

## ‘Innovating Europe’ in troubled times: a first assessment of Spain’s EU Presidency in 2010 (ARI)

*Ignacio Molina\**

**Theme:** After a very rough six months, Spain completes the first rotating Presidency of the EU to be held under the Lisbon Treaty.<sup>1</sup>

**Summary:** With just a few days gone by since Spain ended its fourth six-month Presidency of the EU, a first assessment yields an ambiguous result. From an institutional standpoint, the terms of the Lisbon Treaty began to be applied smoothly, and in legislative terms the goals of that broad programme were achieved almost completely. The foreign policy chapter, and, in particular, the strictly political realm, however, require a more nuanced assessment. The very high expectations and the highly challenging economic context that emerged after the Greek debt crisis –which hit Spain very harshly– make for an overall result that is far below what would be expected from simply adding up what was achieved in the different areas of the Presidency.

**Analysis:** The slogan chosen for Spain’s fourth EU Presidency was ‘Innovating Europe’. In principle, it was not a bad one. The reality of the EU in the first half of 2010 was marked by the need to innovate in the three traditional areas which all rotating Presidencies had to address: the institutional, economic and foreign policy dimensions.

In the institutional dimension, after the recent entry in force of the Treaty of Lisbon and the filling of the two new permanent, high-ranking positions –Council President Herman Van Rompuy and the High Representative for Foreign Affairs and Security Policy, Catherine Ashton– it was necessary to implement the most important innovations in the EU’s institutional workings since at least 1993. And the way the rotating Presidency had to exercise its functions was also completely new: with less political leeway and media visibility, but with a greater need to ensure coordination of the system.

In the economic realm, the main priority –at least as it was perceived in January, when the sovereign debt of many euro zone countries was not yet the acute problem it would become– was to complement the short-term handling of the deep and persistent economic crisis with medium- and long-term measures. Specifically, the idea was to overhaul the relatively failed Lisbon Agenda of 2000 in terms of both procedure –with more efficient coordination and monitoring mechanisms– and content. And in the content involved in the EU’s new 2020 Strategy, innovation was to be one of the main tools for ensuring economic growth and job creation in the future.

---

\* *Senior Analyst for Europe at the Elcano Royal Institute and Professor of Political Science at the Autonomous University of Madrid.*

<sup>1</sup> This article appeared in *Política Exterior*, nr 136, July/August 2010.

---

As for foreign policy, also thanks to the new terms of the Lisbon Treaty, the EU had to address the biggest changes in this area since the bloc's founding. It was in this six-month period that Catherine Ashton was to get down to work, EU delegations around the world were to be set up and the EU's new External Action Service had to be defined.

As if all these changes were not enough, the Spanish Presidency rounded out the priorities with another original area in which it sought to innovate: gender equality and the fight against violence targeting women.

This demanding scenario required ambition, and Spain –a mid-size or even large country within the expanded EU, with solid pro-European convictions and organisational and leadership skills that were proved in its earlier turns as EU President– seemed to be one of the states willing to take on the challenge. In fact, leading officials of the government and the ruling Socialist Party, rather than opt for a moderate approach as to what could be expected from this six-month period, chose to raise expectations by stressing the historic importance that the challenge held for Spain, for Europe and even for the whole world.

However, it soon became clear that the challenge –perhaps not quite historic but in any case quite important– was a very difficult one to achieve. The Spanish Presidency had to unfold in a very difficult situation marked by three major obstacles.

First, the unprecedented Greek debt crisis should be highlighted, as it ended up affecting Spain indirectly. Normally, crises provide an opportunity for rotating Presidencies to enhance their leadership roles. That was not the case this time, however. Spain's troubled economic situation prevented this from happening, or at least blocked it. Spain's fiscal situation is not nearly as serious as Greece's. Still, that did not stop people from comparing the two countries, thus raising doubts about Spain's neutrality or its authority for leading debate about how to address the Greek problem or how to reform European economic governance. It is true, as we will see further on, that the single biggest result of the Spanish Presidency was the decision to articulate a joint response aimed at defending the stability of the euro and enhancing economic coordination among EU countries. But it would not be accurate to say that the Spanish Presidency played the main role in producing this important outcome.

