
The Spanish private sector in a geopolitical Europe

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Theme

This paper looks at the challenges and opportunities offered to the Spanish private sector by a more geopolitical Europe, with a view to the new European institutional cycle.

Summary

In an international context dominated by growing [geopolitical rivalry](#), the economic policies of the EU and its member states appear to be increasingly subordinated to [geostrategic and security](#) considerations. What [challenges and opportunities](#) does this context pose for the Spanish private sector, and for its role and positioning in Europe? This Elcano analysis addresses such questions, taking as its departure point the institutional renewal process that gets under way with the [elections to the European Parliament](#), and offers a series of recommendations to improve the Spanish private sector's influence in Brussels.

Analysis

The forthcoming European Parliament elections will trigger a process of institutional change in the EU, bringing in its wake a renewal of posts, structures and strategic priorities. Although it would be premature to try to foretell the political course the EU will take in the 2024-29 cycle, it is possible to identify major trends, some of which are deeply rooted in the final phase of the current cycle and likely to become further consolidated, such as the shift in the centre of gravity and in the allocation of resources towards Eastern Europe; the application of a 'security' or 'sovereignty' prism to economic, industrial, trade and migration policies; and growing scepticism towards the green agenda. Ultimately, the return of war to the European continent and an increasingly competitive international environment seem to be inducing the EU into recasting its agenda in the light of geopolitical considerations.

The Elcano Royal Institute is engaged in the task of analysing the implications of these possible changes for Spain's influence in Europe. In this paper, attention is focused on

the possible challenges and opportunities that a more geopolitical Europe may pose for the Spanish private sector, with a view to the [new European institutional cycle](#).¹

1. The Spanish private sector in the context of geopolitical competition

Following a period of hyper-globalisation, which lasted from the fall of the Berlin Wall until the global financial crisis of 2008, and which paved the way to the Great Recession, an era characterised by geopolitical rivalry between the great powers has begun. This context, much more realist and less liberal from the perspective of international relations theories, became further entrenched with events such as Donald Trump's arrival in the White House, the fallout from COVID-19 and Putin's invasion of Ukraine.

There has thus been a transition from the so-called neoliberal era to a new mercantilism in which economic security and strategic autonomy shape the agenda of the great powers. In this context, industrial policy has staged a major comeback, while trade policy is increasingly subordinated to foreign policy and security considerations. There has thus been a rebalancing of the relative strengths of the state and the market in our societies, with the scales tipping towards the former. This has not led to the private sector losing importance, rather the opposite. For one thing, the success of Spain and the EU when it comes to adapting to an increasingly competitive geopolitical context will necessarily involve cooperation between the public and private sectors, a variable that will to a large extent determine the strength and resilience of the great powers. For their part, private companies will have to adapt to the new context, devoting more resources and time to understanding the geopolitical changes and transitioning from a strategic approach focused on efficiency (just in time) to one that prioritises resilience (just in case).

It was during the European institutional cycle now drawing to a close (2019-24) that these change dynamics gathered momentum, with a profound impact on the priorities of the European policy agenda. The following changes in the European debate are starting to emerge: the renegotiation of the green agenda, where it remains to be seen how far the pushback against climate targets will be taken; the shift in priorities towards the East, including the ongoing war in Ukraine and its subsequent reconstruction, as well as the implications of the renewed protagonism in enlargement policy and in security and defence issues; and the economic security agenda and the recasting of economic policies –state aid and industrial and trade policy– in the light of geopolitical considerations. All these changes affect the role and positioning of the private sector in the political debate and the new regimen will modify the opportunities for influence.

