

The Ups and Downs of Europeanisation in

External Relations: Insights from the Spanish Experience

Gonzalo Escribano and Alejandro Lorca*

Abstract

Spanish accession to the EC had deep consequences on its external relations, characterised before accession by protectionism and isolationism. The article focuses on the impact that accession had on Spanish external relations and the lessons that can be drawn from its experience for candidate countries which could be in a similar situation: being a EU candidate with a huge external agenda not always convergent with the EU's external priorities, and scant resources to match perceived external obligations. Spain developed a proactive strategy based on contributing to the formulation of EU external policies consistent with Spanish national interests, but there has also been a clear substitution of policies, where there was a need to preserve national preferences. Policy substitution through economic instruments has accompanied policy transfer and policy convergence, mainly in areas with a low degree of europeanisation

Introduction

Spanish accession to the European Community (EC) had deep consequences in every socio-economic aspect, as in any other country. In 1977, when Spain applied for accession, the country was a young democracy trying to overcome four decades of authoritarian rule and its nationalistic rhetoric and policies. This was especially true when dealing with external relations, characterised by protectionism and isolationism. The development gap with EC-core countries was significant, both in the economic and political dimensions. Only Greece may have shared some of these elements, but for Spain that was barely comforting: in EC circles' perceptions the Greek case was not a good one to present nor did the economic and demographic weight of Spain permit any

* Gonzalo Escribano is Professor of Applied Economics at the Spanish Open University (UNED), Madrid. Alejandro Lorca is Professor of Economic Theory, Jean Monnet Chair, at the Madrid Autonomous University (UAM)

comparison with Greece.

In retrospect, the results have been impressive, mainly when compared to an agenda that at the time was perceived as greatly challenging. But our aim in these pages is much narrower than to assess the economic benefits and costs of Spanish accession, a well-documented issue in recent publications.¹ Instead, we will focus on the impact that accession had on Spanish external relations and which lessons, if any, can be drawn from its experience. In approaching external relations we consider the interdependence of economic and political vectors, trying to show how economic elements (trade policy, development aid, migration policy, economic co-operation, and foreign direct investment, among others) have interacted with foreign policy. This, we think, may be useful for candidate countries that could be in a similar situation: being a European Union (EU) candidate with a huge external agenda not always convergent with the EU's external priorities, and scant resources to match perceived external obligations. To some extent, we think that there are several parallels between the Spanish and the Turkish case. But our aim is to offer a conceptual framework to face the challenges that accession raises for Turkey's external policies, not to extract lessons to be applied in a mechanical manner.

In this article we show that the impact EU accession had on Spanish external relations is the result of the confluence of economic and political impulses. Spain developed a proactive strategy based on contributing to the formulation of EU external policies consistent with Spanish national interests rather than passively adopting the EU's framework. But this strategy included not just convergence towards EU external policies and the transfer of the Spanish external agenda to the EU. In our view, there has also been a clear substitution of policies, where needed, to preserve national preferences, as revealed by traditional economic flows and political relations. We will also argue that the impact of EU accession was mainly an increase in the Spanish external agenda and its instruments, and not a radical shift in regional priorities. Spanish regional preferences were projected towards the EU's external policies, in an attempt to influence them. As we will show, whenever that could not be attained, Spanish external preferences were addressed by a process of substitution of europeised external policies. This process of policy substitution needed to recur to new policy instruments, many of them being of an economic nature. For instance, when EU's trade policy imposed harmful trade diversion to former Latin American preferred suppliers, foreign direct investment (FDI), economic co-operation, development and humanitarian aid, and migration policy were deployed as substitutes for trade flows.

¹Mattli, W., *The Logic of Regional Integration*, Cambridge Univ. Press, 1999.

The article is organised as follows: section one elaborates on economic and political interactions in the international sphere and regional integration processes, and tries to extend the concept of europeanisation from political science to economic external relations; section two briefly presents the evolution of Spanish external relations and the main factors that explain its pattern of path-dependent change; section three explains the ways by which Spain has experienced a true europeanisation of its external relations; finally, section four shows how Spain found new policy instruments to fill the gaps left by the EU's external policies. Drawing upon the previous sections, some final remarks are offered on how and to what extent the Spanish experience may be useful for countries like Turkey.

1. An international political economy view of europeanisation

Globalisation has brought about challenges that transcend the economic sphere. Trans-national threats dominate the security agenda, and the provision of international public goods such as peace, health, a clean environment or human rights, are becoming prominent in international relations. Many countries choose regionalism as the way to further integrate themselves into the world economy and to achieve collective action in the international arena. In the European case, as Helmut Kohl once put it, "europeanisation is the European response to globalisation". From the need to articulate such a response, a new set of 'Europeanised' foreign policies has emerged in the EU to conduct external relations. The international political economy of regionalism shows how international economic relations may have political externalities, and how the domestic political and economic processes influence the outcome at international policy level. According to some authors, two pre-conditions are needed if regionalism is to succeed.² The demand condition, of an economic nature: there must be a strong potential for economic gain derived from economic integration, so that societies demand it. And the supply condition, of a political nature: the political willingness to match the integration demands, which depend on the expected outcome of regionalism, with governments trying to maximise their possibilities of being re-elected.

But regionalism is a bi-directional process, with EU integration outcomes influencing Member States' institutions and policies. In recent years some political scientists have resorted to the concept of europeanisation to analyse the impact of European integration in Member States' foreign policies. The concept has been mainly applied to changes in Member States' domestic institutions by political

² Mattli, W., *The Logic of Regional Integration*, Cambridge Univ. Press, 1999.

science literature, but it has also been extended to external relations.³ Europeanisation is defined by Ladrech as a process reorienting policies as a result of adapting to EU dynamics. Other scholars complement this passive concept (known as 'reception') with the term 'projection', to describe the proactive choice of Member States to profit from the enhanced opportunities that the EU provides. Green, Caporaso and Risse define it as a process of change in domestic policies, preferences and institutions originated by EU adaptation pressures. Two additional meanings of the concept are directly related to external relations: europeanisation as changes in external boundaries (enlargement), and europeanisation as finding a place in the international order.⁴ The europeanisation literature has mainly remained within the borders of political science, and when it has gone beyond it to analyse the domestic changes of economic policies the perspective still being a political one. Political scientists to agricultural policies, microeconomic and macroeconomic policies-mainly the European Monetary Union (EMU) and employment- 'Lisbon' policies, pharmaceuticals, and fisheries have applied the concept.⁵

Surprisingly enough, external economic policies have received little attention, in spite of constituting an appropriate field for applying the europeanisation conceptual framework.

The nature of the europeanisation process also matters. Torreblanca,⁶ in his application of the europeanisation framework to Spanish foreign policy, distinguishes between the twin processes of policy convergence and policy transfer. The former implies Spanish foreign policy convergence towards EU-like positions, while the latter describes the efforts led by the Spanish governments to influence EU external policies to match its own foreign policy agenda. Hodson and Maher⁷ distinguish between the classical Monnet method of europeanisation through EU centralised policy formulation, and the 'open method for co-ordination' adopted at the Lisbon European Council (2000). The latter is applied by setting guidelines and

³See Torreblanca, I., "Ideas, Preferences and Institutions: Explaining the Europeanisation of Spanish Foreign Policy", ARENA Working Paper 01/26, 2001; and Vaquer, J., "Europeanisation and Foreign Policy", Institut Universitari d'Estudis Europeus Working Paper n° 21, Barcelona, 2001.

⁴Ladrech, R. "Europeanisation of Domestic Politics and Institutions: The Case of France", *Journal of Common Market Studies*, vol. , n° 1, 1994, p. 69; Green Cowles, M., J. Caporaso and T. Risse, eds., "Introduction", in (same authors) *Transforming Europe: Europeanisation and Domestic Change*. Ithaca, Cornell University Press, 2001; Olsen, J., "The Many Faces of Europeanisation", *Journal of Common Market Studies*, vol. 40, n° 5, 2002.

