



Spain's Presidency of the Council of the EU: political context and implications for business

June 2023

Introduction

The Spanish presidency of the Council of the European Union begins on July 1 and will last until December 31, 2023. As this will be the fifth time Spain assumes the six-month presidency, the administration is well versed in the functions and mechanics of the task at hand. However, with the upcoming Spanish general elections in July, and turbulent global factors such as the war in Ukraine, both the national and international context in which this administration functions within will be unique. Such factors undoubtedly will play an important role in the potential successes or failures of the presidency.

Though snap elections are slated for July 23 and there is potential that the current national government will change during the Council Presidency, the overarching priorities of the administration's programme, as outlined in this brief, will not deviate despite potential positioning shifts on legislative files.





Explainer: The Council of the EU and its rotating Presidency

The Council of the EU is one of the main institutions of the EU, exercising their co-legislative function, approving the budget (together with the European Parliament), coordinating policies of the Member States, signing international agreements on behalf of the EU and developing European foreign and security policies. Being an inter-governmental body, it is composed of one ministerial-level representative for each Member State, organized across ten thematic formations which make commitments on behalf of his or her government.

The Council of the EU is led by a presidency, which rotates every six months among the different Member States. Given its responsibilities in planning and chairing the meetings of most Council configurations as well as representing the Council before other EU institutions during the rule-making process, the presidency plays a very important role in accelerating, delaying/sidelining files, seeking consensus in the adoption of decisions, and influencing the outcome of the trilogues. Although it moderates the position-finding among member states the six-monthly work plan of each presidency always tries to include a number of priorities led by the Member State holding the chair.



Priorities of the Spanish Presidency

On June 15 the Spanish President, Pedro Sánchez, officially presented the priorities of the Spanish Presidency. He identified four broad priorities: promoting the reindustrialisation of Europe, guaranteeing an open strategic autonomy; adapting EU's economy and society to the effects of climate change by means of accelerating the ecological transition; strengthening the social pillar, to make Europe a continent with greater economic justice; and reinforcing European cohesion and unity.

In very practical terms, the Spanish Presidency has a considerable workload ahead of it. It will have to manage some **170 open dossiers**, of which **30 to 40 are particularly important**. These dossiers cover a wide range of policy areas and will require careful attention and coordination.

Below there is an outline of the **main areas** of the forthcoming Spanish Presidency that are most relevant to the private sector.

| Sustainability

The current Spanish government has shown a **very proactive stance** in pushing the sustainability agenda, committing strongly to the European Green Deal and to the EU's commitment to reach climate neutrality by 2050. This has often translated into pushing for the adoption of ambitious climate policies and targets at the national level.

Apart from energy policy (see separate section), the current Spanish Government has shown an ambition to advance some green policy areas in particular, notably:

- Support of a **circular economy model**, which aims to reduce waste generation, promote recycling and reuse, and minimise resource consumption;
- Protecting **biodiversity** and supporting nature restoration initiatives (including the implementation of the EU Biodiversity Strategy 2030); and
- Promoting the development and deployment of **clean and efficient transport solutions**, such as electric vehicles, while encouraging the use of public transport and active modes of transport to reduce emissions and improve air quality.

While emphasising its ecological ambition, the Spanish Government has been recognising the importance of ensuring a **just transition** towards sustainability, taking into account social and economic aspects.

Among the European dossiers underway, the Spanish government has expressed interest in promoting the **Packaging and Packaging Waste Regulation** (internal negotiations at the Parliament and Council), the **Waste Shipment Regulation** (trilogues), the Regulation **on design of sustainable and repairable products**, the **Urban Waste water Directive** (internal negotiations), the Air Quality Directive (internal negotiations), and the **Zero Pollution Action Plan**. In addition, the Government also wants to make progress on the texts on the **Certification Framework for carbon removals** (internal negotiations), the **Regulation on Nature Restoration** (internal negotiations), and the reduction of **microplastics in the environment** (delayed presentation).