At the start of the current European institutional cycle the green transition occupied a central place in the EU agenda; indeed, the policy guidelines von der Leyen unveiled in 2019 kicked off with an ambitious roadmap, dubbed the European Green Deal, which has translated into a flurry of legislative activity to underpin the fight against climate change. This has been reflected in the additional regulations that governments and

¹ This analysis is a continuation of earlier Elcano publications, where the emphasis is placed on more structural elements of the private sector's influence in Europe and its necessary role in a country strategy. R. García et al. (2023), 'The private sector and Spain's influence in Europe', Spain's Influence in Europe, Elcano Royal Institute, pp. 101-109.

companies have had to adopt. The private sector has therefore become the object of the EU's legislative agenda. On various occasions, this has arisen without sufficient agreement between the parties, with companies realising that the sheer number and complexity of the regulations being imposed could shackle competitiveness.²

In the new geopolitical context, however, the private sector may go from being at the receiving end to being a subject and a protagonist. The European Commission's Economic Security Strategy insists that an international scenario of growing geopolitical competition is a risk to economic flows in a context of global economic integration and, in key sectors, of major European dependencies on countries that have less geopolitical affinity. In this context, the Strategy conceives of the private sector as a fundamental partner in risk reduction and consequently calls on the EU institutions to engage in structured dialogue with private entities.

Farmers' recent protests show how the lack of agreement between institutions and economic sectors can cause tension between the parties, hampering a smooth implementation of the rules and even forcing institutions to row back on their legislative proposals. In the context of geopolitical competition, it would be desirable for the EU to act in less erratically, with greater incentives in place to enable the private sector to make itself heard and its interests to be taken into account.

To achieve this, it is first crucial for the private sector to decide what its positioning is in a context of growing geopolitical rivalry. Is there agreement with the diagnosis formulated by the EU institutions? How does the European and Spanish private sector view the switch towards a more protectionist and interventionist approach by the state? What opportunities and challenges does the private sector see in Sino-US rivalry? Or in the possible enlargement of the EU? It is highly likely that the private sector's standpoint will differ from that of the institutions. For example, whereas the Inflation Reduction Act (IRA) was viewed as a threat by the EU institutions, which responded by devising their own schemes to attract private investment, the IRA potentially offers attractive economic incentives to European and Spanish companies.³ There may, however, be a shared outlook on those EU initiatives aimed at increasing support for European companies' output, investment and competitiveness in strategic sectors.

Specifically, the Spanish private sector must be capable of identifying its strengths and weaknesses in each of these points with the goal of maximising its advantages and reducing possible losses. Despite lack of significant progress on the deal with Mercosur, the Spanish presidency of the Council of the EU in 2023 did translate into greater protagonism for Latin America in the EU agenda⁴ on the basis of various agreements and investment opportunities linked to specific programmes such as the Global Gateway. It may acquire greater importance in due course, but meanwhile this could constitute a

² See P. Lausberg, M. Otero-Iglesias *et al.* (2014), *Towards a Competitive Edge: Reforming the EU Regulatory Framework*, EPC-Elcano Discussion Paper.

³ R. Sánchez Mangas & C. Llano Verduras (2023), *La empresa española en EEUU: perspectivas y desafíos*, Foro de Marcas Renombradas Españolas, [La empresa española en EEUU: Perspectivas y desafíos \(marcasrenombradas.com\)](https://marcasrenombradas.com).

⁴ Latin America was not mentioned in von der Leyen's 2019 policy guidelines.

competitive advantage for Spanish companies with greater expertise and knowledge of the region than those of other member states. However, Spanish companies also need to address other matters where they may not have so much expertise, but that have more emphatically claimed a place at the heart of the EU agenda. A clear example of this requires asking themselves what the potential implications of eastward enlargement might be, thereby ensuring that their interests are not cast aside by companies from other member states with closer ties to the region, or what opportunities there may be for the private sector in a future reconstruction of Ukraine.

In a context of near-shoring and friend-shoring, the EU is also strengthening its ties with many non-China Asian nations such as Japan, South Korea, the ASEAN countries and even India, while seeking to redouble its efforts in Africa. Spain's private sector has the prospect of many opportunities in these regions, since it is unburdened by the colonial millstone that hangs around the neck of some of its European competitors. In short, Spanish businesses need to transition from an attitude that has traditionally been reactive to one that is more proactive and anticipatory in this new geopolitical context.