The second obstacle came from uncertainties in the EU's institutional workings after the Treaty of Lisbon came into force. We know that Spain had to define its priorities in 2009 in an unprecedented situation in which it did not know until the last minute whether the treaty would take effect or not. But that delicate situation worsened further between December 2009 and February 2010 because of three factors that seriously limited the Spanish government's scope for manoeuvre and complicated, although without impeding it outright, the application of its programme: (1) the lack of a clear definition of the role and the goals of the new permanent President of the European Council in relation to the rotating Presidency; (2) the slow and vacillating start that the High Representative got off to, and relative confusion over who was to do what in foreign policy; and (3) the two-month delay in getting the new European Commission under Jose Manuel Durão Barroso up and running, with the subsequent delay in all of its initiatives.

Finally, the political and economic context in most member states was not conducive to pushing the major initiatives included in the Spanish agenda. Particularly unfortunate was the fact that precisely over the past year Germany had developed a worrying new attitude of wariness towards European integration. This had been brewing for some time, but it

was fuelled even further by a recent decision by the Federal Constitutional Court in June 2009 on the Treaty of Lisbon, a shift among the conservative media in Germany and electoral manoeuvrings by and disagreements within Angela Merkel's coalition government. Meanwhile, in recent months many important member states held elections – such as the UK, the Netherlands, the Czech Republic and the two countries that, along with Spain, make up the 'trio' of successive rotating Presidencies, which are Belgium and Hungary– and in none of these cases did a more pro-European government emerge. And one need not dwell on the critical economic and fiscal situation of the 27 EU members as a whole –from Greece to Ireland, or from Latvia to Portugal– to complete the picture of the extremely difficult context in which Spain held the presidency.

Even from a logistical point of view, the Spanish Presidency suffered from a lack of public resources: it had a team of just 40 people behind it, less than half of what Sweden used in 2009, and an austere budget of €55 million, a third of what France spent in 2008.

*Programme, programme, programme: the upside of the Presidency*

These were certainly hard times in which to try to undertake innovation in Europe. So it is precisely because of this complex context that Spain deserves extra credit for having achieved most of the institutional and legislative goals that featured on the agenda of its Presidency.

Since the four priorities were very generic –applying the new treaty faithfully, ushering in a new economic model, strengthening the EU amid the process of globalisation and providing EU citizens with more rights– a final analysis based on all four in their entirety is not possible. But it can be done regarding concrete aspects of these four priorities, focusing on the main initiatives in the institutional and economic realms and the one involving rights and freedoms.

**(A) Application and implementation of the terms of the Treaty of Lisbon.** According to the official agenda, the chief responsibility of this Presidency was to apply the treaty firmly and rigorously, as the rest of the semester's priorities depended on it. This was not a simple goal because, as the Council's General Secretariat estimated in 2008, some 30 additional measures were needed for the treaty to be fully implemented. Primarily, the goal was not one that promised a lot of gains, and this was the case for two reasons. On one hand, once the Lisbon Treaty's ratification process was over, there were no accolades to reap because everyone took for granted that it would take effect immediately. Thus, the Presidency would have looked very bad if it encountered any problem implementing a text that had taken so long to be approved. The other reason is that in properly applying the treaty, it was precisely the rotating Presidency that lost the most relevance and visibility.

Despite some minor incidents involving a lack of coordination and small clashes in the distribution of functions among the new officials –conveniently blown out of proportion by some media organisations that confused the complexities of the new system with alleged rivalries between Van Rompuy and the Spanish Prime Minister, Jose Luis Rodriguez Zapatero, or between Ashton and Spanish Foreign Minister Miguel Ángel Moratinos– Spain's term as President established a good precedent for co-habitation between the permanent and rotating Presidencies. The distinction between the General Affairs Council and the Foreign Affairs Council went smoothly, the link with the European Council for preparing the order of the day and the conclusions went well, and the distribution of tasks among the working groups that corresponded to Spain or the High Representative did not

suffer any major lack of coordination. Moratinos worked with Ashton during a Presidency that was formally considered one of transition as far as foreign policy was concerned. For his part, the Spanish Prime Minister accepted Van Rompuy's role of leadership and mediation among heads of state or government, appearing with him and the President of the Commission at news conferences after the European Council or summits with other countries when they were held in Spain. The holding of direct, personal meetings before major European or international events cleared the way for the two men to work well together. In any case, this harmony should consolidate further in future Presidencies.