The desire to make progress on certain files does not mean that the Spanish Government is unaware of the **obstacles** and the high drain on political capital in pushing files through. Some Member States are beginning to challenge the necessity of making swift progress on files (arguing this is at the expense of ‘quality’). This sentiment is also reflected in a growing weariness in certain business sectors with the volume of emerging EU legislation and the pace of progress on files. This point towards a **complex negotiating context** for the Spanish Presidency. One example of this is the cautiousness of the Spanish government in pushing for progress on more demanding ecological or regulatory standards for the agri-food sector.

In view of all this, it seems unlikely that significant progress will be made on the **Regulation on the sustainable use of plant protection products** (internal negotiations). However, a new impact assessment was demanded after a majority of the Council considered the previous one to be insufficient. Likewise, the **proposal for the revision of the nutritional information system** (not published) is unlikely to see progress.

| Energy

The **reform of the internal electricity market** is considered a priority by the current Spanish government. Following the presentation of the proposal by the Commission on 14 March, Spain hopes to work on the issue during its presidency. This is despite the desire of some Member States such as Germany and the Netherlands to reduce the influence of what they consider to be an overly radical stance taken by countries such as Spain and Portugal.

In addition to the Spanish proposal for regulating energy prices in the electricity market design reform, a relevant part of Spain’s approach involves promoting **greater connectivity between Member States**, through greater grid integration, boosting the integration of renewable energies into the grid and promoting cross-border energy interconnections to facilitate the exchange of clean energies across the EU.

With regard to the **promotion of renewable** energies such as solar or wind energy, and with the revision of the Renewable Energy Directive recently approved under the Swedish presidency, the **hydrogen-gas package** (internal negotiations) is now seen by the Spanish government as a crucial file for the Spanish Government. The driving force behind this is to clarify the incentives to inform the investment decisions made by companies, and the definition of “green hydrogen” is fundamental to that consideration.

Similarly, the current Spanish government’s commitment to reducing energy consumption and improving energy efficiency in various sectors could materialise in pushing forward the **Energy Efficiency of Buildings Directive** (trilogues) if not closed under the Swedish presidency. The key here lies in the question whether to incorporate (or not) a differentiated treatment for energy efficiency between different types of buildings and Member States.

| Open strategic autonomy and industrial policy

The problems in global supply chains triggered firstly by the pandemic and then by Russia’s invasion of Ukraine have highlighted the greater need for strategic autonomy, including industrial autonomy. It is therefore no surprise that the concept of ‘**open strategic autonomy**’ is a core pillar to the agenda for the Spanish presidency. Under this principle, the aim is to combine the EU’s ability to act independently in key areas with a continued openness to international cooperation and trade.

Although this principle can be seen across multiple policy areas, including security and defence or technological innovation, it is in the field of **industrial policy** that it holds the greatest significance. The design of more resilient supply chains requires both strengthening trade relations with the EU’s strategic partners while supporting a **strong and competitive European industrial** base through targeted policies. The multi-billion-dollar fiscal support packages promoting green industry in countries such as the United States (under the Inflation Reduction Act), Japan and China make this effort to renew and revitalise Europe’s industrial base all the more important.

It can therefore be expected that, the Spanish government will take a very active approach in progressing the **Net Zero Industry Act** and the **Critical Raw Materials** Act (both in internal negotiations) within the Council. It is also widely expected that the Spanish presidency will be a vocal advocate for the development of a European Sovereignty Fund (not published) to enable more uniform access to industrial investment across the EU.





| Digital

The digital agenda has been a top priority for the Swedish presidency. The need for an EU **regulation on Artificial Intelligence** (internal negotiations and the promotion of the **Data Act** (trilogues) have been central to its efforts. In any case, the Spanish government, which in recent years has visibly promoted its digital agenda, has expressed its interest in finalising the drafting of these texts within the Council if necessary. Likewise, the modification of the **Regulation establishing a European digital identity** (trilogues), the **Regulation for the interoperability of the public sector in the EU** (internal negotiations) and the **Regulation on Cyber Resilience** (internal negotiations) are dossiers that we can expect the Spanish presidency to advance.

