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Looking ahead to the Spanish Presidency of the Council of the EU

1 July – 31 December 2023



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Introduction

Recent crises and geopolitical trends – inflation, energy costs, supply chain pressures and changing relations with third countries – have shifted the EU’s priorities. The twin green and digital transitions are increasingly shaped by the ambition to advance European competitiveness and open strategic autonomy. Against this background, EU policy-makers are also under additional pressure to finalize key legislative files before the June 2024 EU elections fundamentally alter the political landscape.

Tackling these challenges, Spain takes charge of the Presidency of the Council of the EU from July 1 until the end of 2023. In the meantime, Spanish Prime Minister Pedro Sánchez faces an impending General Election. Regardless of the outcome (see more below), for the next six months Spain will act as an ‘honest and neutral broker’ in setting the political agenda, speaking on behalf of Member States and chairing negotiations, both in seeking compromise between Member States and representing Member State positions vis-a-vis the European Parliament.

Prime Minister Sánchez has laid out four priorities for Spain’s Presidency, under the motto ‘Europe, closer’:

1. Reindustrialise the EU and ensure its open strategic autonomy
2. Advance in the green transition and the environmental adaptation
3. Promote greater social and economic justice
4. Strengthen European unity

In this report, Kekst CNC analyses each of these priorities in the context of three policy areas: Energy & Sustainability; Competition & Industrial Policy; and Technology, Media and Telecommunications.

The Spanish Government

Following the General Election of 2019, the Spanish government has been comprised of a coalition between the centre-left Socialist Party and United We Can, a left-wing platform. Prime Minister Sánchez's government was sworn in only a few months before the COVID-19 pandemic, which has impacted much of its agenda. However, the government is likely to change, as following heavy losses by the coalition in May's municipal and regional elections, Prime Minister Sánchez has called for snap elections to be held on July 23.



The government's cabinet, made of 23 ministries, is dominated by the Socialist Party. They hold two vice-presidencies and 16 ministries as well as the Prime Minister, heading key portfolios such as defence, economy, justice, and energy. United We Can holds one vice-presidency and four ministries in charge of issues such as employment, equality and social rights, consumer protection and universities. Not only is this the first coalition government in Spain's modern history, but it is also a minority government, relying on regionalist and nationalist parties to pass virtually all of its legislative agenda. Despite this, and conflict between the two coalition members, the government had been relatively successful in carrying out its agenda.

A likely change of government during the Presidency could have implications for EU legislative agenda. However, any change in the priorities of the Spanish Presidency will likely depend on the issue at hand. While digital and technology policy is largely a non-partisan issue in Spanish politics, the same cannot be said about energy and sustainability. Furthermore, in the event of a change of government, the political process necessary to put in place a new, fully operable government could also allow the Spanish Permanent Representation to carry out its duties irrespective of national developments.

Energy & Sustainability

The Spanish Presidency holds significant responsibility in the EU Green Deal's success. It posits that the green and industrial transitions go hand in hand, as sustainability efforts offer long-term economic opportunities. The Spanish Presidency aims therefore to finalize legislation driving decarbonisation, promoting circularity, and protecting nature. These policy initiatives are driven with the intention of enhancing resilience, competitiveness, and security, while fostering the multilateral climate agenda -- with COP28 at the forefront.

Spain intends to support the energy transition without creating new dependencies or harming competitiveness. They therefore focus on fostering energy autonomy by mobilizing financial resources, speeding the deployment of renewable energies, advocating for the production of renewable hydrogen, and establishing regulation for the revised electricity market. On July 12, EU Energy Ministers will convene in Spain to discuss the energy policy program.

Given the Swedish Presidency's setback in securing a Council position on the **Electricity Market Design** in June, the Spanish Presidency is prioritizing this contentious proposal. Spain has championed ambitious reform, striving for the decoupling of gas from electricity prices, reinforcing energy security, and encouraging renewables and storage technologies' integration.

Aligned with Spain's ambition to become a renewable hydrogen hub for Europe, the Presidency places significant focus on hydrogen. Spain will work towards finalizing the **Gas Package**, setting the framework for an EU renewable hydrogen market. To foster investment and innovation, the Presidency promotes the **Hydrogen Bank** to de-risk and scale-up the market.



Spain also emphasises progress on the **Fit-for-55 Package**. Areas of focus include the **Energy Performance of Buildings Directive (EPBD)** and the revision of the **Energy Taxation Directive**. Due to concerns raised by Germany regarding the role of e-fuels in the **revised Directive on CO2 emission standards for cars and vans**, which mandates a 100% reduction in CO2 emissions from newly sold vehicles by 2035, a Delegated Act will be issued by the European Commission during autumn to address controversy and find common ground.