⁵Hennis, M., "Europeanisation and Globalization: The Missing Link", *Journal of Common Market Studies*, v. 39, n° 5, 2001; Barry, F., "Economic Integration and Convergence Processes in the EU Cohesion Countries", *Journal of Common Market Studies*, v. 41, n° 5, 2003; Hodson, D. and I. Maher, "The Open Method as a New Mode of Governance: The Case of Soft Economic Policy Co-ordination", *Journal of Common Market Studies*, v. 39, n° 4, 2001; Prange, H., "New Mechanisms of Europeanisation in the Process of EU Enlargement: the Example of Pharmaceutical Regulation", *Queen's Papers on Europeanisation*, n° 8, 2002; and Vaquer, J., "The Domestic Dimension of EU External Policies: The Case of the EU-Morocco 2000-01 Fisheries Negotiations", *Mediterranean Politics*, vol. 8, n° 1, 2003.

⁶Op. cit.

⁷Op. cit.

establishing benchmarks in order to foster the adoption of best practices by Member States, without any threat of formal sanction. The clearer example of the classical method is EU trade policy, a centralised policy with a high degree of institutionalisation. A more open approach is being followed towards development aid, with the EU not only setting a centralised EU development aid policy, but also trying to influence Member States development policies along its centralised patterns of fighting against extreme poverty, decoupling aid from Member States foreign policies, and democratic conditionality. And barely any EU-level policy or even guidelines exist with respect to immigration, foreign investment or cultural diffusion policies. These areas with a low degree of europeanisation provide policy substitution opportunities rather than constituting de-europeanisation strategies.

Either under classical or open methods, transfer and convergence does not account for the full story. Beyond convergence and transfer there has also been a process of 'policy substitution', mainly across the divides of external economic policies and foreign policy, showing that economic considerations have to be taken into account more fully when analysing foreign policy.⁸ 'Policy substitution' has been applied as a way to fill in the gaps of external policy convergence which policy transfer could not address. Interestingly enough, policy substitution has often proceeded through 'low politics' instruments, like non-trade economic relations and cultural action. To some extent, this 'soft power' approach is also a result of europeanisation as far as it is consistent with the "civilian power" logic that characterises the EU. Policy substitution is born out of the need to assume external obligations that are most times inherited from history. When 'institutions' like the EU's common external tariff do not reflect a Member State's preferences, the affected country recurs to redirect already existing domestic instruments or creating new ones.

In this respect, path-dependency may help to explain the permanence of regional preferences, external policies and institutions, and the need to rebalance external relations through both new and old instruments when policy projection is not at hand for a particular policy goal. True enough, europeanisation is mainly about domestic changes in Member State's institutions and policies being path-dependent from a highly institutionalised model of integration-the 'community' model.⁹ But some authors in the europeanisation literature have also underscored a distinct fact of path-dependency: that domestic institutions do not always immediately adapt to external changes. For instance, Börzel¹⁰ employs the

⁸Escribano, G., "Integración y relaciones exteriores: algunas enseñanzas de la experiencia española", Comercio Exterior, vol. 50 n° 8, 2000.

⁹Parsons, C., "Showing Ideas as Causes: The Origins of the European Union", International Organization, v. 56, n° 1, 2002

¹⁰Börzel, T., "Towards Convergence in Europe? Institutional Adaptation to Europeanisation in Germany and Spain", Journal of Common Market Studies, vol. 37, n° 4, 1999.

term 'institution dependency' for explaining how Spanish and German regions reacted with different strategies to face centralising pressures stemming from EU policy-making taking place at national government level. Europeanisation is received and projected along domestic existing institutions and interests. Its results will depend on what is being received and projected, and how it is adapted and transferred. In some cases, path-dependant europeanisation can bring about illiberal convergence (like protectionist agricultural policies). In external relations, path dependency leads us to history if we have to understand its interaction with European integration.

2. Change and path dependency in Spain's External Relations

Napoleon said that geography was all one needed in order to know the nature of a country's foreign relations. Equally, it is almost impossible to understand any country's external relations without considering its history. This is especially important when history and geography has left a legacy of external links like the one Spain faced at the aftermath of the democratic transition. The institutional set of trade, economic co-operation, cultural, security and foreign policies developed throughout history is not a mere starting point. Changes in those policies are path-dependent, as far as they reveal the preferences of a country at a given point in time.

Spain was born as the reunification of the Christian kingdoms that fought against the Muslim presence in the Iberian Peninsula. The architects of the reunification were the Queen of Castille, Isabel, and the king of Aragon, Fernando. Their respective external agendas were quite different, with Castille focusing on the recovering of the Iberian territories and the national economy, whilst Aragonese priorities were in the Mediterranean and international trade. Then, two key facts altered this picture. First, the discovery of America which was a Castillian enterprise, and was to become one of the axes for Spanish external relations. The second fact was, however, more important in the short run: a change in the succession line introduced a Habsburg prince to the Spanish throne, Charles I of Spain, who was to become Charles V, the head of the Holy Roman Empire. These two facts caused Spain to focus on Europe and America, keeping the Aragon-led Mediterranean ambitions to its Italian (European) dimension.¹¹ At the very beginning, however, the American dimension was mainly understood by Spain as instrumental in its European front. During this time the first europeanisation process

¹¹Braudel, F., *La Méditerranée et le Monde Méditerranéen à l'époque de Philippe II*. Paris, Armand Colin, 9th ed., 1990.

of Spain took place, over which the Mediterranean and the American dimensions were subordinated.¹² When the Spanish Empire came to an end, the country took shelter both in internal affairs and relations with Latin America and other smaller colonies.

Thereafter, relations with Europe have mainly had a defensive dimension, like the Napoleonic war (named The War of Independence in Spain) or a protectionist stance to face industrial backwardness. After a relatively prolonged decline, the last American colonies were lost in 1898, and Spain entered a century marked by internal disputes and international isolation until the fall of the Franco regime and the advent of democracy. Protectionism and isolationism were only interrupted economically by modest trade opening profiting from neutrality during World War one, and politically by fascist and communist intervention in the Spanish Civil War (1936-1939).

After the Civil War, General Francisco Franco faced a very tense European situation which was soon to develop into the Second World War. After the catastrophic outcome of the Civil War, Spain remained neutral, as happened in the First World War. But it was nevertheless ideologically aligned with Germany and Italy, which militarily supported Franco's side during the Civil War. When World War Two ended, the isolation of the Franco regime was deepened as a result of its ideological compromise with the defeated regimes. For the allies, this 'original sin' was incompatible with the post-war European order.¹³ In 1945, the San Francisco Conference vetoed Spain's entry into the UN following a Mexican proposal, and at the Potsdam Conference, the UK, the USSR and the US made UN membership conditional to Spanish internal political reform. At that time, Spanish external relations were marked by neutrality and nationalism. The former meant joining the non-aligned movement of developing countries, while the second fostered protectionism (even autarchy) and privileged relations with Latin America and Arab nationalist governments, based upon the rhetoric of historical and cultural affinities.

But Latin American and Arab support was not enough to join the UN, and Franco's regime was in dire need of more solid support in the international arena. The European countries found serious difficulties in developing a coherent set of policies to deal with the so-called 'Spanish question' which at that time became a part of the international agenda. Ideological factors asked for a harder line against Franco's regime, while economic and political interests prevented this. Some actors

¹² Elliot, J.H., *The Old World and the New, 1492-1650*. Cambridge University Press, 1970.