2. How should the changeover in the EU cycle be addressed?

The elections to the European Parliament trigger a process of institutional renewal. This heralds a period of uncertainty when it comes to identifying the key actors and protagonists for engagement with the private sector.

The possibility of von der Leyen staying on as President of the European Commission – the institution empowered with initiating legislation– offers a degree of continuity in this regard. However, this also entails learning from the mistakes of the legislative term now drawing to a close. Recent reports suggest that German companies have held most meetings with the President of the Commission (18.4% of the total).⁵ The importance of nationality appears obvious, but it does not justify the modest share of Spanish companies (3.7%), coming in behind smaller EU economies such as Belgium and Denmark, and countries that do not form part of the EU like the US and the UK.

As for Spanish representation among the Commissioners, a certain number of lessons may be drawn from the current cycle. Although the fact that the High Representative and Vice-President of the Commission is Spanish has provided Spain with considerable political visibility on the Commission, the tangible benefits for Spain's private sector have been less apparent. A portfolio wielding powers over industry, technology, energy, state aid or the single market would undoubtedly be more attractive from the perspective of the Spanish private sector; not only because there would be a closer alignment of interests between the private sector and these portfolios, but because, as has already been mentioned, such issues are acquiring an increasingly central position on the EU agenda. Moreover, these portfolios are immersed in a process of redefinition in the light of geopolitical considerations, so it is in this phase that it is crucial to take part in the debate to ensure a suitable representation of interests. This needs to go hand-in-hand with greater deployment in the related directorates-general. In particular, the presence

⁵ Giovanna Coi & Sarah Wheaton (2024), 'German industry dominates Ursula von der Leyen's little black book', Politico, [German industry dominates Ursula von der Leyen's little black book – POLITICO](#).

of Spaniards in the directorates-general of Economic and Financial Affairs and Internal Market, Industry, Entrepreneurship and SMEs is capable of substantial improvement.

But Spanish companies also have to step up to the plate within their own domain. It is important that they should have a much greater presence in the leadership echelons of business associations such as Business Europe and other trade bodies (the same goes for trade unions in their sphere). Meanwhile, lobbying activities cannot stop at visits to high-ranking bureaucrats in the institutions but must also encompass the production and commissioning of studies and papers capable of exerting influence directly on the legislative process or indirectly through think tanks and the news media. As a high-ranking Commission insider remarked at one of the meetings held as part of the background preparation for this Elcano analysis, ‘those who write and submit papers tend to wield most influence in Brussels’.

Similarly, the changeover in MEPs is a chance to strengthen the Spanish presence on those key committees where representation has hitherto been below par, such as energy, transport and tourism. At any event, it is interesting to look at the influence exerted by Spanish MEPs in the legislative term now drawing to a close. According to the recent MEP Influence Index 2024,⁶ the performance of Spanish MEPs in this regard has been positive. This is not only due to the fact that the Spanish quota in the European Parliament is the fourth largest and Spanish MEPs have occupied leadership posts in their respective political groupings, but also because Spanish MEPs have held some of the most influential posts in such fundamental economic portfolios as energy, budgets and capital and financial markets. It would be advisable for the private sector to engage in dialogue with the outgoing MEPs to facilitate continuity and strengthening in terms of influence, whether the MEPs are standing again or entering for the first time.

This last point is particularly important, because it is estimated that 58% of MEPs in the next European Parliament will be new members.⁷ In addition to this, it is important to bear in mind that the next European Parliament may be more unpredictable, with the consequent impact on the legislative process and the way MEPs take up positions. Although opinion polls suggest that the two largest parties will maintain their respective rankings, and in general terms the grand coalition will almost certainly re-emerge – comprising the European People’s Party, the socialist group and the democrats and liberals of Renew – there could be a historic increase in the strength of the Eurosceptic parties and the far right. The grand coalition has typically remained united on issues related to the single market, economic affairs and budgets, whereas the right-wing coalition has focused on agricultural matters, international trade and industry. Now, the European Parliament’s shift to the right may mean that the European People’s Party is tempted to enter into one-off agreements with groups to their right on more issues and on more occasions, increasing the unpredictability and politicisation of the legislative

⁶ EU Matrix (nd), ‘MEP Influence Index 2024: Top 100 most politically influential MEPs’, [EU Matrix - Most advanced tech-driven political foresight tool | MEP Influence Index 2024: Top 100 most politically influential MEPs](#).

