

Spanish foreign policy monitor: April-June 2013

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»» In the second quarter of 2013, Spanish foreign policy has centred around four overarching issues: geopolitics in the Sahel and the Middle East; a national security review; external trade flows; and European affairs and the development of Brand Spain. First, the Sahel remains an open wound on Spain's southern flank and various developments in neighbouring areas such as the Western Sahara suggest shifts in the region's power balance. Meanwhile, the escalation of the Syrian civil war has led the Spanish government to foster a negotiated solution. Second, the new National Security Strategy and the need to address the debt accumulated by the Ministry of Defence point to conceptual changes and restrictions on Spain's security policy. The internationalisation of Spanish companies has been another fundamental element of Spanish external action during the spring, as exports have continued to increase and Spanish firms have started to move towards new markets. Finally, the Brand Spain project has run aground and suffered damage, while Europe begins to adopt a mix of austerity and specific stimuli in a bid to recover growth and leave behind the 'great recession'.

THE SAHEL AND THE MIDDLE EAST

As highlighted in the previous Spanish foreign policy monitor (January-March 2013), the opening up of wounds in the Sahel and the eastern Mediterranean has altered Spain's foreign policy priorities.

HIGHLIGHTS

- The Sahel, Syria, national security, commercial diplomacy and Brand Spain have dominated Spanish foreign policy in the past three months.
- Some recent developments at EU level could help to improve Spain's economic situation.
- The debt accumulated by the Ministry of Defence in the last decade could damage Spain's strategic future.

»»»»» In Mali, the rapid advance of French troops has brought some stability, though it could be short-lived. Spain has many stakes in the Sahel and its contribution to the European Union Training Mission (EUTM) might signal greater Spanish engagement in the region. Madrid must address France's demands for more troops and skilled civilians to carry out training and analysis on the ground. So far, in July Spain will add 50 personnel, of which 25 will be dedicated to training, to the approximately 60 military personnel already stationed in Mali since last April. The Spanish contingent is currently the third largest in Mali, which is commendable given budgetary restrictions, but a greater contribution is needed given the risks for Spain in the region. Disputes between the Ministry of Foreign Affairs and Cooperation (MAEC) and that of Defence over whether to increase or not its troop contribution, and the general caution regarding sending troops abroad after Afghanistan and Iraq, have prevented a reinforcement of Spain's engagement. Madrid needs to improve its contribution through an integrated approach endowed with the necessary resources.

For its part, the United States is reinforcing its presence in North Africa and the Sahel. As per an agreement signed on 19 April with Spain, the US has recently deployed 550 American marines, six MV-22 Osprey multifunctional aircraft, and two KC 130-J 'Super Hercules' transport aircraft at the air base at Morón de la Frontera (Seville). Even though this falls within the existing bilateral treaty between the two countries, Spanish public opinion is concerned with the increased presence of American soldiers on their territory and the lack of parliamentary debate. In North Africa, the recent reopening of the discussion on the status of the Western Sahara, following the American proposal to assign the monitoring of human rights in the territory to MINURSO (the UN peacekeeping mission in Western Sahara), has generated tensions among various key states. The Western Sahara is a thorny issue for Madrid, given Spain's colonial past and the potential negative implications for regional stability that

could result from a power vacuum in the area. The question was rapidly settled by France and Russia, which oppose any solution that does not include Morocco, the main stakeholder in this issue.

The Syrian conflict has also featured highly in the Spanish foreign policy agenda in the past three months. The Spanish government's progressive support of the Syrian opposition and its offer to mediate in the conflict led to the organisation of a Syrian opposition meeting in Madrid in May under the auspices of the Masar programme, which aims to guide democratic governance processes in the Arab world. The resulting Madrid Declaration is one of Spanish diplomacy's most tangible achievements in recent times. Spain also voted in favour of lifting the embargo on the sale and provision of arms to Syrian rebels in the declaration adopted by the EU Foreign Affairs Council held on 27 May. On the other hand, the willingness expressed by Spanish Foreign Affairs Minister José Manuel García-Margallo to mediate in the Palestinian-Israeli conflict has encountered many obstacles. Israel's settlement policy (criticised by the EU) and Spain's support to Palestine's candidacy as a non-member observer state at the UN, in line with the two-state solution backed by Madrid, represent big stumbling blocks between Spain and Israel. In addition, Spain's wish to establish an honorary Spanish consulate in Gaza, which was rapidly vetoed by Israel, was a tough setback for Spanish-Israeli relations and a blow to the minister's mediation offer.

