

Madrid – Moscow: Time for NATO to Close Ranks

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Introduction: Spain and Russia - naval cooperation at a time of alleged sanctions.

The arrival of four Russian warships to Spain's Ceuta on 5 August 2015 was no novelty. The 'Moskva' missile cruiser, the 'Pytliviy' escort ship, the 'Ivan Bubnov' large sea tanker, and the 'Shakhtyor' rescue tug,¹ marked the eleventh such visit in the year to date, and were followed on 26 August 2015 by the diesel-electric submarine 'Novorossiysk' and one day later the fleet tug 'SB-36', bringing the total figure to twelve.² This is only one short of the total number for 2014, thirteen. On 6 August for the first time local media outlets failed to report it, joining Madrid-based newspapers' policy of silence. Previous visits had been extensively reported by newspapers such as *Pueblo de Ceuta*³ and *La Verdad de Ceuta*. The reasons are not clear, but given rising tensions between NATO and Russia, Spanish authorities may have deemed it prudent to restrict even further knowledge about what threatens to become a major embarrassment for Spain. The submarine visit on 26 August, on the other hand, appeared in the pages of *La Verdad de Ceuta*, but not on those of *Pueblo de Ceuta*. Having said this, in December 2015 Ceuta Port Authority published its 2014 annual report, with details about the Russian naval presence in the city the previous year, and local reporting seems to have resumed.³

¹ 'Group of Russian Black Sea Fleet ships enters Strait of Gibraltar on way to Ceuta', in *Gibraltar Panorama*, 6 August 2015, online at <http://gibraltarpanorama.gi/15209/131742/a/group-of-russian-black-sea-fleet-ships-enters-strait-of-gibraltar-on-way-to-ceuta> (last accessed on 10 June 2016).

² R.S., 'Un submarino y un remolcador de la Armada rusa realizan escala en el Puerto de Ceuta', in *La Verdad de Ceuta*, 26 August 2015, online at <http://www.laverdaddeceuta.com/politica/noticias/politica/turismo/un-submarino-y-un-remolcador-de-la-armada-rusa-realizan-escala-en-el-puerto-de-ceuta> (last accessed on 28 August 2015).

³ Alex Calvo, 'Ceuta to Moscow: "Send More Russians"', online at

In spite of being an EU and NATO member, Spain's Ceuta has become the Russian Navy's most important logistical base in the Western Mediterranean and Eastern Atlantic, allowing Moscow to expand her naval presence in a sensitive area as part of her policy of openly challenging the Atlantic Alliance. Despite Ceuta's importance for Russian naval activities, Madrid-based think-tanks have refrained from even mentioning it in any papers or during events. The Real Instituto Elcano, for example, has carefully avoided the subject. A short paper on 'The Russian "drip", the Ukraine, and Russia's confrontation with the West' published in February this year did not even contain the word 'Ceuta'.⁴

On the other hand, American commentators like Luke Coffey and Fernando Betancor have written on the matter,⁵ while Gibraltar naval observers from #OpWest regularly report all Russian port visits to Ceuta, which also feature

<http://www.fdbetancor.com/2015/12/16/ceuta-to-moscow-send-more-russians-by-alex-calvo/> (last accessed 10 June 2016).

For a list of the Ceuta Port Authority's annual reports see <http://www.puertodeceuta.com/autoridad-portuaria/memorias/anuarios> (last accessed 10 June 2016).

⁴ Felix Arteaga, 'La "gota" rusa, Ucrania y la confrontación rusa con Occidente', in *Comentario Elcano*, 4 February 2015, online at http://www.realinstitutoelcano.org/wps/portal/rielcano/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/comentario-arteaga-la-gota-rusa-ucrania-y-la-confrontacion-rusa-con-occidente (last accessed 10 June 2016).

⁵ See Luke Coffey and Daniel Kochis, 'U.S. Should Condemn Spain and France's Military Support to the Russian Federation', in *Issue Brief #4226*, The Heritage Foundation, 20 May 2014, online at <http://www.heritage.org/research/reports/2014/05/us-should-condemn-spain-and-frances-military-support-to-the-russian-federation> (last accessed on 10 June 2016); Fernando Betancor, 'Spain: The Russians Are Coming', in *Common Sense*, 22 June 2015, online at <http://www.fdbetancor.com/2015/06/22/spain-the-russians-are-coming> (last accessed on 10 June 2016).

often in Russian media outlets.⁶ In order to better understand what is going on at Ceuta it may be useful to have a wider look at Spanish-Russian relations.