⁷ EU Matrix (nd), ‘Which MEPs will stay on after the 2024 EP elections?’, [EU Matrix - Most advanced tech-driven political foresight tool | Which MEPs will stay on after the 2024 EP elections?](#).

process.⁸ The polarisation that emerged in this legislative term around the content of the European Green Deal, which has caused ructions within the grand coalition, unrest among socio-economic sectors and obstacles to unlocking budgets, may be a manifestation of such dynamics. If there is a significant rightward shift, it is likely that the EU will become more protectionist, and that the free trade element still present in the concept of open strategic autonomy becomes, if anything, even more flimsy. This would be prejudicial to Spain, which has always benefited from a more open international trade framework.

Furthermore, the growing politicisation of European affairs and the link between national and European political dynamics translates into electoral considerations and political confrontation between parties playing a more important role in decision-making. It is likely that this dynamic is set to continue and become entrenched, meaning that the interests of the private sector and its ability to voice them in the European debate may be subsumed and subjected to political game-playing.

At any event, the Spanish private sector's influence strategy should not restrict itself to nationality. As already pointed out, companies from other member states –and non-member countries– have greater access to certain actors; in the European Commission, the principle of neutrality to which bureaucrats, and members of its organisational structure –in accordance with portfolio priorities– all subscribe, means that nationality has a reduced influence on the creation of networks among bureaucrats; similarly, MEPs of other nationalities have proved to be most influential in such key areas as the single market.

Despite the fact that the Spanish private sector needs to devise its own influence strategy in the run up to the next legislative cycle, it is crucial that this includes the cooperation of the government and other public administrations. Ultimately it is the government that participates in the legislative process through the Council, that represents the country in the European Council and that takes part in the negotiations to allocate appointments to the top jobs. It is the government's responsibility to ensure that Spain lands an important role on the Commission and it is the heads of state and government, on the European Council, who endorse the Strategic Agenda that sets out the roadmap for the years ahead.

Although the commencement of talks about posts and the endorsement of the Strategic Agenda will not take place until June, ensuring that the private sector's interests and concerns are taken into account means that dialogue must be initiated long before then. The Spanish presidency of the Council, which kicked off the process of reflecting about the Strategic Agenda with the Declaration of Granada, offered an ideal chance to embark, in parallel, on a definition of shared priorities at a national level that could subsequently have been advocated in the European debate. It is worth remembering that Spain's Foreign Policy Strategy is currently being devised for the period 2025-28, so that it would be desirable to find synergies and avoid contradictions between the European and international realms.

⁸ K. Cunningham *et al.* (2024), 'A sharp right turn: a forecast for the 2024 European Parliament elections', ECFR, [A sharp right turn: a forecast for the 2024 European Parliament elections](https://www.ecfr.eu/article/document/ecfr-2024-05-30-a-sharp-right-turn-a-forecast-for-the-2024-european-parliament-elections) (ecfr.eu).

The pre-eminence of economic issues and, in particular, of strengthening the competitiveness and security of supply chains in the context of international instability (the Draghi Report addressed these issues), offer an especially auspicious scenario for Spain's public and private sectors to work together in concert. Moreover, companies and the central government may find shared interests, such as boosting fiscal support to improve the competitiveness of the private sector, while avoiding that this applies at the national level. It is important to ensure that fiscal aid applies at the EU level because, if it depends on the fiscal capabilities of each state, the cohesion of the single market will be jeopardised and it could lead to a reshuffling of positions between 'winners' and 'losers', both in terms of member states' influence and that of the various national economic sectors.

