

Limited but non negligible consequences of Cameron's agreement for Spain

Salvador Llaudes | Analyst on European Affairs at Real Instituto Elcano | @sllaudes 

Published on 16/3/2016 in Europp (LSE blog).

Internal tensions pushed David Cameron to launch the risky wager of undertaking a referendum on EU membership before the end of 2017. Leaders only use this mechanism, which often has a polarising effect on the electorate, when they are sure of attaining a clear victory. Following this same logic, after his successful experiences of 2011 (the referendum on the 'alternative vote' electoral system) and 2014 (the referendum on Scottish independence), **Cameron has seen himself as having enough leverage to call a new plebiscite** that could solve the relationship between the UK and the EU for at least a generation.

The referendum, scheduled for 23 June, will see Cameron ask for a vote in favour of remaining in the European Union, after months of negotiations with his partners regarding the new nature of the relationship between the two sides. **Donald Tusk** played an essential part, in his role as President of the European Council, in the success of the negotiations. At the same time, countries like **France** (for her opposition in granting the UK further concessions over economic governance), **Belgium** (for her reticence to renounce the principle of "ever closer union") and most of all, the **Visegrad Group**, that is, Poland, Czech Republic, Slovakia and Hungary (for their discomfort regarding proposals concerning social benefits), had a relevant role too.

Of course, only in the case of Britons deciding to stay in the EU, will the agreement come into effect. With the exception of the section regarding competitiveness, which is more ambiguous and imprecise, the rest (economic governance, sovereignty and social benefits) will bring about some changes regarding the relationship between the EU and UK, and will have certain effects on **Spain**. Though undesirable for a country so firmly pro-European, these effects do not have to be particularly dramatic, especially if they do not entail a cascade of petitions to obtain a singular status from other countries.

"A clear red line for Spain has been salvaged as it is highlighted that the only currency of the EU is the euro"

The UK's referendum and Spain

Regarding **economic governance**, Cameron has obtained the recognition that different currencies co-exist in the EU, but a clear red line for Spain has been salvaged as it is highlighted that the only currency of the EU is the euro. Likewise, and in this same

section, the UK has achieved the creation of a mechanism that guarantees the non-discrimination of countries outside the Eurozone.

According to this, economic matters that affect the banking union and the internal market can be put forward to the European Council. Although this does not translate into veto power, depending on how and how frequently it is used, it could eventually provoke serious difficulties when taking decisions. This is clearly against Spain's interests, though at the same time, it may pose an opportunity to balance German economic power, given that the British and Spanish productive models are very similar, due to the export of services, internal demand and the role of the banking sector.

In terms of national sovereignty, the UK will now have one more singularity: from now on it will be exempt from "ever closer union" and it will not be obliged to integrate further in the future (there is even a compromise for this to be reflected in an eventual treaty reform). Furthermore, in this sphere, it is important to highlight the assignation of a "**red-card**" to national parliaments, according to which they could veto legislation (although only in the case of 55 per cent of national parliaments also exercising it). This concession, which would limit the power of legislative initiative of the Commission, is, in principle, dangerous and undesirable for a country like Spain, which has traditionally had a weak parliament, especially in the control of foreign affairs. Nevertheless, it could pose an opportunity as an incentive for the Parliament to establish a network with other national parliaments that hold the same EU perspective as Spain.

In regards to the last point of the negotiation, countries have decided upon the creation of mechanisms to limit social benefits, in particular those concerning child benefits and in-work benefits. The introduction of such mechanisms should not be alarming for Spain given the type of Spanish immigration in the UK – mostly young and without family burdens. However, the **curbing of in-work benefits**, which would allow the UK to activate an "**emergency brake**" for seven years to limit the social benefit claims of EU migrants, is potentially more harmful.

"Barely 1 per cent [of the around 200,000 Spaniards in Britain] are social benefit claimants"

Nevertheless, this would not apply to those already residing in the UK (around 200,000 Spaniards according to official figures, of which, barely 1 per cent are social benefit claimants) and, if the economic situation in Spain continues to improve, the migration rate is expected to decrease. Likewise, Spain is the EU country with which the UK has the most favourable relations in terms of migration, given that the lowest estimates point to **300,000 Britons residing in Spain**. This offers a certain guarantee against the discriminatory treatment of Spaniards in the UK.

Which way the vote will go is a decision now in the hands of the British people. As in other referendums, what is relevant is whether citizens are replying to the question set, or whether other factors such as their trust in the current government or their views on the negotiations play a role in shaping opinions. Should the UK opt to leave it would certainly be more costly for Spain and the EU as a whole (not to mention the UK itself).