However, it is the **labour and social dimension of the digital agenda** that the current Spanish government has explicitly expressed a desire in promoting at EU level. It has shown interest in providing new impetus to the **Directive on improving working conditions of Digital Platforms** (internal negotiations, with a blockage in Council). Though a complicated dossier, the social impact of this Directive makes it a crucial politicum to the current Spanish Government. Originally, the Commission presented a proposal setting out explicit criteria to be fulfilled in order to consider a platform worker as self-employed. As the text was considered insufficiently protective of labour rights, Spain led a blocking minority during the Czech Presidency, which has led to the current stalemate.

Finally, there are other legislative dossiers at a less advanced stage (Regulation on Gigabit Infrastructure, **Regulation for the Cyber Solidarity Fund and Regulation on cybersecurity requirements for products with digital elements** –all three in internal negotiations) on which the Spanish Presidency has also shown its intention to make progress.

Regarding non-legislative dossiers, Spain wants to get the Commission to commit to launching a **cooperation programme with Mediterranean countries** in the area of innovation. It is envisaged that this could be discussed at an informal Council meeting.



| Health

In health policy, the main focus will be on advancing key initiatives such as the **European Health Data Space** (internal negotiations), the **Regulation on substances of human origin** (internal negotiations) and the **EMA fees regulation**.

Due to time constraints and limited internal resources, it seems unlikely that the Spanish government will advance the **pharmaceutical legislative package** (internal negotiations) on paediatric and orphan medicine recently presented by the Commission.

In addition, discussions in the health sector are intertwined with global health considerations, particularly in the light of lessons learned from the pandemic. Efforts are underway to strengthen the **World Health Organisation (WHO)** system and improve global health governance. At present, the EU has observer status on a case-by-case basis, but there is interest in obtaining permanent observer status. It should be noted, however, that some countries, including Germany, have reservations about this proposal.

Trade Focus: EU partnership with Latin America

For obvious reasons, Spain has traditionally stressed the importance of deepening political dialogue, improving economic cooperation and strengthening cultural ties between the EU and Latin American countries. The current geopolitical context, with countries such as China increasingly challenging the EU to assert its global influence, has made it even more important for the EU to count on Latin America as an ally and partner in issues such as trade, investment and climate change.

In this context, it is worth highlighting the holding of an **EU-CELAC Summit** in Brussels in July. The objective is to make progress in deepening EU-Latin America relations through the development of a **Global Gateway** investment package, a permanent institutional dialogue mechanism and the political **promotion of trade agreements** between the two regions (in particular with Chile, Mexico and Mercosur).

More specifically, for the **Latin American** region, the prospective investment in regional programmes of Global Gateway adds up to **3.39 billion euros**. The flagship programmes for 2023 will focus on three key sectors of investment being **climate and energy, digitalisation and health**. Among these priority projects, **Spain is involved in 6 of them** in the region, such as the Amazon Basin or the Green Transition in the Latin America and the Caribbean region.

It is also worth mentioning the Communication of the European Commission on a New **EU-CELAC (Community of Latin American and Caribbean States) Agenda**, the launch of the EU-CELAC Digital Alliance and the scheduled business meeting in the run-up to the July Summit. At the end of September, the Spanish Presidency will organise a **meeting of the Board of Governors of the Development Bank of Latin America (CAF)** to coincide with the informal ECOFIN meeting in Santiago de Compostela. This will undoubtedly help to underpin the Summit's political commitments on financing.

Conclusions: What to expect from the Spanish Presidency

The forthcoming Spanish presidency of the Council will be the last full rotating presidency before the end of a particularly complex institutional cycle which started in 2019.

