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# Spanish foreign policy monitor: January-March 2012

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»» Spain's foreign policy has yet to experience any radical changes since the Popular party (PP) gained power, after almost eight years of Socialist government. In 2004, José Luis Rodríguez Zapatero's first decision was to withdraw troops from Iraq. In comparison, Mariano Rajoy's first 100 days have been characterised by a low international profile. There are two reasons for this. The first is the difficult economic situation, making all government efforts become subordinate to a central objective: emerging from the recession. The second is the government's desire to distance itself from the Socialist administration's grand international pronouncements, which the PP criticised as being of an 'ideological' nature - notably the Alliance of Civilisations, but also a firm commitment to international cooperation. Although this criticism could suggest that the international outlook of the new administration would change significantly, this has not been the case so far. On the contrary, Spain's discrete international profile and the calls for a 'state foreign policy' have been the most noticeable features during these first months. The setting imposed by the economic crisis has also dictated the most significant features to date: strengthening Europe as the main external reference, the significant reduction in available resources and impetus for the 'Marca España' (Spain Brand) branding effort which aims to articulate the country's economic and public diplomacy efforts.

## 'EUROPE, EUROPE, EUROPE'

The central tenet of Mariano Rajoy's approach to international policy was outlined on 21 December, the day that he took the oath of office and appointed the minister of foreign affairs and cooperation. The election of

## HIGHLIGHTS

- The first 100 days under Popular party government have been characterised by the low profile of the foreign agenda.
- Foreign policy has been determined by the economic situation: Europe as the main priority and a significant reduction in resources.
- New impetus for economic and public diplomacy under the 'Marca España' branding effort must be integrated into a wider and more substantive strategy.

»»»»» José Manuel García Margallo, veteran Member of the European Parliament and vice-chairman of the European Parliament's Committee on Economic and Monetary Affairs, made it clear that the three priorities on Spain's foreign agenda were, as highlighted by a commentator: 'Europe, Europe, Europe'. More specifically, the priority are the negotiations in Europe concerning the conditions needed to be able to emerge from the crisis. Margallo made this commitment clear by naming Íñigo Méndez de Vigo state secretary for the European Union, only one day after being appointed. However, it was not until 5 January that Jesús Gracia Aldaz and Gonzalo de Benito Secades were designated state secretary for international cooperation and Latin America and state secretary for foreign affairs, respectively.

In light of the key economic dimension of the European negotiations, they have been led by the minister of economy and competitiveness, Luis de Guindos, and the president of the government himself. In preparation for his first European Council, on 30 January, Rajoy met with Herman Von Rompuy, Nicolas Sarkozy and Angela Merkel. The message from all the meetings was clear: despite the change in government, Spain would continue with the reforms and would remain southern Europe's 'diligent pupil'. Since then, economic prospects have deteriorated - the government estimates that Spanish GDP will decrease 1.7 per cent in 2012 - straying from the path marked out by Germany and characterised by the emphasis on austerity measures.

Spanish divergence has been gradually enacted, starting with Spain co-signing the letter asking the Commission to introduce measures to boost growth, backed by 12 EU countries in total. Rajoy distanced himself further from austerity demands following the European Council of 2 March by announcing that Spain would fail to meet the agreed 4.4 per cent deficit in 2012, and that it would reach 5.8 per cent. Although according to some reports, this would have enjoyed German approval, provided that the deficit were down to 3 per cent by 2013, a general sense of unease was created in Europe due to the manner in which this was announced and the

delay in publishing the general budget. On 12 March, however, the Eurogroup demanded a reduction in the deficit to 5.3 per cent, a figure that Spain is ready to meet, reducing conflict between positions. In any case, the flexibility demanded by Spain could become the middle ground for those who deem it necessary to combine growth and reforms, as a counterweight to the austerity defended by Germany. But for this to occur, Spain needs to form alliances, something hindered by the perception that it negotiated its European position as an exception, and not as a potential reference for a wider group of countries.

### **STRATEGIC REFORMS FOR EXTERNAL ACTION?**

Margallo's arrival to the ministry was accompanied by institutional reforms, in which the minister has shown his independence. Faced with the structure designed initially by Moncloa, in which foreign affairs and international cooperation were established under the same state secretariat, Margallo opted instead for a 'traditional' structure (used in the governments of Felipe González and José María Aznar), combining international cooperation and Latin America. Although the disappearance of the state secretariat for international cooperation generated criticism from civil society, this was partially alleviated with the creation of a secretariat for international cooperation, with Gonzalo Robles, ex-Popular party spokesman in the parliament's committee for international cooperation, as secretary. Furthermore, Margallo's appointments were guided by the capabilities of those responsible, as opposed to their partisan opinions, meaning that a significant number of geographical directors remained. However, a more important factor is the extremely limited resources available: according to the 'agreement of non-availability' announced by the Government on 29 December, the funds for foreign action are set to decrease by 65.7 per cent this year (the highest percentage for the whole administration), deducting €1.016bn from a total of €1.546bn. Development aid shall be most affected: it is estimated that the Spanish

agency for international development cooperation will see its budget cut by €0.4bn, and the recently created development promotion fund by a further €0.5bn. These drastic cuts add to those of 2010 and 2011 - the year in which the percentage GDP for cooperation only reached 0.29 per cent - reducing the Official Development Aid (ODA) to levels seen a decade ago.

