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Spanish Presidency of the Council

Making the “Golden Presidency” Count

Introduction

In July 2023, Spain will assume the presidency of the Council of the European Union, being the first in the new trio together with Belgium and Hungary. This will be Spain's second presidency since the adoption of the Lisbon Treaty and fifth overall. However, it remains unknown who will be leading Madrid, as the snap general elections are scheduled for 23 July, thus causing fears that a long government formation could draw Madrid's attention away from Brussels. This will be yet another challenging presidency, with the war in Ukraine still looming at large, an ongoing economic crisis with high inflation, unprecedentedly high interest rates and competition with China, as well as the need to combat climate change. Adding to the weight of responsibility, Spain will hold the so-called “golden presidency”, meaning that this will be the last presidency in which the incumbent institutional cycle will work in full capacity before the European Parliament elections in June 2024. Thus, Spain will have the responsibility to make progress and finalise many pending dossiers before the work of the EU institutions pauses for almost a year. Having in mind the presidency's motto, “Europe-closer”, the aim of this insight is to analyse how Spain will navigate Europe in the next six months.

Forging Unity to Fortify Support

Spain has been a firm and dependable ally of Ukraine since the war started. Madrid swiftly condemned Russia's unprovoked attack and extended support to all UN resolutions aimed against Moscow. Moreover, Spain actively backs Ukraine in its pursuit of EU accession, bolstering its aspirations for closer European integration. A substantial portion of the Spanish GDP, 0.40%, was donated to Ukraine, with most of it being a share of EU aid. The country has also made noteworthy financial contributions of 320 million euros through the European Peace Facility in addition to other various humanitarian, military and economic aid packages. Additionally, Prime Minister Pedro Sanchez was the first leader to raise the idea of sending tanks to Ukraine, and Spain has so far sent six Leopard tanks to bolster Ukraine's defence capabilities. Spain has also undertaken the responsibility of training Ukrainian soldiers on its own soil, a first in its history and has welcomed around 170.000 displaced persons, making it the fifth-largest destination for Ukrainian refugees. Madrid's proactive actions undoubtedly confirm its dedication to standing by Ukraine. Considering its activities so far, it can be expected that Spain will utilise the presidency position to strengthen support for Ukraine further.



While the EU's consistent support for Ukraine is evident, upholding unity and increasing pressure on Russia will demand immense attention and effort from the Presidency. So far, the EU has steadfastly stood by Ukraine throughout the ongoing aggression, providing military, humanitarian, economic, and development aid totalling around 77 billion euros. The EU members have come together in support of Ukraine, with agreements to send one million artillery shells and one billion worth of ammunition to bolster Ukraine and have agreed on 3.5 billion euros of military aid on 26 June. In the same month, the European Commission proposed the establishment of a dedicated **Facility for Ukraine's** recovery, reconstruction, and modernization, with a substantial amount of up to 50 billion euros in grant and loans. As the proposal awaits examination by the Council, and the European Parliament, it will be up to Spain to resolve possible disagreements among members throughout the adoption process. This proposal, with its potential to introduce unprecedented assistance, highlights the significant task of ensuring its effective implementation. This will undoubtedly be one of the most notable activities that the Presidency will need to undertake.

However, the fact that only two sanctions packages were adopted in the past six months can indicate that it is becoming more difficult to reach agreement among members. The **latest package**, which is targeting third states helping Moscow evade sanctions, had to be lightened from the initial proposal due to **Germany's concerns** that sanctions could lead to deterioration of diplomatic relations with targeted states and drive them towards Russia or China.¹ The ongoing **Multiannual Financial Framework midterm review** is set to increase EU support to Ukraine further and as budget is a delicate subject, long and difficult negotiations could be expected. Nonetheless, Hungary's leveraging of its veto power is concerning and hampers collective effort. The country has been threatening to block new sanctions, just as it has already done by **blocking** 500 million euros in aid through the European Peace Facility. Thus, Spain will work on forging unity on EU common actions and will have a difficult task of managing different opinions and overcoming possible obstacles. This is essential in maintaining the EU's effectiveness in its approach towards Ukraine.

¹ Hungary and Greece tried to leverage sanctions negotiation by initially demanding for Ukraine to remove their companies from the 'war sponsors list' in order to approve new sanctions.