These actions respond to the desire of successive Spanish governments to become a mediator and, more broadly, an influential power in the Maghreb and the Arab world – a difficult and perhaps overly ambitious task. Various recent developments point in this direction, namely the launch of the Mediterranean House (aimed at fostering relations between Spain and other Mediterranean countries) in Alicante in April; the will to re-launch the Africa House (aimed at fostering relations between Spain and Africa); and some private initiatives promoted by the MAEC (especially the *Atalayar* magazine).

NATIONAL SECURITY: A NEW LEAF

The public debate on national security has also been at the forefront during the spring. The approval of a new National Security Strategy replacing the one established in 2011 has marked a highpoint of Spanish foreign policy in the current parliamentary term. For the first time, national security is defined as a public good upheld by constitutional values. The state is responsible for safeguarding it, but within a globalised scenario with a series of international partners. In addition to defining the concept and providing a brief mapping of the current geopolitical situation, the new strategy includes a list of risks and threats to national security (adding espionage and the vulnerability of the maritime space and critical

infrastructures to those already present in the previous text) and lines of action to minimise them.

Another important innovation of the strategy is the creation of a new National Security System (NSS), a crisis management and rapid response system formed by various specialised committees. These culminate in the National Security Council, which is led by the prime min-

ister and includes various ministers and external affairs state secretaries. This dimension deserves most criticism, since it is likely that the National Security Council and the Foreign Policy Council (which guides Spain's new Law on External Action and Service, LAESE) will have almost identical functions. The limited references to multilateralism, the promotion of human rights and democracy in the world, and EU membership are other aspects which are worthy of criticism.

At the same time, the debt accumulated by the Ministry of Defence in the last decade, which the

government trusts it can handle, could damage Spain's strategic future. If not properly addressed it could impact on national security policies, leading to breaches of international commitments and, worse still, weakening Spain's strategic position in its sphere of geographic influence. The expected cuts in certain arms programmes, such as the VCI Pizarro light tanks, NH-90 transport helicopters, A400 transport aircraft and Eurofighter 2000s give cause for concern, as they will reduce the army's operative capacity. This will also affect the training of new and existing military personnel.

A TRADE BOOM WITH NEW HORIZONS

External trade remains one of the basic pillars of Spanish foreign policy under the current administration. The successful activity abroad of many Spanish companies contrasts with a heavily-depressed internal demand. For the first time since data started to be collected in this regard, Spain has recorded a trade surplus (in March 2013). It is also worth mentioning the increasing importance of Asia and Africa for Spain's export boom. These are the two continents where Spanish exports are growing most rapidly, with an increase of 22.4 per cent in Asia and 21.5 per cent in Africa in the first three months of 2013 compared to the same period in 2012. For the first time in history, Spain has overtaken France as Morocco's first trading partner. In this sense, it is also worth highlighting Foreign Minister García-Margallo's visits to China, the celebration of the Spanish-Algerian and the Spanish-Sudanese economic fora, and the numerous meetings held by government representatives with officials from Morocco, Kazakhstan, the Philippines, Ethiopia, Senegal, Mozambique, Equatorial Guinea, Qatar, the United Arab Emirates and Singapore. In addition, the Spain-Japan dual year was launched on 11 June to coincide with the presence in Madrid of Crown Prince Naruhito. The aim is to reinforce the political and trade links between the two countries as entrance platforms to Europe and Asia, respectively. Spain's 'commercial diplomacy' (as reflected in the new MAEC



Spanish foreign policy must undergo a progressive reorientation in order to prepare for potential upcoming challenges

»»»»» website, launched in April) is undergoing a geographic reorientation towards new regions.