On 22 February, during his first parliamentary appearance, Margallo stated that this reduction is to be accompanied by efforts to improve aid effectiveness through geographical and sectoral concentration, prioritising the Mediterranean, West Africa and poor Latin American countries, and the agriculture, water and sanitation and health sectors. This effort to rationalise and be more

## The announced foreign service reform represents a good opportunity to revise the strategic vision for the country

effective will, however, apply beyond ODA. Margallo announced a 'foreign service bill' that reflects the current situation, which could entail 'closing some of our foreign service units' and incorporating affected civil servants in the European External Action Service (EEAS) offices, a

model already adopted by countries like Finland. At the same time, Spanish external action is to be further unified, by incorporating regional representatives in Spanish embassies - an offer already accepted by Galicia and La Rioja. In his appearance Margallo also made frequent calls for a 'foreign policy of the state'. These calls, together with the planned foreign service reform, open an important window of opportunity to review the country's strategic vision. A review that should not be limited to instruments, but should also include an evaluation of the central tenets of Spain's international positioning in the medium and long term. This is something that requires not only political consensus, but also the broadening of the debate to include wider sectors of civil society.

## SPAIN IN THE WORLD: AS A COUNTRY AND BRAND

In addition to the European debates and the determination to reform the foreign service, the new administration's most prominent initiative is the impetus associated with economic and public diplomacy under the 'Marca España' branding effort. This initiative is to have its own structure, with a 'Marca España' commissioner under the authority of the minister, to be named on 25 April. This approach reflects the view that the emergence from the crisis will have to be achieved simultaneously internally and externally. Spanish companies abroad will be key for this. In January, the minister met representatives from the country's 25 most important multinationals, and announced that a 'specifically economic mandate' is to be established for over one hundred embassies and consulates that currently lack trade offices. Margallo's first official visit is a good example of the benefits that are expected to be gained from emerging Gulf and Asian countries. He travelled to Saudi Arabia to ratify the contract awarded to a consortium of Spanish companies to build a high speed train line between Medina and Mecca, valued at €6.7bn. In addition to the economic importance, 'Marca España' aims to group together all Spanish activities abroad (sports, culture, cooperation) and use key values, such as the Spanish language, to promote the country.

The most substantive change in foreign policy seems to be a greater focus on relations with Latin America. A central reference for this will be the Ibero-American summit, to be held in Cádiz. There is hope to re-launch the summit - with a possible change in format and regularity - after the very low profile of the last meeting. These efforts aim to establish a new relationship model with Latin America, in a way that allows Spanish economic activities to be strengthened on the continent. This may pose problems, as reflected in the current confrontation between the Argentinean government and the oil company Repsol-YPF. A pragmatic approach is needed to resolve them, as is already evident in the

»»»»» conciliatory tone adopted by Margallo and Rajoy himself when discussing matters such as Venezuela or Cuba, which were part of their political campaigning when in opposition.

This pragmatism is also reflected in Rajoy's decision, following tradition, to make Morocco his first official visit on 18 January. Just over a year after criticising the Moroccan government for the El-Aaiun incidents, Rajoy travelled to Rabat and hailed the country as an example of the reforms expected from the region's countries spurred by the Arab spring. The possibility of bilaterally negotiating fishing agreements was also on the agenda, following the European Parliament's blocking of a new agreement between Morocco and the EU. This decision, together with the European Parliament's approval of the agricultural agreement with Morocco on 16 February - with all Spanish MEPs voting against it - have been the only examples of Spain's interests clashing with Brussels. Aside from this, Spain has not led any new initiatives towards the region undergoing such significant changes. The country has followed the common positions: concerning both Syria and Iran, the latter despite Spain's energy supply vulnerability, as importer of 15 per cent of its crude oil needs from the country.

The previous government's positions have not been significantly altered. One of the few changes is related to Gibraltar: Margallo asked for the Trilateral Forum (Spain, United Kingdom and Gibraltar) to become a Quadrilateral Forum (including local Campo de Gibraltar authorities). This is essentially symbolic, aimed at a domestic audience, and has not led to any strategic variation from the Socialist government position. However, continuity has not been too difficult, since Zapatero ended his term dissociating himself from many of his previous positions: for example, during his last weeks in office, he signed a new agreement allowing the US to use the Rota base in its future national missile defence. This agreement, including the deployment of four American destroyers in Spain from the end of 2013, now serves as a basis for the new administration's Atlantic policy.

## CONCLUSION

During its first 100 days, the new Spanish government's foreign policy has been characterised by its low profile and the continuity of central tenets and strategic objectives. The most visible aspect has been the European debates, which could, however, be considered a mixed area between domestic and foreign policy. Beyond this, the new minister has highlighted prioritising combined efforts of economic and public diplomacy as the driving force behind what has been branded 'Marca España'.

Despite the limited resources, the calls for consensus and the foreign service reform announced constitute a good opportunity for reviewing the central tenets of Spain's position in the world. It is undeniable that domestic economic recovery and the country's foreign position are closely linked; as is the appeal of the objective of improving Spain's place in the world. However, both objectives require a real strategic vision, which must be defined by consulting wide sectors of society. The next months, when key documents, such as the Master Plan for Cooperation and Africa Plan, expire shall be crucial. The ambition of obtaining a seat in the UN's Security Council in 2015-16 may serve as a final objective for this strategic exercise, and may also be aided by the so-called 'Marca España'. However, this packaging is not enough: said 'brand' must have content, and be accompanied by deep reflections on where Spain is, where it wants to be and where it can be in the world. In recent years - and despite criticism by the current government - an internationalist discourse and the ODA contributions have defined and raised the country's global profile. If contributions are reduced, be it due to the crisis or a change in priorities, Spain must compensate this, not only by boosting its 'brand', but by ensuring that its external action is genuinely strategic and substantive in nature.

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