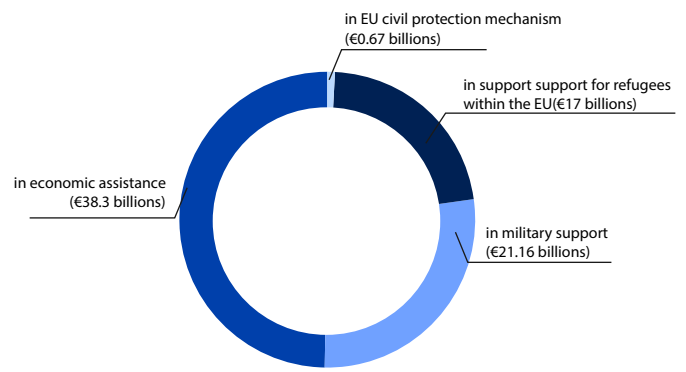


Figure 1 - EU Aid to Ukraine, Source: Consilium

Strategic Autonomy - Maintaining the Reindustrialisation and Green Agenda Course

The Presidency is likely to continue the work on improving EU's Strategic Autonomy. This gains paramount significance amidst challenging economic period prevailing in the EU, marked by high inflation, record high interest rates and heavy debt levels. The rise of industrial policies in rival economies, like the United States' Inflation Reduction Act and the need to tackle competition from China, which leads in **37 out of 44 technologies**, make it necessary to act fast. Spain could use the presidency to push legislation which fosters development of strategic industries and technologies such as **AI Act** or **Cyber Resilience Act** and make progress on **Gigabit Infrastructure Act**. Furthermore, diversification of trade relations will be pivotal in elevating competitiveness, with Spain aiming to advance in concluding various trade agreements, such as the ones with Mercosur, Chile, Mexico or Australia. Spain will drive progress in key industry areas forward to make EU more competitive. If Madrid is not successful, any further progress would have to wait after the new EU institutions are formed, which could mean losing the battle against main competitors.

In light of efforts to enhance EU's strategic autonomy, Spain is likely to work on forging stronger ties with Latin America, positioning the region as a valuable testing ground for future cooperation between regions, which are currently taking place. Prioritising free trade agreements is important due to vast mineral reserves in Latin America, which are vital for Europe's green and digital agenda. By sealing these trade deals, the EU also aims to diversify its sources and reduce dependency on China. Spain and the **European Commission** want to conclude the **Mercosur agreement** by the end of the year and the upcoming EU - Latin America and Caribbean leaders summit scheduled for 17-18 July, for the first time since 2015, offers the opportunity to break the deadlock. Negotiations which started in 2000 were concluded in 2019, but some EU members are against it due to for a

mix of agricultural and environmental reasons, so the final text is yet to be adopted. Additionally, new Brazilian left-oriented government, which is chairing Mercosur at the same time as Spain, might be more willing to make a compromise.

Presidency is likely to be committed to green transition, particularly as it is anticipated to be one of the EU members most severely affected by climate change. With climate change being one of the key European issues in the past five years, the expectation on Spain to finish certain legislation during the “golden presidency” are high.

The historical, cultural, and linguistic ties with Latin America, Spain has a specific interest to boost cooperation, naming it as one of the presidency’s highest foreign policy priorities and European Commission’s [Agenda on Latin America](#) offers a path to achieve it. Thus, Madrid could use the presidency to persuade other members to soften their position. Moreover, in effort to create closer ties with Latin America and the Caribbean, Spain will host two informal ministerial meetings with Latin America and the Caribbean which will serve to deepen ties between two regions and the fact that Russia and China have interests and influence emphasise the need for the Union to tackle them. Relations between the EU and Latin America and the Caribbean will most likely deepen, but it cannot be said with certainty whether the trade agreements will be concluded by the end of 2023. Closer ties would enhance EU’s economic, political, and strategic position in the international arena and would aid the EU in its reindustrialisation and green agenda goals.

Presidency is likely to be committed to green transition, particularly as it is anticipated to be one of the EU members most [severely affected](#) by climate change. With climate change being one of the key European issues in the past five years, the expectation on Spain to finish certain legislation during the “golden presidency” are high. The new draft climate plan unveiled in June showcases Spain’s commitment to becoming a leading player in Europe’s renewable energy landscape, investing a substantial 16 billion euros in [green hydrogen](#) establishing itself as a hub. Moreover, the Presidency will take charge of negotiations concerning various Green Deal related documents, including the Critical Raw Material Act, Nature Restoration Law, and electricity market reform. Thus, Spain’s ability to effectively navigate the green transition will likely determine the impact in shaping the EU’s environmental direction.