The Complex, Painful Path to Modernity by Two Nations at the Extremes of the Eurasian Landmass.

Spain and Russia are both ancient and proud nations sharing a number of common characteristics, with perhaps four being of particular relevance. First of all, their troubled relation with modernity, and the painful and often violent roads they have followed in their quest to achieve it. Second, their doubts when it comes to deciding whether they are fully part of Europe, or just halfway, with Russia's concept of Eurasia and Spain's cross-Atlantic links to Latin America providing alternative historical and geopolitical narratives. Third, their difficulties in holding together the diverse populations brought about by their military expansion, a difficult enterprise often seen as only possible on the basis of force, or the threat to use force. Fourth, the traditional strength of conservatism among wide sections of their population, including in the religious sphere, religion playing a key role in the historical formation of both Spanish and Russian national identity. Catalan MEP Ramon Tremosa is keen to say that 'there will be a Liberal [in the European sense of the word] party in Spain when there is one such party in Russia'. More generally, he has often compared the two countries, writing an article in 2006 where he cited a number of observers who had come to similar conclusions.⁷ Among them Graham Greene, who wrote in one of his books that it is only in Spain and Russia that

time stands still'.⁸

Pragmatism Prevails Over Ideology and World Blocks.

These similarities may perhaps help explain how, even when ideologically at odds, somehow Spanish and Russian elites have often found a way to reach a *modus vivendi*, some sort of pragmatic arrangement transcending not only politics but even the division of the world into opposed blocks. Thus, while Soviet intervention in the Spanish Civil War (1936-1937) was followed by General Franco's sending of the 'Blue Division' (Wehrmacht's 250 Infantry Division) to the Eastern Front, with the last prisoner only making it back in 1956 once Stalin was out of the picture, this did not prevent a later discrete yet effective normalization of relations.⁹ After some modest economic exchanges and discreet contacts in Paris in 1960-61, more substantive informal contacts took place in the French capital in 1964, leading to economic agreements such as an exchange of notes in 1967 to allow Soviet merchantmen to dock at Spanish harbours,¹⁰ and the opening in 1969 of an office of the Black Sea Shipping Company in Madrid.¹¹ The office illustrates the Soviet interest in one of the countries providing an outlet to the open sea, a geopolitical and geo-economic constant in Russian history since the days of Peter the Great and even earlier, having been, according to classical historical interpretation, one of Ivan the Terrible's goals for invading Livonia in January 1558. The arrival of Soviet oil in the late 1960s may have played an important role at a critical juncture in Spain's post-war recovery, removing a potential obstacle to the country's budding industrialization and avoiding social

⁶ See, for example, 'Group of Russian Black Sea Fleet ships enters Mediterranean', in *TASS*, 5 August 2015, online at <http://tass.ru/en/russia/812688> (last accessed 10 June 2016). For an interview with OpWest's founder Michael J. Sanchez, see Alex Calvo, 'OP-WEST: Open Source Intel in Contested Maritime Spaces', *Center for International Maritime Security (CIMSEC)*, 1 April 2015, online at <http://cimsec.org/op-west-open-source-intel-contested-maritime-spaces/15718> (last accessed on 10 June 2016).

⁷ Ramon Tremosa, 'Castella Eterna', in *Avui*, 5 January 2006, online at <http://www.racocatalla.cat/forums/fil/31710/castella-eterna-ramon-tremosa-lavui> (last accessed on 10 June 2016).

⁸ Graham Greene, *Monsignor Quixote* (London: Penguin Books, 2008), p. 80.

⁹ Linz Archive of the Spanish Transition, March Foundation, 'Relaciones diplomáticas con la Unión soviética', in *Ya*, 10 February 1977, available at <http://www.march.es/ceacs/biblioteca/proyectos/linz/documento.asp?reg=r11705> (last accessed on 10 June 2016).

¹⁰ Juan Carlos Pereira Castañares, 'España y la U.R.S.S. en una Europa en transformación', in *Cuadernos de Historia Contemporánea*, Vol. 15 (1993), p. 195.