As for the European Parliament and the European Commission, the treaty also began to be applied with no problem in terms of legal changes and extending the ordinary legislative procedure. However, here Spain failed to avoid a noisy clash with the Commissioner Viviane Reding about the ability of States to share the initiative with the Commission in the areas of justice and internal affairs. With the European Parliament, Spain scored a big success by achieving an intergovernmental accord for a mini-reform which, without having to wait for Croatia to join the EU, raises the number of seats in the legislature from 736 to 751. Four of the new ones went to Spain.

The agreement establishing the External Action Service is another of the major institutional achievements of the Spanish Presidency. On 26 April, the Council approved a political agreement on the broad outlines of the service, based on a draft presented in March by the High Representative. In May and June, on behalf of the Council, Ashton and Moratinos negotiated the issues of political control, a budget and staffing with the main groups in the European Parliament. Finally, an accord was reached in Madrid on 21 June that might be ratified by the full Parliament in July and thus possibly allow for the External Action Service to be launched 1 December of this year, coinciding with the first anniversary of the Treaty of Lisbon's coming into force. The plan creating the service calls for deploying more than 6,000 people in 138 diplomatic missions around the world over the next five years.

**(B) Coordinating economic policies so as to encourage recovery.** Because of the Greek crisis and the poor state of the Spanish economy –deep recession, soaring unemployment, a bloated budget deficit and a swift increase in public debt– the Spanish officials tasked with leading the Ecofin had to spend a lot of time reassuring international investors or denying that Spain could be compared with Greece. However, although the government in general did have to act in a reactive, defensive way –yielding the leading role to France, Germany or the Eurogroup Presidency– the final outcome of the Presidency with regard to economic decisions has undoubtedly been outstanding.

Spain began its Presidency by raising the possibility of strengthening the EU's say over how member states run their economies, and although the initial reaction from Germany and the UK was negative, the Spanish term ultimately made important strides in this direction. It is true that in January the Spanish government was not thinking so much about a more forceful role for European institutions in short-term fiscal consolidation as in medium- and long-term mechanisms for financial supervision and coordination of structural reforms. But the dramatic developments in the public debt markets during this six-month period led things toward the former of the two options.

Despite the wavering and lack of leadership seen in February and April, the EU finally decided to bail out Greece. And what is more important, the Ecofin, holding an extraordinary meeting on 9-10 May, adopted the key decision to create a €750 billion

financial stability fund for troubled governments, moving to give a firm response to speculators. It is an impressive system geared towards protecting the euro, to the point where European monetary union can finally be considered complete and, what is even more novel, true economic union is now beginning to take shape. Many member states, in particular Spain, have seen clearly during this Presidency the new, direct link that has been established between the creation of the new fund, rigorous application of the deficit limits of the Stability and Growth Pact and the adoption of economic reforms encouraged by Brussels in areas that, in principle, fall outside EU jurisdiction: the labour market, savings banks, pay for civil servants and retirement ages and pensions.

But on the economy there was even more. While the financial oversight mechanisms agreed in late 2009 –the European Systemic Risk Board and three additional measures– are close to being approved by the European Parliament, during this Presidency the Council added complementary measures on hedge funds and credit-ratings agencies.

As for approval of the EU 2020 Strategy, which replaces the semi-failed Lisbon Agenda of 2000, the climate of economic urgency has caused it to go relatively unnoticed, even though it was the main declared priority of the Spanish Presidency and the trio with Belgium and Hungary. In any case, on the basis of the Commission's proposal in early March, the European Councils of March and June approved the broad outlines of a new and more sustainable productive model for the entire EU. It identifies five basic goals: in the areas of employment, innovation, education, sustainability and the fight against poverty –and national plans to achieve them–. But it remains to be seen how seriously member states and EU institutions will take these goals and what the consequences will be if they fail to do so.

**(C) Extending the rights and freedoms of European citizens.** The third major area addressed by the Spanish Presidency contained heterogeneous goals in the realms of direct political participation, the social agenda and justice and internal affairs issues. The common denominator was supposed to be the enhancement of European citizenship.