On broader sustainability issues, the agenda mainly focuses on pollution, consumer rights and circularity policies. Spain is likely to face increased difficulties in the lead-up to the 2024 EU elections with increased politicization as showcased by negotiations on the **Nature Restoration Law**. Regardless, Spain will aim to conclude the trilogues on the **Ozone Regulation** and the **revision of the F-Gas Regulation**.

In addition, the Spanish Presidency will likely kick off interinstitutional negotiations on the **revision of the Ambient Air Quality Directives**, achieving the goals set by the European Commission's Zero Pollution Action Plan. In the second half of its Presidency, Spain will continue progress on the **Classification, Labelling and Packaging of Substances and Mixtures Regulation**, striving for a higher level of human health and environmental protection, while streamlining the legislation.

The Presidency will strive to ensure that greenwashing is banned and circular economy promoted, kicking off negotiations on the **Regulation on the Right to Repair** and the **Green Claims Directive**, while striving for an inter-institutional agreement on the **Empowering consumers for the green transition** and the **Ecodesign for Sustainable Products Regulation**.

November's **COP28** will assess the world's collective progress towards achieving the Paris Agreement. If Spain can advance the EU's climate agenda, it can showcase EU leadership on action at international level, from increased renewable energy targets to enhanced circularity.

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Competition & Industrial Policy

Consecutive crises have forced the EU to evaluate its dependencies on third countries and the resilience of its supply chains. It is, therefore, no surprise that one of the Spanish Presidency's four priorities is to 'reindustrialise the EU and ensure its open strategic autonomy'. A two-pronged approach will see Spain promote the development of strategic industries, whilst ensuring the economic security and global leadership of the EU by 2030.

The pursuit of **open strategic autonomy** has been an increasingly prevalent theme of the current legislative mandate, and this looks set to remain the case for the next 5 years (2024 – 2029). The Spanish Presidency has committed to including the debate surrounding strategic autonomy, alongside issues such as enlargement, in the next **EU Strategic Agenda**. The first 'strategic debate' on the Agenda is set to take place at the Informal European Council on October 6. Drawing from precedent, the Agenda can be expected to be finalised and published shortly after the 2024 EU elections, likely during the Hungarian Presidency (H2 2024).

Supply chain resilience and the ability to better cope with crises like COVID-19 or Russia's invasion of Ukraine are considered key elements of open strategic autonomy. To that end, Spain aims to finalise negotiations on the **Single Market Emergency Instrument** before the end of the Presidency. The Presidency has a mandate to already begin negotiations with the European Parliament, with a plenary vote scheduled in the European Parliament on September 11.

Tightly connected to open strategic autonomy is the objective of **boosting reindustrialisation**, tied to the strong push of other Member States (e.g., France) for a 'Made in Europe' policy agenda and a coherent approach to reshoring. Spain



has committed to discussing how to ‘advance and adapt some of the industrial ecosystems identified as having the greatest impact on the European economy’, considering challenges posed by digitalisation and sustainability. Those identified by the Presidency include ‘automotive, pharmaceutical, chemical, food, ceramics, aerospace and electro-intensive industries’.

In parallel, the Presidency has committed to paying ‘special attention’ to the **Critical Raw Materials Act**, the **Net Zero Industry Act** and the **Ecodesign Regulation**, although it has not committed to finalise negotiations, with work potentially continuing under the Belgian Presidency (H1 2024).

The Presidency has also stated its intention to ‘promote the negotiation of the **Strategic Technologies for Europe Platform (STEP)**’ – a proposal foreseen by the Economic Security Strategy intended to support the development of EU value chains in deep tech, cleantech and biotech. Moreover, the Presidency intends to ‘**revise the competitiveness and State aid control policies**’, although details on what this might entail are currently thin on the ground.

To complement the policy of reindustrialisation, Spain has committed to further developing European systems for the **protection of intellectual property**. Whilst not committing to reaching any concrete milestone, part of this agenda includes advancing discussions on the package of Regulations that was adopted in April 2023 by the European Commission on **standard essential patents (SEPs)**, **compulsory licensing** of patents in crisis situations, and the revision of legislation on **supplementary protection certificates**.

Finally, on **trade**, Spain has not referred to the vociferous use of trade defence tools – a current priority of the European Commission. Instead,

it plans on ‘expanding and diversifying bilateral trade relations and maintaining an open trade policy’. This involves keeping ‘communication channels open and supply chains functioning’ vis-à-vis China, despite recent tensions in **EU-China relations**.

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Technology, Media & Telecommunications

Spain's Digital Transformation Attaché Carlos Romero described Spain's Presidency as having two motors: concluding and reflecting. Taking a competitiveness-focused approach to technology while ensuring regulation promotes growth beyond 2030, and as a vocal advocate for its telecoms sector, the Spanish Presidency will carry out a 'serious reflection' on telecoms regulation, including the debate on 'fair contribution'. Finalising the AI Act is also a main objective of the Spanish Presidency, as the Member State positions itself as a frontrunner in the technology's development and regulation.