¹¹ Kirill Rudenko, 'España era una desconocida', in *Russia Beyond the Headlines*, 3 April 2011, online at http://es.rbth.com/articles/2011/04/03/espana_era_una_desconocida_12251 (last accessed on 10 June 2016).

unrest.¹² In the words of Yuri Vladimirovich Dubinin, then first secretary in the Soviet Embassy in Paris and later ambassador to Madrid, 'cooperation started in the maritime domain. The thing is that Spain is located on the crossroads of very important maritime routes. We were very interested, and so were Spaniards, so Moscow and Madrid decided to take this first step'.¹³ In August 1969 Madrid and Moscow also reached an agreement on the provisioning of Soviet trawlers in Tenerife (Canary Islands), and June 1971 saw the birth of 'Sovyspan', a Spanish-Soviet joint venture to supply trawlers operating off the Canary Islands.¹⁴

In 1972 Madrid and Moscow agreed to exchange trade envoys, with full diplomatic relations resumed in 1977, and the King of Spain visiting the USSR in 1984. Those were years when Madrid was seeking to normalize her foreign relations as part of the so called 'transition' from the Franco regime, while Moscow sought to play a greater role in world affairs, going beyond her sphere of influence. Although different in many respects, geographically far away, and with little mutual knowledge, post-Franco Spain and pre-Perestroika Russia found each other useful. Theirs was not the most important bilateral relationship, but it encountered no major obstacles and provided good political opportunities for both capitals. Physical distance meant no major conflicting interests. A problem was the association in the minds of many Spaniards of the Basque group ETA with Soviet intelligence at a time of frequent terrorist attacks. On the other hand, Spanish entry into NATO posed no major problem,

¹² 'Relaciones Hispano-Soviética, Petróleo soviético para Franco y diversas consideraciones ideológicas', in *Cambera Roja*, 16 April 2014, online at <https://camberaroja.wordpress.com/2014/04/16/relaciones-hispano-sovietica-petroleo-sovietico-para-franco-y-diversas-consideraciones-ideologicas> (last accessed on 10 June 2016).

¹³ Kirill Rudenko, "'España era una desconocida'", in *Russia Beyond the Headlines*, 3 April 2011, online at http://es.rbth.com/articles/2011/04/03/espana_era_una_desconocida_12251.html (last accessed on 10 June 2016).

¹⁴ Linz Archive of the Spanish Transition, March Foundation, 'Relaciones diplomáticas con la Unión soviética'.

despite Soviet protests, maybe because the US military presence in the country preceded it and Madrid always took a very sui generis view of what membership entailed, with for example the military more concerned about 'territorial integrity'¹⁵ (written into the partly-military drafted 1978 constitution) than expeditionary capabilities.

An important figure at the time was Juan Antonio Samaranch, a skilful political operator who managed to be not only one of the few Catalans to hold high office under Franco but someone who survived the dictator's demise and went on to become Spanish Ambassador to Moscow, president of the International Olympic Committee (IOC) from 1980 to 2001, and chairman of Barcelona-based lender La Caixa from 1987 to 1999. Samaranch's diplomatic skills helped bilateral relations move forward and, more significantly, prevented the 1980 Moscow Olympics from derailing the normalization of relations. Just like Franco's death in 1975 provided him with a launching pad, chairing Barcelona Provincial Council from 1973 to 1977, instead of terminating his political career, the Moscow Olympics played a similar role, and what might have become a major embarrassment would in fact propel him to the top of the IOC. Samaranch had a life-long interest in sport, and enjoyed the diplomatic arena, and having enjoyed influence and the high life, he was eager to secure a place in post-Franco Spain. Uncertain whether he would manage to remain in high office, despite the 'transition to democracy' being carefully managed by the military and Franco-era pressure groups, he may have realized his best chances lied in securing a top-level international office from which he could either re-enter domestic politics if the opportunity arose or enjoy the world stage while quietly burying his links to the dictatorship. His help in lessening

¹⁵ 'The mission of the Armed Forces, comprising the Army, the Navy and the Air Force, is to guarantee the sovereignty and independence of Spain and to defend its territorial integrity and the constitutional order'. *Constitución española de 1978*, Chapter 8.1. An English version is available on the website of the Constitutional Court, online at <http://www.tribunalconstitucional.es/en/constitucion/Pages/ConstitucionIngles.aspx#14> (last accessed on 10 June 2016).