Given the intricate nature of party pluralism in Spain, it is probable that a considerable amount of time will be needed for the post-electoral turbulence to subside. The swiftness with which this occurs will significantly influence Spain’s prospects of effectively resolving the pending dossiers.

However, the composition of the future Spanish government will impact the level of Presidency’s dedication to the green transition. Unlike the outgoing coalition under Sanchez which has been vocal about the climate change, the Partido Popular (PP) -Vox forces have had history of opposing mainstream environmental views. Thus, Vox voted against the [Climate Change Law](#) in 2021, while PP, which abstained from the vote, aims to dilute climate targets and prolong the shutdown of nuclear plants, further undermining climate initiatives. To make matters more complicated, the European People’s Party (EPP), consisting of both PP and Vox, has been leading a negative campaign against the [Nature Restoration Law](#) and voted against it in the EP’s environment committee. Therefore, any potential shift to the right in the domestic political landscape risks watering down commitments to Green Deal goals. Given the intricate nature of party pluralism in Spain, it is probable that a considerable amount of time will be needed for the post-electoral turbulence to subside. The swiftness with which this occurs will significantly influence Spain’s prospects of effectively resolving the pending dossiers. This is especially crucial, as any inability to bring them to a close would result in a year-long postponement until new institutional setup in the EU can be established.

Enlargement and Western Balkans are back on the table

It can be expected that Spain, a traditional and strong advocate for enlargement, will renew its commitment to the enlargement policy. In July 2022, PM Pedro Sanchez embarked on a comprehensive **Western Balkans tour** in which he visited all region's countries, except for Kosovo*². Subsequently, Jose Manuel Albares, Minister of Foreign Affairs of Spain, **conducted visits** to the region, first in over a decade, in April 2023, leading to signing of memorandums of understanding to enhance co-operation.³ Notably, Spain's **programme** places greater emphasis on enlargement and the Western Balkans than that of **Sweden**.⁴ Moreover, during the next six months, Spain intends to **convey meetings** with candidates and Western Balkans, while informal Ministerial Meeting on General Affairs will specifically address enlargement. Therefore, Spain's approach so far provides a reason to be optimistic about prospect of advancing the enlargement policy, especially considering the lack of tangible progress in the previous six months.

The success of Spanish presidency in terms of enlargement will be largely defined by its capacity to think openly and proactively, particularly in the context of ongoing ideas for revamping the enlargement, as developed by civil society.

The fact that gradual integration is explicitly mentioned in its presidency programme directly corresponds to the European Council June 2022 Conclusions, which invited the Council, among others, to “further advance the gradual integration”.

In its presidency **programme**, besides highlighting that it will strengthen its political commitment to resilience, stability and security in the region, Spain underscores its intent to advance “the project for their gradual integration into the EU”. The fact that gradual integration is explicitly mentioned in its presidency programme directly corresponds to the **European Council June 2022 Conclusions**, which invited the Council, among others, to “further advance the gradual integration”. This unique inclusion takes on added significance when contrasted with the absence of such a notion in prior presidency programmes,⁵ reaffirming Spain's ability to recognise the *Zeitgeist* of the current times. Within this context, the Staged accession model⁶ emerges as a compelling and pragmatic pathway forward for Spain to consider. Given that the rising internal turbulences and external challenges in the region, coupled with the European elections on the horizon, the developments during the Spanish “golden” presidency are poised to lay a robust foundation for the forthcoming cycle, creating a path that subsequent institutions can build upon for the upcoming phase of enlargement.

2 PM Sanchez did not visit Kosovo* as Spain does not recognise its independence.

3 Albares visited Serbia, Bosnia and Herzegovina, North Macedonia and Albania. Before that Spanish Foreign Ministers visited Serbia twice, Margallo in 2016 and Borrell visited in 2019.

4 The Spanish programme also states that Ukraine and Moldova will be included in the European Commission's annual progress report.

5 The Czech Presidency nevertheless published a non-paper on this topic, which was a welcome step forward.

6 See the latest developments regarding the Staged accession model here: <https://cep.org.rs/en/the-initiative-for-a-staged-accession-to-the-eu/>

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