Three points will mark, in our opinion, the success of the Spanish presidency: first, the ability to close key legislative dossiers before the end of the institutional period. Second, the ability to keep unity amongst Member States in the face of the economic and social impacts associated with the Russian invasion of Ukraine. Third, its ability to push forward some of its national priorities, including a renewed partnership with Latin America, a satisfactory reform of the internal electricity market and a strengthened social pillar.

In parallel, Spain will undoubtedly seek to ensure that the issues that will define its presidency have continuity in the work programme of the new Commission resulting from the 2024 elections. Specifically, the strengthening of the link with Latin America and the Caribbean, the Pact on Migration and Asylum and the agenda related to open strategic autonomy. One of the issues on the table will be the need to provide the European Union with flexibility in its budgetary framework, in order to be able to react and invest in the changing context and to strengthen its competitive position and that of its industry. This is one of the areas where unity and support from and within the Member States will be most challenging and yet most important to achieve.

In any case, it is important to be realistic about the scope of the Spanish presidency. The war and economic crisis that Europe is going through will greatly condition its room for manoeuvre. The dossiers that will arrive open to the Council are complex and the priorities previously set in advance may change in view of a very volatile context. To this, we must add a possible change of government as an outcome of July 23rd general elections in Spain, or even a scenario in which no party is able to form government, leading to repeated elections. Both scenarios will open additional changes to the priorities shared by Spain so far. In any case, the continuity of the agenda and functioning of the Council is guaranteed by the Spanish public administration and civil servants.

Spain's marked Europeanism, its traditionally integrational and consensus-building position, its greater proactivity and leadership in the European debate, as well as the capacity and experience of the officials involved in the process, make the unquestionable challenge of the upcoming presidency of the Council of the EU a remarkable opportunity for Spain to make a mark on this turbulent 2019-2024 EU legislative term.



Meeting programme

Informal Ministerial Meeting on Environment and Energy
(Valladolid, 10-12 July).

Informal Ministerial Meeting on Labour and Social Policies
(Madrid, 13-14 July).

Informal Ministerial Meeting of Fishery (Vigo, 17-18 July).

Informal Ministerial Meeting on Justice and Home Affairs
(Logroño, 20-21 July).

Informal Ministerial Meeting on Competitiveness
(Bilbao, 24-25 July).

Informal Ministerial Meeting on Research
(Santander, 27-28 July).

Informal Ministerial Meeting on Health
(Las Palmas de Gran Canaria, 27-28 July).

Informal Ministerial Meeting on Defence
(Toledo, 29-31 August).

Informal Ministerial Meeting on Foreign Affairs
(Toledo, 29-31 August).

Informal Ministerial Meeting on Agriculture
(Cordoba, 4-5 September).

Informal Ministerial Meeting on Development Cooperation
(Cadiz, 4 to 5 September).

Informal Ministerial Meeting on Economic and Financial Affairs (Santiago de Compostela, 15-16 September).



Informal Ministerial Meeting on Education and Youth
(Zaragoza, 18-19 September).

Informal Ministerial Meeting on Transport
(Barcelona, 21-22 September).

Informal Ministerial Meeting on Culture and Sport
(Caceres, 25-26 September).

Informal Ministerial meeting of the General Affairs Council
(Murcia, 27-29 September).

**Informal Meeting of the European Political Community
and Informal Meeting of the European Council**
(Granada, 5-6 October).

Informal Ministerial Meeting on Trade
(Valencia, 19-20 October).

Informal Ministerial Meeting on Telecommunications
(León, 23-24 October).

Informal Ministerial Meeting on Tourism
(Palma de Mallorca, 30-31 October).

Informal Ministerial Meeting on Space (Seville, 6-7 November).

**Informal Ministerial Meeting on Housing and Urban
Development** (Gijón, from 13 to 14 November).

Informal Ministerial Meeting on Equality
(Pamplona, 23-24 November).

Meeting on Southern Neighbourhood (Barcelona, December).



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