the impact of the boycott was duly rewarded by the Soviet Union which supported his accession to the IOC presidency. Spain's formula for participating in the Olympics was to compete and march in the opening ceremony under the Olympic flag. While Madrid was not the only Western country to choose this solution, and Samaranch had powerful personal motives to find a pragmatic accommodation with the Soviet Regime, the episode illustrates the complex and uneasy relationship between Spain and the United States, and more widely the Western World. Franco had taken advantage of the Cold War to complete his disengagement from the Axis and survive, despite widespread expectations that the downfall of Hitler and Mussolini would also amount to his end. However, the regime's 'normalization' in the late 1950s, with an economic stability plan, a basing agreement with Washington, and a Concordat with the Vatican, as its main pillars, could not hide the continued nationalist nature of Franco's rule. This was clear not only from the persistent anti-Americanism which survives to this day in Spain and is equally shared by Right and Left, but also from concrete policies such as growing pressure on Gibraltar, culminating in the closure of the land border in 1969. Gibraltar also features in Franco-era bilateral relations, since the widening in February 1969 of the 1967 agreement on Soviet merchant navy use of Spanish ports allowed trawlers to use harbours in the Canary Islands, to the detriment of the Rock, with the ensuing satisfaction by Spanish leaders.¹⁶ While the land crossing would be reopened in 1982, to this day Madrid has avoided recognizing the Rock's right to self-determination, and regularly carries out maritime and aerial incursions, while subjecting her population to punitive hours-long queuing at the border.¹⁷ Altogether, the picture of Spain one gets from such policies, which have survived a change of regime and successive transfers of power between different

parties, is of a country formally embedded in the Western World, including NATO and the EU, but deeply at odds with some of its most basic values.

Another significant example was Madrid's attitude during the 1982 Falklands War, when it abstained on UNSC 502 and later failed to comprehensively implement EEC sanctions against Buenos Aires. Interestingly enough, the Junta would seek Soviet aid when it realized it was going to lose the war. We could also mention Galicia's regional Prime Minister Manuel Fraga's interesting personal diplomacy with Fidel Castro in the 1990s, based on pragmatism and common ancestry,¹⁸ but which, coming from one of the leading figures of the late Franco regime, also helped confirm that it was often Spanish nationalism, rather than left-wing politics, which fuelled support for the Communist regime on the Island among Spanish public opinion and decision makers. Concerning perceptions of the Soviet Union among Franco-era elites, in his study of 'Spain and the USSR in a changing Europe', Juan Carlos Pereira Castañares stresses how hatred of Communism as the regime's 'bete noire' and ultimate rationale for the 1936 coup, went hand in hand with the fact that 'the USSR will not be seen as an antagonistic superpower, possible cause of a nuclear war'.¹⁹

Going back to Madrid's decision to ignore US President Carter's Moscow Olympics boycott, it took place at a time when some leading figures among the post-Franco political elites were toying with the idea of non-alignment. These were the days when the opposition Socialists included withdrawal from the Atlantic Alliance in their election platform, a move from which they would retract by means of a referendum in 1986. Hostility towards NATO was not limited to the Spanish Left, however, with the Adolfo Suarez administration attending the 1979 summit of the non-aligned movement in Havana, in a move that attracted some criticism from a number of Western allies, and in

¹⁶ Juan Carlos Pereira Castañares, 'España y la U.R.S.S. en una Europa en transformación', in *Cuadernos de Historia Contemporánea*, Vol. 15 (1994), p. 194.

¹⁷ UK Parliament, House of Commons, 'Foreign Affairs Committee, Second Report: Gibraltar: Time to Get off the Fence', 24 June 2014, online at <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmfaff/461/46102.htm> (last accessed on 10 June 2016).

¹⁸ Carlos Prieto, 'Fraga y Fidel, una historia de amor incestuosa', in *El Confidencial*, 18 May 2013, online at http://www.elconfidencial.com/cultura/2013-05-18/fraga-y-fidel-una-historia-de-amor-incestuosa_495191/ (last accessed on 10 June 2016).

¹⁹ Pereira Castañares, 'España y la U.R.S.S.', p. 194.

particular Washington. The Socialist administration that succeeded the centre-right UCD decided to attend the subsequent summit, in 1983 in New Delhi. The head of the Spanish delegation in New Delhi, Gonzalo Puente Ojea, defended the decision, saying that non-alignment had become a 'structural component in contemporary international relations' and adding that 'Spain is one of those Western countries (...) with inalienable specific dimensions that make up our international personality', while denying any incompatibility with NATO membership.²⁰ Among major parties of the time, only the ruling Catalan coalition CiU had solid pro-Western credentials, with for example then Catalan President Jordi Pujol expressing alignment with core Western policies by travelling to Israel in 1987, just one year after the establishment of full diplomatic relations between Madrid and Jerusalem.

