors.

### **Opportunities for a Renewed Polish-Spanish Partnership**

The coincidence of mandates for the centre-right governments, which prioritize European integration, brings necessary momentum for rethinking and enhancing the bilateral Polish–Spanish relationship and the possibility for a greater convergence of their political agendas. Both countries share strong credentials for promoting integration in Europe, as their engagement in the process has been a key part of their successful democratizations. The close cooperation of both countries in the EU will be indispensable not only as it seeks a way out of the current economic crisis but also in order to address the challenges coming from the EU's (and both countries') neighbours. More important, the countries could influence the debate about the future of European integration. The specific issues for a strengthened dialogue are yet to be learned, since Mariano Rajoy has only recently presented a general programme for his government. Nonetheless, there can be identified several fields in which closer cooperation could be sought. The well-established institutional links will be a valuable base to further development of the bilateral cooperation.

*Broadening the Bilateral Institutional Framework*

The annual intergovernmental consultations have evidently gained a central role in the Polish–Spanish dialogue. They should help in fulfilling mutual commitments agreed during previous meetings and through inter-ministerial contacts over the course of the year. The next meeting scheduled for the beginning of 2012 could be a suitable opportunity to discuss the political agendas of the new governments and identify issues for closer cooperation. Ideally, both governments could then define clear, feasible and measurable goals to be achieved in bilateral relations over the next few years. The specific agendas will need to be elaborated by frequent contacts between representatives of the relevant state institutions. It would be highly valuable if after the annual consultations the governments would issue joint statements that show the focal points of the meeting. This could contribute to improving the visibility and public interest in Polish–Spanish cooperation. The visit of the Spanish Royal couple to Poland planned for 2012 will be a good opportunity to confirm the importance of developing bilateral ties.

It may be advantageous to elaborate separate instruments for cooperation on essential and specific issues. The new governments could set up an annual Joint Economic and Financial Dialogue. Such a high-level meeting could be presided over by deputy prime ministers and gather representatives of relevant ministerial departments, central banks, financial regulatory bodies, stock exchanges as well as CEOs from key financial institutions. The forum would allow discussion about the present economic outlook, an exchange of views regarding challenges for the monetary union and the possibility to seek solutions to economic problems that affect both countries.

EU Neighbourhood Dialogue can be another high-level platform for understanding both countries' positions, tackling emerging controversies and seeking common ground in their policies towards the challenges originating in the vicinity of the EU. The recent developments in North Africa and the increasingly worrying situations in Belarus and Ukraine show that the European Neighbourhood Policy (ENP) requires not only significant improvements but also equal attention to both the eastern and southern dimensions. The EU Neighbourhood Dialogue should also serve as a platform for a broader debate on specific questions linked to the ENP. It could include representatives of the respective ministries, civil society (including NGOs from both countries that are active in the countries of concern).

The unfavourable economic environment gives a chance to encourage further promotion of Polish-Spanish economic cooperation. Business bilateral contacts are quite frequent; however, both governments should stimulate development of a dense network of business contacts. A valuable idea would be to organize bilateral Business Summits in parallel with the annual intergovernmental summits in order to gather prominent representatives of companies from both countries. The event could be coordinated by the relevant national bodies, ICEX (Spanish Institute for External Trade) and PAIZ (Polish Agency

for Information and Foreign Investment), which for example co-organized the Polish–Spanish Investment Forum in June 2011.

The present economic situation favours Spanish investment in Poland. It mainly comprises companies enjoying large infrastructure projects (considerably co-financed by the EU) and energy-sector development in Poland. Other important investments are in the banking sector, where BZ WBK (owned by Irish AIB) recently was acquired by Banco Santander, one of the world’s strongest financial institutions, which sees Poland as a strategic market. It is advisable that both governments seek to incentivize bilateral commercial cooperation, especially to attract and assist Polish companies in engagements in the Spanish market. In the context of energy cooperation, both governments could foster a dialogue on shale gas, whose biggest reserves in Europe are believed to be in Poland; however, Spain also is estimated to have significant deposits. Poland is seen as a barometer for shale-gas development in Europe and could discuss with Spain experiences related to exploratory work, how to adjust to legal and environmental constraints as well as how to evaluate the potential of the unconventional fuel.

The intergovernmental instruments could be complemented by an annual Polish–Spanish Round Table, composed of renowned experts and academics, to discuss the main topics, not only bilateral relations but also issues concerning both countries and Europe. The events could be organized around the bilateral intergovernmental summits. Every meeting would have a leading theme to which more detailed questions would be subordinated and it could be opened by a prominent politician representing the host country. The Polish Institute of International Affairs and FRIDE could coordinate such a cyclical initiative.