From the political standpoint, perhaps the most interesting achievement was the regulation of the citizens' legislative initiative called for in the treaty. Here, the Presidency deserves credit for having pressed the new European Commission, which was not formed until February, to make up for lost time. Thanks to this pressure, on 31 March the Commission presented the draft on regulating the European Citizens' Initiative, a month ahead of schedule. Now it has to work its way through the European Parliament and the Council in the usual procedure; the timetable means definitive approval will come some time after the Spanish Presidency is over. Still, no major changes in the draft are expected. Thus, European citizens will be able to propose legislative reforms directly to the Commission so long as they come up with a million signatures in the space of one year from a third of the member states, representing at least 0.2% of the population of each of those states.

As for the fight against gender-based violence, if one keeps in mind the originality of this part of the Spanish Presidency's agenda, and the fact that the leadership of the initiative corresponded much more to Spain than to the Commission, this is an issue in which analysis of the Spanish term can fall entirely on the Spanish government. And the bottom line is unexpectedly and almost entirely positive.

The first of the measures included as part of this goal –the creation of a European Observatory against Gender Violence and for attending to victims of abuse– was approved in early March at the Employment and Social Affairs Council. But it will not involve the creation of any new structures, as it will essentially be part of the European Institute for Gender Equality. A single telephone number for abuse victims was also approved. And despite all the complications that arose in connection with this goal in April, due to the express opposition of the Commission, the Spanish Presidency also managed to advance –in the Justice and Internal Affairs Council in June– its third goal regarding a European-wide restraining and protection order for women who are victims of domestic violence. It is true that this last issue still requires approval from the European Parliament and in the future it needs to maintain the fragile majority reached in the Council. But Spain has in fact managed to overcome legal questions that raised some doubts and placed this issue on the legislative agenda, with some prospects for success.

Finally, as for protecting human rights and justice and internal affairs issues, the Presidency fulfilled the technical goals of approving the Action Plan of the Stockholm Programme, several measures on protecting minors, the European Strategy for Internal Security and the mandate for the EU to join the European Convention on Human Rights. From a more political standpoint, cooperation with the US in the area of aviation security and, more generically, in the fight against terrorism, received a major boost during the Spanish Presidency. Even the European Parliament's initial rejection in March of the *Swift* accord on sharing European citizens' bank data with the US could change after the deal was recently renegotiated by the Commission.

#### *¿Europe as a Global Player?: The Other Side of the Coin*

In the context that emerged right after the Treaty of Lisbon took effect, the fourth major chapter of the Spanish Presidency's agenda became an odd priority. In effect, the new treaty practically strips the rotating Presidencies of any role in representing the EU abroad. However, almost on its own Spain had prepared in 2009 –before the new posts with foreign affairs responsibility had been filled– the political strategies to be developed in this area. For this reason, in terms of foreign policy the Spanish Presidency should be considered a transitional one in which:

- The new authorities established by the treaty –the President of the European Council for Foreign Policy and Common Security issues and the High Representative for all foreign affairs and security policy– had not yet been able to define their own goals. For this reason, the Spanish Prime Minister and Foreign Minister played a greater role than their colleagues of other Presidencies will in the future.
- Little by little, the Commission's delegations abroad are being transformed into official delegations of the EU. And therefore, the network of Spanish embassies has continued to represent the EU in a special way in several places around the world.
- The External Action Service is not yet up and running, so the Spanish diplomatic service has exercised more functions in foreign affairs and security policy than future Presidencies will.
- Along with the General Secretariat of the Council, Spain had convened a record number of international meetings in that country during the Presidency. And aside from the cancellations of summits with the US and the countries of the Mediterranean basin, it has been working actively in the organising of these events.

While stressing that judging the Presidency's performance in this area can only be partial –because its responsibilities were also only partial– it is true that the Spanish term had mixed results. Here, it is no small matter that the High Representative was not very active and spent almost all of her time defining the future External Action Service, neglecting her important role in leading the EU's common foreign policy.

Besides the frustration of seeing the cancellation of the two main summits that were planned –with the US and with the countries of the Union for the Mediterranean–, the meeting held in Granada with Morocco cannot be considered a success either, if one judges this by the weight of the issues that were dealt with. Meanwhile, another thing that should go into the 'negative' column –and here Spain alone was responsible– was the odd handling of the attempt to change the Common Position on Cuba which the EU adopted in 1996, even though this was not a priority of the agenda and it seems that raising an issue that stirs open disagreement among members goes against the neutrality expected of a Presidency. In any case, aside from these episodes, the truly worrying aspect in terms of foreign policy goes beyond this Presidency and is seen in the fact that, despite the new Treaty of Lisbon, the EU still has a very limited role in resolving the world's major conflicts: North Korea, Gaza, Iran and Afghanistan.