From the 1980s onwards, relations between Spain and the USSR/Russia have followed, broadly speaking, a positive pattern in the political arena, with an absence of major disagreements and regular official trips, side by side with a relatively small volume of trade and investment despite attempts to increase economic exchanges during, above all, the later years of the Perestroika. Cultural exchanges have also continued, with a certain imbalance given greater language learning facilities in Russia. Since the first Russian edition of *Don Quixote*, in 1769, there has been a healthy interest in Spanish culture, giving rise to a significant number of specialists. From 1911 to 1989, 705 works by Spanish authors were published, with a total 36 million books printed.²¹

Sanctions: Are Some Industries More Equal Than Others? Talgo, Iberdrola, Repsol, and the Horticultural Sector.

A look at Spanish-Russian economic exchanges over the last few months shows a complex, diverse picture. On the one hand, overall trade

has fallen, with Spanish agricultural exports hit hard, while on the other companies like Talgo, Iberdrola, and Repsol remained active in Russia. The resulting contrast, coupled with Madrid's soft line concerning the Ukraine conflict and the Russian Navy's continued reliance on Ceuta, has prompted some speculation concerning the ultimate direction of bilateral diplomacy.

Fruit, and more precisely citruses, already featured pre-eminently in early Spanish-Soviet trade, with, for example, the barter in 1963 (in one of the first exchanges since the end of the Spanish Civil War) through a German corporation of 500 tons of frozen pork and butter for 5,000 tons of oranges and lemons, and the export of 31,000 tons of Spanish citruses in 1972. In the years following the downfall of the Soviet Union, Catalan producers from the Lleida Region (Western Catalonia) made a major effort to enter the Russian market. In 2011 Catalonia sold peaches and nectarines worth 45.6 million Euros to Russia, an amount that fell to 25.3 million Euros last year, in the wake of Moscow's counter-sanctions imposed in reply to similar moves by the EU and the US over the unfolding Ukraine crisis. The figure still amounted to 13 percent of total exports.²² Although some indirect exports, through Belarus, Turkey and Russian partners based in Belgium and Holland may have softened the impact of the sanctions, the industry is clearly worried about Russia and follows closely the political situation in the country. Manel Simon, director general of Afrucat (an association bringing together 90 percent of Catalan fruit producers) stresses that it is not easy to enter and consolidate a presence in new markets, and underlines that 'it took us ten years to get into Russia'.²³

On 30 June 2015 the EU's temporary subsidies and other measures designed to cushion the impact of Russian sanctions expired. *Unió de Pagesos*, Catalonia's main farmers' organization, had already demanded their renewal, asking the

²⁰ Gonzalo Puente Ojea, 'España y el movimiento de los países 'no alineados'', in *El País*, 19 March 1983, online at http://elpais.com/diario/1983/03/19/internacional/416876401_850215.html (last accessed on 10 June 2016).

²¹ Pereira Castañares, 'España y la U.R.S.S.', p. 194.

²² David Rodríguez, 'Entrar a Rússia per la porta del darrere', in *Via Empresa*, 11 August 2015, online at www.viaempresa.cat/ca/notices/2015/07/entrararussiap erlaportadeldarrere13680.php (last accessed on 10 June 2016).

²³ *Ibid.*

European Commission to activate the measures laid down for grave cases of market perturbations. On 16-17 June Josep Cabré, a member of its ruling council in charge of the sector, travelled to Brussels, meeting high officials and a number of Catalan MEPs, among them Ramon Tremosa.²⁴

While Spanish agricultural exports to Russia originate from different areas, much of the fruit comes from Catalonia, Valencia, and Aragon. Thus, as explained in a recent report by Valencia-based weekly *El Temps*, 'the announcement of the Russian veto in August 2014 left frozen farmers in Catalan-speaking lands [Catalonia, Valencia, the Western Strip ('La Franja'), and the Balearic Islands]'.²⁵