¹³ Viñas, A., "La política exterior del franquismo", *Historia* 16, nº 121, 1986.

demanded more effective sanctions (breaking diplomatic relations and trade embargoes), but economic interests and concerns about stability in Spain counterbalanced ideological factors. The Cold War gave Franco the opportunity to take advantage of both its anti-Communist stance and Spanish geo-strategic position. The worsening of the Cold War, with the communist victory in China (1949) and the start of the Korean war (1950), settled the 'Spanish question', with the US deciding to include Franco's Spain in the Western defence system.¹⁴ In 1950, Spain was accepted into the UN, ending multilateral isolation. Latin American countries voted favourably, with only Mexico and Guatemala opposing it, and Cuban abstention. Arab countries, the US, the Netherlands, Belgium and Greece, among others, also voted in favour, whilst the UK and France abstained. Bilateral relations followed, with most ambassadors coming back to Madrid in 1951 and 1952.

But the most powerful impulse behind the breaking of isolationism was perhaps the worsening of the economic situation after decades of protectionism and interventionist, nationalistic economic policies. External imbalance was financially unsustainable, and because Spain was not a member of international financial institutions, much needed financial resources were difficult to obtain. Franco's regime's search for international support and financial aid was first matched by establishing a pragmatic bilateral relation with the US: US military bases in Spain in exchange for international recognition and economic support. When Franco's regime realised that US aid was not enough to keep a closed and controlled national economy running, economic liberalisation necessarily entailed entering the international financial institutions. A classical IMF-like adjustment program was implemented (the 1959 Stabilisation Plan) and the more pro-liberal technocrats took the lead in economic affairs to liberalise the economy long before transition to democracy had any opportunity to proceed. The process of economic convergence, we should highlight, started relatively early when compared with political liberalisation. Economic liberalisation and adjustment success has been carefully studied and documented, and in the external economic domain almost all authors have, on the whole, praised Spanish trade policy liberalisation and external stabilisation.¹⁵

Economic opening proceeded without any significant political liberalisation during the 1960's and 1970's, so the West (European Economic Community - EEC, and NATO) remained politically closed to Spain. In 1962,

¹⁴Martínez, P. A., "La política exterior de España en el marco de la Guerra Fría: del aislamiento limitado a la integración parcial en la sociedad internacional, 1945-1953", en Tussell, J., J. Avilés and R. Pardo, eds, *La política exterior de España en el siglo XX*. Madrid, Biblioteca Nueva, 2000.

¹⁵See for instance, Dolado, J, and J. Viñals, "Macroeconomic Policy, External Targets and Constraints: The Case of Spain", Centre for Economic Policy Research Discussion Paper nº 505, 1991; and Donges, J. B., "From an Autarchic Towards a Cautiously Outward-Looking Industrialization Policy: The Case of Spain", *Weltwirtschaftliches Archiv*, v. 107, nº. 1, 1971.

Spain applied to become a member of the EEC, after considerable hesitation on whether EFTA or its alternative was preferable. The answer was just an acknowledgement of receipt. Even the signing of the 1970 preferential agreement with the EEC, by which Spanish manufactured exports were allowed duty free entry into the EEC, was more another piece of a broader European strategy towards its 'open frontiers', that at that time were in the Mediterranean, rather than a political welcome. By 1975, Spain was quite well integrated in the world economy, but the regime's political inflexibility prevented from normalisation of its international relations: European political veto was maintained, relations with Morocco were poisoned (the Green March organised while Franco was dying signified the Moroccan annexation of Western Sahara), and the Arab and Latin American dimension of Spanish external relations did not turn out to be particularly fruitful.¹⁶

Franco's death made a well-documented process of democratic transition in Spain possible. But confronted with a huge domestic economic (1973 and 1978 oil crises) and political (democratisation) agenda, political leaders devoted few resources to the subtleties of foreign relations. The only important exceptions were EEC and (correlated) NATO membership. Franco's legacy in external relations has been described by the following traits: a second-class status in the Western Bloc (bilateral treaty with the US, but not being a NATO member), a Latin American 'brotherhood' which included privileged relations with Cuba, a nationalistic rhetoric with regard to Gibraltar and what was usually referred to as 'Spanish Morocco', Arab "friendship" including no diplomatic relations with Israel, a pure pragmatic relationship with the US and non-Alignment.¹⁷ Compared to these elements, EEC accession was not perceived as an 'external policy' issue, but rather as a fundamental move towards democracy and prosperity, and an anchor for long awaited aspirations of becoming a 'normal' European liberal democracy with a functioning market economy and a European-like welfare state.

Some authors see democratisation as the leading force for Spanish external relations, with its normalisation and multilateralisation being the two main consequences of internal political change.¹⁸ The new elected democratic government was a coalition of Christian-democrats, liberals and social-democrats, whose main priority in external relations was applying to the EEC (1977). At that time, Franco's regime record of neutrality was perceived as "Third World" politics,

¹⁶Pardo, R., "La etapa Castiella y el final del régimen, 1957-1975", en Tussell, J., J. Avilés and R. Pardo, eds, op. cit.

¹⁷Torreblanca, op. cit.

¹⁸Powell, C., "Cambio de régimen y política exterior: España, 1975-1989", en Tussell, J., J. Avilés and R. Pardo, eds., op. cit.

and to some extent Spanish politicians viewed entering the EEC as a wider package: a 'normalisation' along Western criteria that included NATO membership (1981). So, even before entering the EEC, applying for membership already meant a key reorientation of Spanish external relations seeking convergence with EC Member States policies. But for other authors the rationale of joining NATO was not the natural outcome of political changes stemming from democratisation or modernisation, but the perception that it would favour EEC membership.¹⁹

The ups and downs in the Europeanisation of Spanish External Relations

For some authors, the main influence towards a change in Spanish external relations was neither modernisation nor democratisation, but EEC accession²⁰. Other authors claim that democratisation was the leading force behind foreign policy change.²¹ Disentangling such forces is a difficult task, and candidates extend beyond democratisation and europeanisation. The Spanish modernization process, so fast and deep that some observers even employ the term 'mutation', may have also had some effect on the normalisation of the country's external relations. Globalisation has also been a powerful vector in the external economic domain that should be carefully distinguished from europeanisation, mainly when considering that Spanish economic opening started long before EC accession. However, Spanish natural economic partners were EEC countries and most of its exports went through the channels of the 1970 EEC's preferential agreement. Its asymmetric nature introduced a double-logic in Spanish trade policy, with over 50% of exports being regulated by the 1970 preferential agreement and imports being regulated mainly on GATT, multilateral basis. Granted average EEC tariff reduction was 53% for industrial products (agricultural exports were not included), while Spain granted EEC countries a 22% tariff reduction (over a much higher tariff level).

Convergence of external policies came out from both aspirations to be admitted as a truly European, modern democratic nation, and the need to adopt the 'acquis communautaire' on external relations, mainly EEC trade policy, but also joining security institutions like the WEU. The first way was soon followed at the political level, with Spanish elites idealising Brussels and identifying EEC with democracy and prosperity²². The Spaniards had on their minds the often-employed

¹⁹ Lorca and Escribano, "Cambios en el contexto internacional de la economía española a raíz de su ingreso en la CEE", *Revista de Historia y Economía Aplicada*, nº 6, 1996

²⁰ Torreblanca, op. cit.; and Barbé, E. (1995) "European Political Cooperation: The Upgrading of Spanish Foreign Policy". In Richard Gillespie, Fernando Rodrigo and Jonathan Story (eds.), *Democratic Spain: Reshaping external relations in a changing world*. London: Routledge: 107-22.

²¹ Powell, op. cit.