The Spanish Presidency takes a competitiveness-focused approach to technology, aiming to reduce dependencies by promoting strategic industries and open strategic autonomy. In this spirit, Spain will carry out a **'serious reflection on a new regulatory policy for electronic communications'**, including its 'financial sustainability' and Digital Decade 2030 goals such as 'gigabit for everyone'.

Spain is also a vocal advocate for its telecoms sector. The European Commission is expected to produce a follow-up report to its exploratory consultation, which included **'fair contribution'** i.e., that so-called 'large traffic generators' make financial contributions to telecoms infrastructure. Unless there is a legislative proposal, Spain's role will be limited. However, with several Member States having already pushed back against the idea, and the European Parliament recently expressing its broad support, Spain may be tasked with coordinating a sensitive response.

Finalising the **AI Act** is a main objective of the Spanish Presidency. This ambition was set out

to ministers during the June 2 TELE Council, as was Spain's commitment to its sandbox on AI, which will support companies with compliance. Spain will also host an Assembly of the AI Alliance in Madrid on November 16-17. Finding a provisional political agreement with



the European Parliament by then would be a big political win for a Member State positioning itself as an AI frontrunner.

The Spanish Presidency adds that security in the digital world will be key. It therefore aims to progress on both the **Cyber Resilience Act (CRA)** and revision of the **Cybersecurity Act**. The CRA, which places cybersecurity requirements on interconnected devices and reporting obligations on manufacturers, has seen several Council compromise texts. The European Parliament could be ready to begin trilogues shortly after summer. The Cybersecurity Act revision would allow for implementing acts regarding the adoption of European cybersecurity certification schemes to designate trusted providers as part of a cybersecurity reserve, thereby further promoting private sector involvement in responding to large-scale cyberattacks. Spain aims for a general approach at the December 5 TELE Council.

Spain lists other legislative priorities in public services -- such as the **European Digital Identity Regulation (eIDAS 2) (which now has a provisional political agreement) and Interoperable Europe Act** -- as well as telecoms, including the **Gigabit Infrastructure Act**. On the **Regulation to Prevent and Combat Child Sexual Abuse (CSAM)**, Spain aims for a general approach at the September 28 JHA Council, having taken a strong position against encryption in recent months.

However, there will also be non-legislative developments, including where Spain has taken a strong position but must now manage debate as a neutral broker. Spain has been a proponent of data localisation requirements in the **draft Cybersecurity Certification Scheme for Cloud Services (EUCS)**. Although not mentioned in the work programme, and with the Presidency not having a formal role in the adoption process, Spain may still have to manage divisive debate

on the openness of the EU's data economy.

GAIA-X, a European federated cloud infrastructure and governance organisation which has dropped off the policymaking agenda, does however receive a mention, meaning Spain may bring previously high-profile data sovereignty initiatives back into the limelight.

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Annex I

Highlights from the Spanish Presidency's Calendar

The Presidency also sets out, ahead of its term,
a calendar with official meetings and cultural events.

Jul 10	<u>General Affairs Council</u>
Jul 10 - 11	<u>Informal Environment Council</u>
Jul 11 - 12	<u>Informal Energy Council</u>
Jul 20 - 21	<u>Informal Justice and Home Affairs Council</u>
Jul 24 - 25	<u>Informal Competitiveness Council (Internal Market/Industry)</u>
Sep 19	<u>General Affairs Council</u>
Sep 25	<u>Competitiveness Council (Internal Market/Industry)</u>
Sep 27 - 28	<u>Informal General Affairs Council</u>
Sep 28	<u>Justice and Home Affairs Council</u>
Oct 16	<u>Environment Council</u>
Oct 19 - 20	<u>Justice and Home Affairs Council</u>
Oct 23 - 24	<u>Informal Telecommunications Council</u>
Oct 24	<u>General Affairs Council</u>
Oct 26 - 27	<u>European Council</u>
Nov 15	<u>General Affairs Council</u>
Dec 4 - 5	<u>Justice and Home Affairs Council</u>
Dec 5	<u>Telecommunications Council</u>
Dec 7	<u>Competitiveness Council (Internal Market/Industry)</u>
Dec 12	<u>General Affairs Council</u>
Dec 14 - 15	<u>European Council</u>
Dec 18	<u>Environment Council</u>
Dec 19	<u>Energy Council</u>

Annex II

Spanish Presidency

Spanish Presidency of the Council of the EU [website](#).

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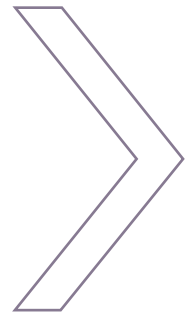
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