In short, with the prospect of a new scenario in which the portfolios of an economic nature will play a major role, the strengths of Spain's private sector (which are manifold) are a lever of influence for the state, although to maximise it will require strengthening public-private cooperation. Moreover, in a context in which the interventionist role of the state has strengthened in economic policy, companies need to engage in successful dialogue with the public sector, at all levels, from municipal to regional to national and European, to ensure that their interests are heard.

Lastly, the decision by the Dutch government, following pressure from the US, to unilaterally suspend the sale to China of electronic chip-making machinery manufactured by ASML demonstrates the growing link between economics and geopolitics. This development is also a reflection of how the growing interconnectedness between the two dimensions does not automatically mean greater alignment between considerations of a political nature and priorities in terms of profitability and economic efficiency. Indeed, the tensions between ASML and the Dutch government have increased owing to the latter's anti-immigration positions when the company relies on a high percentage of skilled foreign labour.⁹ The fact is that the tightening of immigration policies at the EU level stands in contrast to the demographic challenges faced by countries and that put pressure on employment markets.

This is why it is crucial to draw up a national strategy that ensures a country's own agency and avoids decisions being made under the pressure of third-party actors, especially amid a lack of concerted coordination between public and private interests at a national level. As always, the Elcano Royal Institute will serve as a forum for encounter and discussion aimed at identifying the national interests and seeking the best way of defending and pursuing them in the policies of the EU.

Conclusions

The Elcano Royal Institute has for some time been fostering dialogue with the private sector aimed at identifying strengths and opportunities for improvement in order to bolster Spanish companies' communication efforts and influence in the EU debate and

⁹ T. Sterling (2024), 'Dutch government scrambling to keep ASML in Netherlands', Reuters, [Dutch government scrambling to keep ASML in Netherlands | Reuters](#).

institutions. This has already borne fruit with the publication of “The private sector and Spain’s influence in Europe”, included in the book *Spain’s Influence in Europe*. This focused on drawing up a series of recommendations of a general nature. However, a dynamic context –and more specifically the current process of institutional renewal and modification of the EU’s strategic agenda– requires periodic monitoring and updating of the Spanish private sector’s influence strategy.

Against such a backdrop of institutional changeover in the EU, fluid communication and proactive coordination with the Spanish administration becomes especially important. As already pointed out, the European elections signify a process of replacement and a redefinition of the agenda which will set the parameters for action in the years to come. However, given the difficulties that may arise in the prior coordination on the domestic stage or in their successful transfer to the subsequent European negotiations, companies need to be able to develop their own influence strategies in the EU institutions.

As evident from the current European Parliament, a major part of the regulations affecting companies stems directly from the EU decision-making process, in a way that extends beyond strictly national frameworks and preferences. It may be that, following the regulatory burden imposed by this EU cycle, with the consequences already mentioned, the next cycle will see other priorities take their place; at any event, the important implementation phase of the new legislation still remains, where the private sector plays a fundamental role in terms of communicating inefficiencies and proposals for fine tuning.

The authors of this analysis have identified the policy areas that at the time of writing seem to be at the top of the EU agenda. In order to influence them, as highlighted, the acquisition of reliable knowledge and information constitutes an invaluable asset: when it comes to taking the legislative initiative, the Commission requires a high level of technical expertise that companies are in a position to provide. In addition to this, it is necessary to frame it within the policy discourse and priorities. At the moment this involves, more than anything, inserting a geopolitical component into strictly economic considerations. In addition to resonating with the roadmap already set out by the Commission, this also ought to serve as a means of putting other interests and concerns on the table. However, in a context in which resources and attention spans are limited, it is fundamental first to ascertain which priorities occupy a central place in the agenda in order to: argue the case for one’s own initiatives as necessary for achieving the goals that have been set out; ensure the sort of fit that ensures any issue can gain traction in the decision-making process; and thereby try to anticipate future areas of action and shape their subsequent development.