²² Lorca and Escribano, 1996, op. cit..

dictum of the Spanish philosopher Ortega y Gasset: "Spain is the problem, Europe is the solution". The first years after accession, the Spanish government was very active and enthusiastic about contributing to the building of Europe. In external relations convergence has translated in a radical transformation from isolationism to full participation in international affairs²³, such as the Gulf War, the Balkans, Central America, Western Sahara, the Israel-Arab conflict (Madrid Middle East Peace Conference-1991), UN (Security Council member), war against terrorism, Afghanistan, and lately Iraq war (for or against).

Trade policy convergence furthered Spanish trade liberalisation: after a short transitional period, Spain had to adopt a much lower common external tariff and completely eliminate its still high tariff and non tariff barriers to trade with the EEC Member States. After the 1970 preferential agreement the margin of tariff reductions on EEC's side for Spanish industrial exports were small, so the burden of adjustment finally affected the Spanish economy. The long transitional period applied to Spanish agricultural exports could not be entirely compensated by Common Agricultural Policy, because of its focus on continental, non-Mediterranean agriculture. Interestingly, adopting EEC trade policy meant the liberalisation of manufactured products, but just a change in the instruments by which high levels of protection to agriculture were granted under the CAP. In the very sensitive agricultural sector, policy convergence was easier for continental products or crops already sheltered from international competition, like bananas, tobacco or cotton, where founding Member States had previous interests.

On the other side, the adoption of the trade policy related 'acquis communautaire' meant a real challenge to Spanish traditional trade relations with Latin America. Convergence meant competing in international markets but also adopting EU trade preferences that emerged from the different Member States national interests. As a former empire that once possessed important colonies in Latin America, Spain have important external links with the region, some of them competing with other EU preferred regions. Preferential treatment competition refers mainly to France and the UK, who 'exported' their priorities to the African, Caribbean and Pacific Countries (ACP) Convention, and to some extent to Mediterranean preferential agreements. To some extent, by adopting EU trade policy and EU-level development and co-operation policy, Spain relinquished its traditional bilateral economic diplomacy. Furthermore, Spain was 'importing' UK and French foreign policy towards former colonies, while losing economic instruments to express external policy preferences²⁴.

²³Barbé, E., "Spain and CFSP: The Emergence of a 'Major Player'?", *Mediterranean Politics*, v. 5, n° 2, 2000.

²⁴Escribano, op. cit.

A similar problem arises when considering Eastern enlargement, with Spain adopting Central European Member States' external preferences. To prevent 'trade diversion', as well as 'policy diversion', Spain reacted by transferring its external priorities towards the EU. As Torreblanca points out, policy transfer was the result of the Spanish government ability to justify its objectives in terms of general EU interests, as happened with the negotiation of the Cohesion Funds. To some extent, policy transfer seems to necessitate a previous experience of convergence, in order to build up credibility and willingness by the existing Member States to absorb newcomers' external agendas. Because of an impressive record in adopting trade policy related EU 'acquis', trade policy transfer was perhaps more acceptable.

For EU-Latin American relations, Spain obtained at the time of accession a commitment by the EC to make it compatible with its national interests in Latin America. Subsequently, the arguments for the EU to adopt a more proactive role in Latin America were justified by the need to support development and democratic transitions, counterbalancing US influence, and, last but not least, expanding EU economic interests in the region. Democracy and development promotion were the rationale for EU aid-supported peace processes in Central America countries and its inclusion together with the Andean countries in the SPG scheme²⁵. The Association Agreements signed by the EU with MERCOSUR and Mexico have been justified by commercial interests, and EU support in the IMF towards Latin American countries (Argentina, Brazil) having undergoing economic difficulties is yet another example of the efforts to preserve EU (mainly Spanish) FDI interests in the region.

On the contrary, illiberal trade policy convergence has occurred in agricultural issues. Agricultural disputes with Latin American countries, as well as Mediterranean ones, have eroded the capacity of the Spanish officials to more successfully transfer its external agenda to the EU. While modernization and structural economic change rapidly reduced the demographic and economic weight of the agricultural sector, its political power has remained prominent, partly due to the europeanisation process experienced by Spanish agricultural actors. Agricultural producers associations and agricultural regions have gained voice in the political arena, and the agriculture ministry had become a kind of Brussels pressure group lobbying in the EU institutions rather than implementing

²⁵Ayuso, A., "La cooperación para el desarrollo de la Unión Europea en América Latina. La acción española ante un pasado umbrío y un futuro incierto"; and Grasa, R., "España en las relaciones UE-América Latina. Europa y España en la reconstrucción de Centroamérica", both in *Revista CIDOB d'Afers Internacionals*, nº 54-55, 2001.

much-needed reforms in its sector. The emergence of such players had been difficult to manage by Spanish government officials in charge of external relations, with narrow economic (agricultural) interests influencing the foreign policy agenda²⁶.

The Mediterranean case is far more complex. Spanish interests in the Mediterranean are multidimensional, due to the combination of history and geography²⁷. Economic interests lie in the Maghreb, mainly in Morocco, the Spanish 'near abroad': a natural trade partner, host of Spanish FDI flows, origin of migratory streams, and a competitor in Mediterranean export agriculture. Algeria is the main natural gas supplier (through the Maghreb-Europe pipeline across Morocco and the Strait of Gibraltar), and host of Spanish investments in the energy sector. But Spanish national interests in the Mediterranean are not mainly perceived as being of either an economic or a cultural nature. What is at stake in the Mediterranean region are the risks stemming from both 'hard' and 'soft' security threats: terrorism, drug trafficking, illegal migration, proliferation of weapons of mass destruction, sub-regional conflicts and even territorial integrity.

When focusing on relations with Morocco, it is the 'high politics' of territorial disputes that enter into scene. The main problem is Moroccan territorial claims over Ceuta, Melilla, some small Mediterranean islands located near the Moroccan shore, and even the Canary Islands. In recent times, petroleum and gas off-shore explorations both in the Mediterranean and in the Canary Islands have raised concerns over the boundaries of exclusive economic zones. Another source of conflict is the Western Sahara issue, a former Spanish colony 'occupied' by Morocco at the time of Franco's death. Spanish support to the Saharai People in their quest for independence from Morocco, and its insistence on the UN plan of celebrating a referendum, is perceived in Morocco as a threat to its territorial integrity as well. In fact, the Spain-Morocco 'rapprochement' perceived after the March 2004 elections includes a more 'facilitating' attitude by the new socialist government on this issue.

Drug trafficking has been an issue for a long time now, and organised crime has also entered into the illegal migration activities. There is evidence that drug trafficking activities in Morocco are currently controlled by Moroccan networks,

²⁶Powell illustrates these difficulties as follows: "During a [Ibero American] Foreign Affairs Ministers meeting the Argentine chancellor, Carlos Ruckauf, stated that Latin America did not want any 'charity', but the possibility to export their agricultural products to the EU. When [Spanish] minister Piqué answered that EU was studying the problem, the president of Ecuador objected that "for us the problem is that you are studying it for the last twenty years" (Powell, C., "Política exterior y de seguridad de España", en *Anuario Internacional CIDOB* 2002, Barcelona, 2003).

²⁷See Lorca and Escribano, "Goeconomía y geopolítica mediterráneas", *Información Comercial Española Revista de Economía*, nº 759, 1998.

which are starting to make deals with Colombian cocaine producers to introduce their shipments into Europe from under-protected West African countries. In Spain, there are fears about the consequences it may have on fragile states like Morocco, with the 'weakest link' figure endangering collective security in the Mediterranean. Paradoxically, the soft threats of organised crime activities are easier to conduct due to the very existence of the Spanish enclaves (and Gibraltar). The Spanish police has detected that some financial infrastructure and money-laundering activities are located in those enclaves. But in year 2003 the subtle frontier that divides soft from hard threats started to dissipate. Spanish interests were first targeted in the 2003 Casablanca terrorist attacks. Finally, the tragic events of March 11, 2004 terrorist attacks in Madrid, where most suspects were Moroccans, showed the real dimension of the threats arising from radical Islamism in the southern neighbour²⁸.