### *Renewing the Common Political Agenda*

Poland and Spain have perfect credentials to engage in the broader debate about the future of the European Union. Both countries could be leading advocates of greater solidarity and deeper integration with the EU as the best response to the current debt crisis and future challenges. They may complement the Franco–German leadership in seeking an adequate model for economic coordination while at the same time providing a counterbalance to the idea of a two-speed Europe or postulates by such countries as the UK to make the EU a flexible network rather than a more-consolidated bloc. Ideally, Poland and Spain could engage in discussions about the future of the common currency. Poland is committed by the EU accession treaty to join the eurozone, hence it will be interested to shape the new rules and mechanisms to which it will have to abide.

Both governments should seek opportunities to cooperate on an improved ENP. They need to go beyond clashing over the level of funds or simply exchanging support for the dimension preferred by one partner over the other (Eastern Partnership for Poland, and Mediterranean dialogues for Spain). They could seek convergence of their objectives by advocating for a strengthened ENP, both conceptually and financially. The political dialogue

could further map common interests, and facilitate seeking adequate mechanisms of support in the neighbourhood. Accordingly, both countries can address topics such as border security, immigration, cross-border crime, financial assistance and broader questions about the Schengen regime. A programme for mutual exchange of customs' officers could be advantageous for understanding the specific challenges and risks experienced by the partner country in border management. Another important question will be a possibly enhanced role for Frontex (which is based in Warsaw) in managing crisis situations that originate beyond the EU's border (e.g., massive immigration). Both should also coincide in support for the further enlargement of the EU as a significant tool for stability and democratic reforms in the candidate countries. A potential EU Neighbourhood Dialogue could be a useful tool to address all questions deriving from neighbourhood relations. The potential for joint efforts toward promoting democratization will allow both governments to include the subjects of Belarus and Cuba to the common agenda. This can be also a basis for Poland and Spain to discuss what role the EU should have in promoting democracy. Importantly, both new governments may be key supporters for the initiative of the European Endowment for Democracy—aimed at financing opposition parties, media and unregistered NGOs in countries with undemocratic regimes.

A major challenge for bilateral cooperation will result from negotiations on the EU multiannual financial framework 2014–2020. Here, a strong divergence of positions will appear when the level of funds available for individual countries is discussed. Poland will be seeking to keep its status as the main recipient of EU funds. Spain, which will likely become a net contributor to the EU budget, will certainly attempt to mitigate a decrease in funds and will struggle for resources directed to R&D and innovation. However, Poland and Spain could discuss the question of supporting a high-enough level for the EU budget and the fair distribution of resources not undermined by correction mechanisms to adequately finance specific policies important to both countries. They could still advocate for the cohesion policy as an important instrument for economic growth and for narrowing the gap with the most-developed member states. They may be also instrumental in keeping the Common Agricultural Policy, not only exclusively as a way of helping European farmers but also as an important instrument in ensuring EU food security.

Another field of possible cooperation is in security and defence. The new Spanish government may be more willing to engage in the process of strengthening the EU's common military capabilities. Poland and Spain should first include defence issues in the agenda of the bilateral political dialogue to understand better the national specifics in that sphere and then search for detailed opportunities for cooperation. These may be projects of cooperation on military technologies as well as training programmes for military officers from neighbouring countries undergoing democratic transitions. The Spanish government could cooperate more closely with the Weimar Triangle (Germany, France and Poland), which is strongly interested in seeing the EU develop its own military capabilities. In this context, the Polish and Spanish governments may appear important advocates of closer

cooperation between the EU and the U.S. The strong basis for that will be the fact that in October 2011 Spanish Prime Minister Rodríguez Zapatero announced that as of 2013, the naval headquarters in Cadiz (southern Spain) would host a component of the NATO anti-missile shield. As Poland may also install part of the system on its own territory, the development of the project should be an important topic of a strengthened bilateral dialogue.

### **Poland and Spain—A Strengthened Partnership in the EU Context**

With the EU in difficult circumstances at present, a strengthened relationship between Poland and Spain could be an important pro-integration force. The persistent uncertainty about economic prospects and the aggravating situation in several eurozone countries increases the risk of a worsening of the economic situation in other markets. While domestic challenges and possible responses to them by Poland and Spain will differ, the economic outlook in those countries will be intrinsically linked to the results of decisions and solutions taken at the EU level. Building on a well-established institutional framework and a broad catalogue of potential common interests, the cooperation of both countries could be a model for other EU members for an effective dialogue that respects divergent views on specific issues. Common goals should predominantly reflect the challenges the EU is or will be facing, and the future of European integration in general. The EU, obviously, will be the main channel for the Polish–Spanish relations, but there is significant potential to develop an institutional framework for bilateral dialogue. The desired consequence of a successful strengthening of the relationship should be reaffirmed by renewing the spirit of the 1998 Declaration and seeking a privileged, and thus a more active and mutually beneficial partnership.