In Latin America, efforts have been channelled through a wave of congresses held in countries such as Peru, Chile or Mexico, with the aim of promoting Spain as an investment destination and as a trade partner. These initiatives have been well received (the Inter-American Development Bank, for example, has underlined the current strength of Spain's external trade) and have helped to foster greater reciprocity and equality between the two sides. Along the same lines, some countries such as India have restored the idea of promoting triangular business networks among Asia, Spain and Latin America, as reflected by Prime Minister Mariano Rajoy in his visit to Colombia last May at the annual meeting of the Pacific Alliance. This understanding contrasts with the diplomatic crisis experienced with Venezuela in April following the election of Nicolás Maduro as president (although this does not fall in the commercial sphere).

BRAND SPAIN AND EUROPE: IN TROUBLED WATERS

The positive balance in terms of exports has not helped boost the Brand Spain project. The initiative seems to be somewhat at odds with Spain's international position and image in the economic sphere. The project's success depends in large part on a boom in external trade and an improvement in the capacity of Spanish companies to obtain financing in international markets. While the first premise is being fulfilled despite the poor domestic economic situation, the conditions required to unblock the Brand Spain project are not being met. It continues to be a one-sided political project, rather than a national one, and it suffers from weak institutional coordination and a confusing conceptual framework (the mere definition and purpose of Brand Spain are now being questioned). Inconsistent discourse, contradictory studies published by the MAEC and the Spanish

Diplomatic School, and conflicting declarations by Foreign Office representatives have hindered the seriousness of the project. To this one must add other incidents such as the recent attempt by an individual to register Brand Spain with the Spanish Patent and Trademark Office, to the astonishment of the high commissioner for Brand Spain. Moreover, the launch of the initiative in Brussels, deemed by the government as key, does not seem to have improved the project's image in the eyes of Spain's European partners, given the criticism voiced by national and foreign press.

Turning the attention to Brussels, the European Union has given Spanish public finances some respite in the last month. Spain has been given two extra years to meet the deficit target set by the Commission. The 4.5 per cent target previously set for this year has been increased to 6.5 per cent, while the 3 per cent target has been postponed to 2016. This has been accompanied by a stimulus package approved at the European Council held in June, the conclusions of which contain important news for Spain, albeit arguably of limited effectiveness. First, 6 billion euros will be provided in 2014 and 2015 and a further 2 billion euros until 2020 to boost youth employment in Europe, which is considered essential by the government (as debated at the meeting of economy, finance and employment ministers from Germany, France, Italy and Spain held in Rome in July). Second, a credit line to SMEs of up to 1 billion euros has been agreed. Third, progressive steps are to be taken towards a banking union, which could greatly advance the institutional architecture of EU economic governance (as long as its powers of control and supervision are not excessively diluted).

The Council also discussed the start of talks over an EU Association Agreement with Kosovo, a delicate issue for Spain, which has not recognised its independence, unlike most EU countries.

Lastly, it is also important to highlight the agreement reached regarding the Common Agricultural Policy. Spain has been assigned

approximately 36 billion euros in direct payments for the period 2014-2020 (almost the same as the current level), as well as just over 8 billion euros for rural development and a further 3 billion for market measures. Spain thus maintains its position as the third recipient of funds after France and Germany.

CONCLUSION

Spanish foreign policy in the past three months has achieved mixed results. The reformist drive continues, with the expected approval of the LAESE in the summer months. The external dimension of the Spanish economy has improved substantially. But the geopolitical outlook in the Sahel and the Middle East does not look promising. Similarly, the Brand Spain project, which we defined in a previous monitor as 'a clear roadmap' given the emphasis placed on the initiative by the entire government, is increasingly questioned and seems to lack direction. In order to prepare for potential upcoming challenges, Spanish foreign policy must undergo a progressive reorientation towards positions that are more in line with changes in the global set-up. Yet it must not disregard current regions of interest either, something already evident in the commercial sphere.

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