Policy convergence on EU Mediterranean policy meant what has been called the Spanish 'return to the Mediterranean' after the marginalisation of the Aragon kingdom Mediterranean orientation in favour of Castilian interests in Europe and Latin America²⁹. In contrast with the Latin American case, where there was little room for positive convergence, in the Mediterranean convergence was eased by the existence of common interests with other Mediterranean Member States, mainly France and Italy. Spain was very active in the launching of the so-called Barcelona Process of Euro-Mediterranean Partnership (EMP), intended to achieve a Euro-Mediterranean Free Trade Area for 2010. The main short-term economic impact of convergence lay on the preferential treatment for Mediterranean agricultural products from which Third Mediterranean Countries benefited in the framework of Mediterranean preferential agreements. As happened with Latin American countries before, the europeanisation of agricultural policies led to a protectionist logic hampering Mediterranean Partner Countries' agricultural exports.

As Torreblanca³⁰ correctly argues, problem rather than policy transfer has been the pattern in dealing with the Mediterranean in the EU environment. This is especially true for Morocco. By de-bilateralising Moroccan-Spanish relations in the economic sphere, Spain succeed in diluting bilateral deep-entrenched problems in the more diffuse entity of 'Brussels'. Fisheries Treaties and tariff-free quotas for Moroccan agricultural exports were to be signed by Brussels, enhancing the bargaining position of the Spanish government vis-à-vis the Moroccans and passing on Spanish government responsibilities with its constituency towards

²⁸Closa, C., "Del 11-S al 11-M: el papel de España en la Unión Europea", Elcano ARI Paper n° 46, 2004 (<http://www.realinstitutoelcano.org/analisis/448.asp>) .

²⁹Lorca, A., "El retorno de España al Mediterráneo", Información Comercial Española Revista de Economía, december, 1988.

³⁰Op. cit.

'Brussels'. However, the strategy does not seem to have been so successful in what concerns territorial claims, as we will see later in this section. At the very end, threats by the Spanish government on the effects that Moroccan refusal to sign a new fisheries' agreement with the EU will have on bilateral and EU-Morocco relations (supposedly at agricultural trade level) dismantled the transferring strategy.

Besides its many advantages and benefits, the europeanisation of Spanish external relations bring about two main kinds of costs. We have already dealt with the first, 'policy diversion' as a result of 'policy convergence', which was counterbalanced by projecting Spanish preferences towards EU external relations. The second one is a more classical effect when analysing regional integration: loss of autonomy, the counterpart of the enhanced foreign capacity induced by accession. To be sure, let us first underscore that autonomy is not good or bad in itself: it depends on how it is used. However, the Spanish experience shows that increased capacity in external policies also means a lesser degree of freedom to revert a policy once it has been incorporated by the EU. Two well-known examples pointed out by several authors refer to Spanish policies towards Cuba and Morocco.

Concerning Castro's Cuba, Spanish foreign policy experienced a radical shift when Mr. Aznar's conservative party gain office in 1996. Mr. González social-democratic party pursued a 'positive incentives' approach in dealing with Cuba: increased FDI flows in the Cuban tourist sector, development aid, political dialogue and criticism towards US Cuba policy were intended to put a prize on the political and economic opening of the country. It also tried to protect Spanish economic interests from extra-territorial US legislation allowing for retaliation against foreign investors in Cuba (Helms-Burton Act). When the conservative party took office (1996-2004), its approach towards Castro's Cuba changed drastically (increasing pressure for democratisation and establishing political alliances with Miami exiles.) Castro's reluctance to make any significant move towards political liberalisation was followed by increased Spanish pressure within the EU to revert any political or economic support granted to Cuba...under previous Spanish lobbying to obtain it! Development aid was suspended, but several EU tourist companies were already operating in Cuba. Recently, the new social-democratic government has reversed this policy, making the EU go back to the initial 'positive incentive' approach.

This experience shows how difficult, and politically costly, it is trying to revert a EU external policy when national Member State preferences change over a particular issue. A similar case, but far more important, has been experienced with

Morocco. Concerning the fisheries agreement that Spain not so successfully 'exported' to EU, when Morocco rejected the signing of a new agreement if a substantial increase in financial compensation (unacceptable for EU) was not considered, Spain had no bilateral political or economic instruments to react with. Because no way could be found to reach a bilateral agreement, Spanish-Moroccan tensions rapidly escalated³¹. When Moroccan policemen 'invaded' the small tiny island of Perejil in the Straits of Gibraltar, there was a refusal by EU Member States (mainly France) to retaliate against Morocco. The EU-Morocco Association Agreement was not suspended, and no substantial political pressure was exerted by the European Council or the Commission. Left without any relevant short-term policy instrument other than diplomacy and military intervention, Spain had to recur to the US to mediate in the conflict. For some authors, the Perejil crisis shows that Spain "needs US collaboration to manage in the best way its security problem (sic)"³². The Perejil crisis is a good example of 'asymmetrical shocks' in the EU's Common Foreign and Security Policy (CFSP): for the Spanish government it was territorial integrity that was at stake, while for the EU it was a minor problem on which international law implications was unclear. Furthermore, countries such as France did not want to risk their Moroccan interests by supporting any EU action favouring the Spanish government position.

The Spanish conservative government felt betrayed by the EU (mainly by France) and turned to a more US-oriented external policy that could be termed as divergence from core EU countries external policies. Even before this happened, there were signs of the conservative government trying to introduce significant changes in Spanish external policies. Political differences with other Member States, mainly the German and French governments, over both external relations (Iraq) and European economic issues (like French and German non-compliance with the Stability Pact) arose. Some Spanish atlantist analysts have even portrayed Europe as a 'problem', and no longer a 'solution' as it had been perceived during democratic transition³³.

Some observers have also considered that under Mr. Aznar's conservative governments, Spain has moved from a front seat to a back seat in the Euro-Mediterranean Partnership³⁴. For Spanish public opinion, however, the image of 'changing cars' rather than just seats is a more accurate perception, and it has been highly penalised as can be seen in the last Spanish elections, with Mr. Aznar's conservative party going out of office mainly as the perceived consequences of the

³¹Vaquer, 2003, op. cit.

³²Portero, F., "Spanish Foreign Policy and the Transatlantic Link", *Análisis* n° 52, GEES, 2003, p. 10. (www.gees.org).

³³Ibid.

³⁴Gillespie, R., "Spain and the Western Mediterranean", Sussex European Institute Working Paper n° 37,

party's external policies. Because EU trade policy is so highly institutionalised (to the point that not even slight trade retaliation against Morocco after the Perejil crisis was possible), the Spanish government deepened the policy substitution strategy through available instruments, mainly economic ones at the beginning, but lately with strong political moves, such as US support along the UK's traditional positions within the EU.

The Economic Dimension and Policy Substitution

By incorporating EU trade policy, Spain had to adopt EU regional priorities, old (Africa) and new (Central and Eastern Europe), while looking for alternative instruments to maintain its traditional regional preferences. This translated to an unprecedented expansion of the Spanish external agenda, that needed to rely on new instruments for regional areas not covered by EU trade preferences and for which trade policy transfer was either not possible or did not entail strong enough commitments by the EU to satisfy Spanish preferences. The EU as a 'moving target' also applies to external relations: a rapidly changing international scenario involves the adoption of new policies at the EU level, making Member States adapt to them.