In any case, it has not been all setbacks and Spain can point to several important successes on the foreign policy front. For instance, a Secretary General of the Union for the Mediterranean was appointed, the Jordanian Ahmad Masadeh, and the organization's General Secretariat was launched in Barcelona. Also, there was a common European position reaffirming the bloc's commitment to the Millennium Goals. But above all, the main positive outcome of the Presidency was the successful holding in May of summits in Santander and Madrid with the countries and regional organisations of Latin America and the Caribbean –a region that is fundamental for Spanish interests abroad– with which the EU reached major trade agreements or resumed negotiations that had been blocked.

As for enlargement, which can only indirectly be considered foreign policy, the assessment must also be positive. It is true that expectations of opening up as many as four areas of negotiation with Turkey came nowhere near being fulfilled –mainly because of Turkey's delays in carrying out reforms–. But two chapters of negotiations with Croatia were in fact concluded, which stands in contrast with the almost zero progress made in 2009 in those membership negotiations that were in theory at an advanced stage. With respect to the rest of the western Balkans, in June Spain held a successful and pragmatic meeting in Sarajevo in which it was able to bring together representatives of Serbia and Kosovo, and, what is even more promising, take part itself.

Finally, in terms of responding to crises, Spain was lucky in that this winter there was no natural gas conflict between Ukraine and Russia. But there was in fact a crisis in the Middle East in June, two humanitarian crises in the earthquakes that hit Haiti and Chile – in which the strong political will to help victims offset initial problems of coordination– and a double crisis in relation to aviation security: first over the use of controversial full-body scanners at airports, and later as a result of the ash that spewed from a volcano in Iceland in April. In these last two cases, which do not have to do with foreign policy, the Spanish position was relatively vacillating.

## Conclusion

### *The Down Side because of Unfulfilled Expectations*

In the assessment we have carried out so far, centring on the substantive content of the Presidency's agenda, the stress is much more on what went well than on what did not. However, the general political perception of the recently concluded Presidency –pending public opinion polls and a more thorough analysis from experts– is more on the negative side.

In undertaking its Presidency, the Spanish government tried to make a legitimate albeit complicated connection with its major goals in domestic and foreign policy. But it did not pay enough attention to the institutional limits that rotating Presidencies have always had and the fact that the Treaty of Lisbon imposes even more limits, as it lowers the political profile of these six-month stints in power.

From an institutional standpoint, and despite uncertainty surrounding the entry into force of the Treaty of Lisbon and the delay in forming the European Commission, Spain correctly carried out its legislative role in the Council. It encouraged consensus, organised things efficiently and, above all, addressed the development of the treaty properly and future political debates: an ambitious diplomatic service, bringing the EU closer to its citizens, solidarity with Greece, strengthening economic governance, supporting innovation, progress in enlargement, attention to Latin America, etc. However, the adverse combination of political and economic factors and broad and excessively high ambitions ended up overshadowing the final result of the Spanish Presidency.

The founder of the Jesuits, Ignacio de Loyola, recommended against moving to a new home or undertaking major innovations during troubled times. One can doubt whether Spain could have dared follow that advice when it was probably obliged to push for several kinds of transformation within the EU. But what it could have done, especially as it knew the complexity of the times, was raise fewer expectations that Spain itself had described as historic. In that case, the net final result today would have been positive. The paradox is that perhaps in hindsight that judgment could include the term historic: for having been the first Presidency carried out –and reasonably well at that– with the Lisbon rules and for having coincided with a massive financial stabilisation operation designed to protect the euro, an effort that might lead to the true economic governance that Europe so badly needs.

In early April, the Spanish government made a first and naturally self-congratulatory assessment of the Presidency, calling it 'tireless, efficient, committed, showing solidarity, and pro-European'. The overall judgment will probably be more critical, but it would not be fair either for the assessment to be totally negative.

*Ignacio Molina*

*Senior Analyst for Europe at the Elcano Royal Institute and Professor of Political Science at the Autonomous University of Madrid*