The clearer example is the substitution of trade policy preferences by Spanish action on supporting FDI flows, development aid, cultural relations, and immigration from Latin America. Spanish entry into the EEC implied significant trade diversion with Latin America. In some areas like agricultural trade, however, Latin American losses have been the outcome of a deliberate Spanish policy of preserving its domestic producers interests. For instance, the banana conflict between Latin American (US multinational supported), and ACP and EU producers has been solved to date by protecting EU markets and ACP preferences at the expense of Latin American countries.

Once trade policy was formulated at the EU level, Spain successfully transferred Latin American trade concerns to the EU. We have already noted that when these were in conflict with Spanish domestic interests, as in agricultural products (bananas and other tropical fruits produced in the Canary Islands, and Mediterranean agricultural products), it led to illiberal europeanisation . (Northern) European consumer countries unsuccessfully opposed it, for they were coming from more liberal trade regimes in such products. But this transfer strategy took time, and the willingness of the EU Member States to 'receive' Spanish Latin American preferences found clear limits. Spain, then, had to turn back to national controlled instruments in order to ease 'policy diversion' towards Latin America. We have

already mentioned FDI promotion and support in economic international forums, but development aid, migration policy, and cultural co-operation also deserves our attention. To some extent, all these instruments are still being controlled by Member States at the national level, and have been used by Spain as a substitute for more institutionally entrenched 'europeanised' external policies, like commercial policy.

Table 1 shows the evolution of Spanish direction of trade and compares it with EU trade. In addition to the expected reorientation of commercial flows towards the EU, which now concentrates around two thirds of Spanish trade, other facts emerge from table 1. The weight of Japan and the US in Spanish foreign trade has decreased substantially, mainly on the import side. Spanish exports towards Latin America have increased slightly, while Spanish imports from the region have more than halved from 11% to 4.5%. Countries such as Mexico or Brazil have seen their exports shares in Spanish imports decrease steadily. EU accession is not the only cause behind decreasing export shares for those Latin American countries. NAFTA and MERCOSUR regional initiatives have diverted exports towards new American partners, mainly the US. In fact, counterbalancing US trade influence over the Latin American region has been one of the reasons behind Spanish efforts to achieve bilateral agreements between the EU and Mexico, MERCOSUR and Chile. Paradoxically enough, Latin American exports have a slightly higher weight in the EU as a whole than in Spain. This is not a generalised pattern: Mexico is a more important commercial partner in relative terms for Spain than for the EU, while the opposite happens with Brazil.

Table 1: Direction of Trade, Spain (1985, 2002) and EU (2002)

In relation to the Maghreb, Spanish trade flows remained stable in relative terms between 1985 and 2002, and are in line with the weight those countries have in EU external trade. Morocco represents a more important market for Spanish than for EU exports, and the contrary applies to Tunisia. Differences in trade with Middle East countries are not very significant, as far as they depend upon oil prices, but in any case the weight of Middle East trade is, by far, less important to Spain than to the EU. Almost the same applies to Turkey, but for this country Spanish import share has increased steadily as a result of the custom union.

For Eastern Europe and the former Soviet Union the former pattern is even clearer: Spain has increased the relative importance of its trade with the Eastern EU neighbours, but deeply lags EU performance. This is mainly the result of lack of Spanish economic presence in those countries, due to both history and geography, and a failure to adopt a more pro-active stance towards new Eastern European

Members. Energy strategies also matter and reflect different geo-strategic approaches, with Northern and Central EU countries having developed a high dependence upon Russian and Central Asian gas and oil, while Spain relies

Table 1: Direction of Trade, Spain (1985, 2002) and EU (2002), %

	Spain 1985 exports	Spain 1985 imports	2002 exports	2002 imports	EU 2002 exports	EU 2002 imports
UE-15	53,94	39,16	69,46	65,27	-	-
Japan	1,3	3,42	0,83	2,05	4,21	6,99
US	10,04	10,9	4,58	3,65	23,96	17,63
LATIN AMERICA	4,76	11,06	5,65	4,46	5,75	5,30
México	1,01	5,76	1,85	0,97	1,49	0,61
MERCOSUR	0,77	3,24	1,14	1,76	1,83	2,46
Argentina	0,42	0,93	0,24	0,87	0,21	0,62
Brasil	0,26	2,09	0,81	0,82	1,55	1,77
MAGHREB	2,5	3,67	2,40	3,79	2,63	3,57
Algeria	0,68	2,81	0,60	1,79	0,80	1,41
Morocco	1,2	0,6	1,31	0,82	0,76	0,63
Tunisia	0,62	0,26	0,41	0,22	0,75	0,60
MIDDLE EAST	8,15	13,56	2,53	2,66	7,31	4,25
Turkey	1,04	0,23	1,15	0,81	2,41	2,19
Developing EUROPE (Turkey excl.)	3,65	2,46	5,50	4,25	19,65	18,23
Developing ASIA	4,22	3,21	2,86	7,39	14,14	22,06
SUBSAH. AFRICA	3,56	12,34	1,13	2,92	3,56	4,05

Source: Own calculations and IMF, Direction of Trade Statistics, various years. Regional groupings according to DOTS, except: Latin America includes Cuba; Middle East does not include Libya (incl. in Maghreb)

heavily upon Algerian resources. Developing Asia has also increased its share of Spanish imports, but is still lagging well behind EU trade with that region. The relative weight of Sub Saharan Africa in Spanish trade has also declined steadily, currently showing far less importance for Spain than for the EU as a whole.

The analysis of the Export and Import Intensity Indexes presented in table 2 is more interesting³⁵. Indexes in bold letter in table 2 signal intense flows. As expected, Spanish trade is especially intense with the EU (EII: 6.47; III: 5.31). Differences are significant when compared with the EU regional pattern of trade

³⁵Export Intensity Index (EII) = $(X_{ij}/X_i)/(M_j/W)$; where X_{ij} : exports from "i" to "j". X_i : total exports from country "i". M_j : total import of country "j". W : total world trade. Import Intensity Index (III) = $(M_{ij}/M_i)/(X_j/W)$; where M_{ij} : imports of country "i" from country "j". A country index of 1 means that trade flows are proportional to its weight on world trade, while an index higher (lower) than 1 reflects flows that are more (less) important than expected according to this country weight in world trade.

intensity. Spanish trade intensity with both Japan and the US is very low, and substantially lower than for the EU, and the same happens for developing Asia. With Eastern European and former Soviet Union countries EII and III being close to one, which compares poorly with the indexes for the EU (EII: 3.82; III: 3,48). A similar result is obtained for Turkey. In spite of Spanish external revealed preferences, trade with Latin America as a whole is not more intense than the EU trade with that region. And Spanish trade intensity with the Maghreb is comparable to the EU trade, which is translated in higher trade intensity with Morocco and a lower one with Tunisia when compared with the EU figures.

Table 2: Export and Import Intensity Indexes for Spain and EU, 2002

So, the adoption of EU trade policy meant a geographical reorientation of Spanish trade. But changes have not been dramatic, nor has Spanish expanded trade flows towards EU preferred regions reached the significance that they have attained for the EU as a whole. When they were both EU and Spain preferred regions or countries (like Morocco) trade has remained intense, but for non-Spain preferred areas trade expansion has been limited (like Turkey or Eastern Europe). The most affected regions have been the US, and Latin American exports towards Spain. Spanish and EU trade intensity with Latin America is low, and does not reflect Spanish aspirations. Whatever the trade effects the new bilateral agreements signed with Mexico and Mercosur will have remain to be seen. But at the same time Spain has been blamed for adopting a protectionist position in agricultural trade, which is very harmful to its Latin American partners. The same applies to Morocco: while supporting Euro-Mediterranean policy upgrading, Spain strongly opposes Euro-Mediterranean agricultural trade liberalisation on the grounds of narrow domestic interests.

In order to create a substitute for a Europeanised trade and agricultural policy, Spain found a way to reveal a preferential policy towards Latin America and to express stronger preferences towards Morocco than the EU as a whole. Given the closure of the agricultural dimension, preferences were revealed through a mixture of private and public actions. At a private level, but strongly supported by government officials, the promotion of Spanish direct investments has been the more prominent issue. Most of them have gone to the EU, Latin America and North Africa. In 1993, and according to OECD data, 63% of Spanish FDI went to EU, and 9% towards Latin America, whilst Spanish FDI in other regions was negligible. By 2002, EU received roughly 50% of Spanish FDI, and Latin America 29%. By contrast, German and French FDI in Latin America roughly accounted for 5% of its FDI flows in 2002.

We find two significant asymmetries here: Spanish FDI regional distribution widely diverges from its own pattern of trade direction, but also from the FDI pattern of other EU countries. This is hardly surprising, due to cultural and institutional similarities between Spain and Latin America that stem from their common historical background. While geographical proximity plays an important role in determining natural trade partners, transport costs are not significant transaction costs for FDI flows. Furthermore, being a ‘natural partner’ in FDI terms is not constrained by any set of EU policies or commitments. Common language, and a similar business culture and institutional environment make Spain and Latin America natural partners regarding direct investment.

Table2: Export and Import Intensity Indexes for Spain and EU, 2002

	Spain 2002		EU 2002	
	EII	III	EII	III
UE-15	6,47	5,31	-	-
Japan	0,17	0,30	0,88	1,02
US	0,26	0,32	1,36	1,56
LATIN AMERICA	1,11	0,77	1,13	0,92
Mexico	0,88	0,39	0,71	0,25
MERCOSUR	1,17	1,19	1,87	1,67
Argentina	1,97	2,07	1,76	1,47
Brazil	1,02	0,82	1,96	1,78
MAGHREB	4,07	5,22	4,46	4,92
Algeria	3,15	5,63	4,23	4,43
Morocco	7,21	6,09	4,20	4,66
Tunisia	2,90	2,05	5,30	5,55
MIDDLE EAST	0,87	0,76	2,51	1,22
Turkey	1,62	1,47	3,40	3,97
Dev. EUROPE (Turkey excl.)	1,07	0,81	3,82	3,48
Developing ASIA	0,16	0,35	0,79	1,05
SUBSAH. AFRICA	0,85	1,92	2,69	2,67

Source: Own calculations and IMF, Direction of Trade Statistics, various years. Regional groupings according to DOTS, except: Latin America includes Cuba; Middle East does not include Libya (incl. in Maghreb)

While FDI is led by private companies, government action also matters. For instance, Spain has successfully signed agreements to reconvert external debt in foreign investments with Morocco and other Latin American countries. And the Spanish government has conducted a conscious policy of supporting Spanish FDI in host countries by other ways, like influencing host country governments and

acting as sponsor of Spanish investments in international financial institutions. This can be illustrated by a recent example: when Argentine economic authorities tried to exert pressure on recently privatised but still regulated sectors, like telecommunications or energy, in order to avoid price increases, Spanish companies translated their worries to their government, which added this issue to the IMF agenda for the country. On the other hand, Argentina has benefited from Spanish support in IMF decisions concerning the country's financial crisis.

An appealing area for policy substitution is development policy, and more specifically development aid. Development aid is not conducted at a European level, with the only exception of properly EU development aid. So, Member States have enough room to pursue national development aid policies, only subjected to OECD Development Assistance Committee (DAC) rules. However, development policy is an area where EU policy co-ordination through learning and benchmarking seems to have influenced domestic attitudes towards development assistance. Pressure for change emanates from EU development policies and by NGO's pressure that demands a more European-like development assistance strategy that emanates from Northern European models of development co-operation. The best practices are perceived as being those of Scandinavian countries and EU development policies themselves. This means focusing on eradicating poverty, supporting democracy, civil society and institution-building in a sustainable manner, and taking ownership into account. Spanish development co-operation follows a more traditional approach, focusing on soft credits associated with export-promotion, infrastructures, and cultural and technical co-operation. But the need for change is well perceived in Spanish development circles.

Spain, like other Member States, directs its national development aid towards preferred countries. Because most of them were in Latin America (with the important exceptions of Morocco and Equatorial Guinea), it was difficult to justify a EU increased aid flow towards countries with a much higher level of development than those in the ACP scheme. In the aftermath of EU accession, Spain made a substantial effort in increasing foreign aid from testimonial levels, and directing it towards Latin America, Morocco and Equatorial Guinea, in spite of NGO's and OECD's DAC criticisms of conducting a distorted development policy biased against poorer countries and subordinated to foreign policy considerations. Paradoxically, Spanish officials have tried to justify increased EU aid flows towards Latin America on the grounds of these countries having achieved a strong background of democratisation, while ACP countries institutional environment would not be conducive to development by the sole means of development assistance. So, Spanish interests related to development policies have been

defended along the EU criteria.

Table 3: Regional Distribution of Official Development Assistance, Spain, DAC countries and EU Members

Table 3: Regional Distribution of Official Development Assistance, Spain, DAC countries and EU Members (%), 1991-1992 and 2001-2002

	Spain		TOTAL DAC		EU Members	
	1991-1992	2001-2002	1991-1992	2001-2002	1991-1992	2001-2002
Sub-Saharan Africa	14,4	13,3	27,2	29,5	41,7	42,8
South and Central Asia	0,3	3,4	10,6	16,6	9,1	11,5
Other Asia and Oceania	17,9	9,3	20,0	21,5	13,8	11,4
Middle East and North Africa	22,6	11,6	25,0	10,4	17,0	10,5
Europe	0,1	7,9	4,0	8,1	6,4	9,9
	44,7	54,4	13,2	14,0	11,9	13,9

Source: OECD/DAC, 2003 Development Cooperation Report

Table 3 shows how 54.4% of Spanish development assistance was directed towards Latin American countries in 2001-02, compared with 44.7% in 1991-92. For the years 2001-2002, Latin America received just 14% of DAC countries and a similar percentage from EU members as a whole. The opposite happens for aid flows to Sub-Saharan Africa: for 2002 these countries received around 14% of Spanish, 29% of DAC countries and more than 40% of EU members development aid. For the rest of regional groupings the percentage distribution was almost the same in Spain and the EU. However, two trends are noteworthy: first, the increase in Spanish development aid towards Europe has increased steadily from 0.1% to 7.9% of total Spanish aid, converging with EU figures; secondly, while Spanish development assistance in the Middle East and the Mediterranean went from 22.6% to 11.6%, flows have concentrated in Morocco, that depending upon the year has been the first or second beneficiary of Spanish development aid.

Finally, it is interesting to include immigration policies in this brief account of Spanish external economic relations, particularly concerning the geographical origin of migrants. In recent years, Spain has evolved from being an emission country to become a net recipient of migrants. Given the lack of a

common EU immigration policy, every Member State can reveal its external preferences by the distribution of residence permits issued by country of origin. In the Spanish case, geography determines important migratory pressures from Morocco (although only a fraction of illegal workers entering from Morocco are Moroccans, the rest being Sub-Saharan migrants), and culture (language) reduces Latin American and northern Morocco immigration transaction costs. Table 4 reflects the differences in the geographical origin of immigrants for Spain, France and Germany. Moroccans rank high for both Spain and France, representing 21.3% and 15.4% of foreign population, respectively. In the French case, Algerians represent 14.6% and Turks 6.4% of foreigners. For Germany, the main emission country is Turkey, whose nationals represent 26.1% of German foreign population, followed by Eastern European countries. Spain, on the contrary receives many more immigrants from Latin America, mainly Ecuador, Colombia and, lately, Argentina.

Table 4: Foreign population in Spain, France and Germany, 2002

**Table 4: Foreign population in Spain, France and Germany, 2002
(Thousands and % of foreign population)**

	Spain		France			Germany		
	(000's)	(%)		(000's)	(%)		(000's)	(%)
Morocco	282,4	21,3	Portugal	553,7	17	Turkey	1.912,2	26,1
Ecuador	115,3	8,7	Morocco	504,1	15,4	Italy	609,8	8,3
UK	90,1	6,8	Algeria	477,5	14,6	F.R. Yugoslavia	591,5	8,1
Colombia	71,2	5,4	Turkey	208	6,4	Greece	359,4	4,9
Germany	65,8	5	Italy	201,7	6,2	Poland	317,6	4,3
Total	1.324		Total	3.263,2		Total	7.335,6	

Source: OECD, Trends in International Migrations 2003.

In this respect, migration policy is also becoming an instrument of external policies, mainly due to the increased number of migrants arriving in Spain. For instance, after tensions with Morocco started to rise, Spanish migration policy was reoriented towards Latin American and EU candidate countries. Table 5 illustrates the changing pattern of (legal) immigration flows. While Moroccans represented 18.4% of immigrants in 1998, they were just 8.3% in 2002. The 'rest of Europe' group went from 6.7% of immigrants to represent almost 20%, mainly due to Romanian immigration. Concerning Latin American countries, the increase has been steady: from 27.5% to 44.6%, mainly from Ecuador, Argentina and Colombia.

This did not prevent migratory flows from Morocco, but condemned them to remain illegal, increasing the costs of Moroccans who wanted to migrate to Spain and, once in the country, forcing them into irregularity.

Another major instrument of Spanish external policies is cultural cooperation. In non-Spanish speaking countries it is focused on language through the Cervantes Institute, which provides Spanish courses and promotes Spanish culture abroad. In Spanish speaking countries (or regions, like Northern Morocco), cultural cooperation consists mainly of operating and financing Spanish schools, both public and private (catholic) ones. Schooling at primary level is provided or supported in Morocco, Equatorial Guinea and Latin America. At university level, the UNED (Spanish Open University) has associated centres in Morocco, Equatorial Guinea and several Latin America countries. The Spanish language is a key competitive factor in lowering transaction costs and in fostering the Spanish cultural industry, mainly in Latin America. The Spanish entertainment industry attains important figures concerning books, films

Table 5: Immigration flows by origin country, 1998 and 2002

	1998		2002	
	Immigrants	%	Immigrants	%
TOTAL	57.195		483.260	
EU	21.921	38,33	106.197	21,98
REST OF EUROPE	3.814	6,67	93.942	19,44
Poland	435	0,76	3.875	0,80
Romania	503	0,88	48.330	10,00
AFRICA	13.118	22,94	55.666	11,52
Algeria	652	1,14	3.919	0,81
Morocco	10.534	18,42	40.172	8,31
AMERICA	15.724	27,49	215.598	44,61
Ecuador	1.954	3,42	88.967	18,41
Argentina	1.291	2,26	35.405	7,33
Bolivia	147	0,26	10.625	2,20
Colombia	2.298	4,02	34.235	7,08
Cuba	1.887	3,30	5.069	1,05
ASIA	2.549	4,46	11.623	2,41
OCEANIA	69	0,12	189	0,04

Source: INE (www.ine.es)

and TV programs exports towards Latin America and is a source of soft power in the region.

Final Remarks

EU accession is a formidable task in every policy area. This is especially true in external relations for countries with limited resources and a huge inherited foreign agenda not fully convergent with the one expressed by the revealed preferences of the EU Member States. Even more so when the integration process creates such visible challenges as economic catching up, institutional upgrading, modernisation and structural adjustment in sectors such as agriculture or industry. It is not evident to succeed in obtaining the required resources to conduct policy convergence, policy transfer and policy substitution in foreign affairs. A clear diagnosis of the external priorities of the candidate countries and the EU, together with the analysis of previous experiences can help to foresee the strategies that may be pursued, and where scarce resources should be concentrated. In this respect, the Spanish experience provides an interesting case study for two reasons. First, all the above-mentioned elements were present to a certain extent, thereby presenting a fairly representative case study. Second, the outcomes have been impressive when considering the starting point.

However, the europeanisation of Spanish external relations has had its ups and downs. While trade is a highly (if not completely) institutionalised domain in the EU, other economic instruments are not, like development and humanitarian aid, migration policy or economic cooperation. CFSP is even less so. As a result, de-europeanisation or divergence is almost impossible in highly EU institutionalised areas, like trade policy. But foreign policy reorientation seems in principle less costly, because there are minimal institutional constraints. Spanish government's support of US positions towards Iraq and the subsequent tensions with France and Germany were limited by a network of institutions other than CFSP. This is a more recent fact to be noticed from the Spanish experience: the europeanisation of external relations is an asymmetrical process. While divergence is costly or even impossible in trade policy areas, reverting to it may be easier due to the already existent institutions.

There is also the EU perspective, how its external relations have been modified by Spanish accession. The main influences have been the addition of Latin America to EU's external agenda and a deepening of the EU Mediterranean policy. Some Spanish problems have also been marginally 'imported' by the EU, like territorial disputes with Morocco, the Gibraltar problem, financial instability in

Latin America, and political friction with Cuba, Venezuela and Equatorial Guinea. External relation is an area where benefit-cost analysis is difficult to conduct, but qualitative evidence seems to point that europeanisation of Spanish external relations has been on the whole a positive-sum game. For instance, in spite of last years' divergence in foreign policy within the EU, Spain succeeded in projecting its national preferences to some extent. And europeanisation, together with solid economic growth, has contributed to the generation of institutional and financial resources that permitted Spain to conduct external policy substitution where projection was not at hand.

How relevant is the Spanish experience for Turkey? We think that similarities abound. From an international perspective, both countries have a key geo-strategic position at the EU's Southern flank. Spanish entry extended the EC economic borders to North Africa, and Turkey's accession will extend it to the Middle East, the Caucasus and Central Asia. The two countries host significant populations and are important players in the sub-regional arena. Both of them were former empires that have inherited a broad external agenda that in some cases differ from core EU countries' external obligations. Turkish trade policy convergence will be easier, given the existence of the customs union with the EU. In fact, for Turkey accession means the possibility to project its trade policy preferences towards the EU, but necessarily entails a loss of autonomy in the conduct of external relations. For instance, the European Neighbourhood Policy would be applicable to Turkey's neighbours, therefore extending both the obligations and the instruments Turkey already has to deal with its bordering countries. For a country like Turkey, some policy substitution may be needed, as was the case with Spain.

Much in the same manner as Spain experienced, such a dual process of projecting its own preferences towards the EU and creating new instruments for policy substitution will create a challenging domestic environment. Competing priorities will make it difficult to devote sufficient political will, and financial and human resources to the subtleties of external relations. New channels of external action may be explored, as Spain has done with cultural diffusion, development aid or foreign investment. There are other similarities that indirectly affect external relations. At the time of accession negotiations, Spain lagged economically and institutionally with regard to most EU Member States, as Turkey does today. As Spanish civil society did in the 1980's, Turkish society today clearly supports accession to the EU as a way to consolidate modernisation and economic development. In a similar manner to that which Turkey faces today, Spain faced Member States' worries concerning migration flows, the magnitude of its agricultural sector (and exports), and fears of industrial de-localisation.

Certainly, there are also important differences between both countries and, perhaps more important, in the international scene. In addition, the processes of policy convergence, transfer and substitution are path-dependent and context-specific. There are no straightforward lessons to apply mechanically. But we think that it could be useful for Turkey to be aware of the ups and downs of europeanisation which Spain has experienced in the last 20 years, how it was received and projected in the area of external relations, and which strategy was followed in order to preserve its traditional external preferences.