Valencia has been particularly hit, given that Russia was the destination for 16 percent of exports in 2012-2014 of summer fruit (such as peaches, nectarines, flat nectarines, apricots, and plums), amounting to 73 million Euros in sales. Production is centred on the Ribera and Vall d'Albaida counties. In 2014 Valencian farmers avoided Moscow's veto because by the time it was announced they had almost finished picking and marketing fruit. However, this early schedule became a curse this year, since it was not until the end of the picking season, with almost 90 percent of the fruit already gathered, that Spain's Agriculture Ministry approved aid to the industry. This has cast a shadow on whether Valencia's farmers will be able to benefit from the aid, with Ramon Mampel, secretary general of the 'Unió de L'auradors i Ramaders' (Union of Farmers and Livestock Farmers) complaining that the measures passed 'exclude Valencian producers'. The Cooperative Anecoop, the world's top citro-exporter is rumoured to be pondering liquidating its Russian subsidiary, Agrikoop, having lost 2,500 tons in sales last year due to the Kremlin's

²⁴ Albert Garcia, 'Davant el veto rus, reclamen l'activació de mesures per perturbació del mercat de la fruita', in *La Terra*, 1 August 2015, online at <http://www.uniopagesos.cat/laterra/online/item/3281-davant-el-veto-rus-reclamen-l%E2%80%99activaci%C3%B3-de-mesures-per-perturbaci%C3%B3-del-mercat-de-la-fruita&Itemid=543> (last accessed on 10 June 2016).

²⁵ Violeta Tena, 'La pedregada russa', in *El Temps*, 14 August 2015, online at <http://www.eltmps.cat/ca/notices/2015/08/lapedregad arussa11046.php> (last accessed on 10 June 2016).

veto.²⁶

While fruit producers have been caught in the cross-fire between the West and Russia, Moscow has not closed the door to wine and olive oil. Two different interpretations have been given for this. On the one hand, this seems to be a nod to Southern European countries like Spain, Greece, and Italy, which are major exporters and at the same time seen as relatively soft on Russia. On the other hand, some observers consider that these are products difficult to replace, given current restrictions on Moldavian and Georgian wines. In the Spanish case we can also note that oil and wine exports are more evenly distributed among regions than is the case of fruit. Concerning wine, in 2014 Catalonia topped the rank with 1,295 exporters, who achieved sales of 561 million Euros, but Castile-La Mancha came close with 533.9 million Euros.²⁷

When it comes to olive oil, however, the situation is different, given that although both Catalonia and Valencia grow olives, the bulk of Spanish production comes from Andalusia, with 643,000 tons, 82% of the total in 2014²⁸, a year in which Catalonia produced 37,400 tons.²⁹ Olive oil was not included in Moscow's counter-sanctions.³⁰ That year Russia bought some 7,000 tons of bottled olive oil from Spain, out of 270,000 exported.³¹ While this

²⁶ *Ibid.*

²⁷ J. Nebot, 'Catalunya, líder en exportació de vi', in *El Singular*, 16 March 2015, online at http://www.elsingular.cat/vadevi/notices/2015/03/catalunya_lider_en_exportacio_de_vi_6467.php (last accessed on 10 June 2016).

²⁸ Ginés Donaire, 'Andalucía producirá esta campaña un 56% menos de aceite de oliva', in *El País*, 24 October 2014, available at http://ccaa.elpais.com/ccaa/2014/10/24/andalucia/1414162261_417490.html (last accessed on 10 June 2016).

²⁹ Average is 32,000 tons. Gaynor Selby, 'Catalonia Says its Output will be Lower, but Prices should Remain Stable', in *Olive Oil Times*, 22 October 2015, online at <http://www.oliveoiltimes.com/olive-oil-business/europe/catalonia-output-lower-but-prices-stable/49339> (last accessed on 10 June 2016).

³⁰ 'Russian Import Ban Fuels Food Price Rises', in *BBC*, 19 August 2014, online at <http://www.bbc.com/news/world-europe-28849726> (last accessed on 10 June 2016).

³¹ Vidal Maté, 'Las exportaciones de aceite de oliva superan el millón de toneladas', in *El País*, 21 September 2014, online at

was just 2.6 percent of total Spanish exports of bottled olive oil in 2014, the amount bought by Russians was more important than this figure may imply for two reasons. First, because of the industry's hopes that sales to Russia have much room for growth in the coming years. Second, because of their potential role in addressing one of the long-standing challenges for the sector, namely moving from bulk exports for reprocessing in other producing countries (450,000 tons bound for Italy in 2014) to higher value-added final sales to higher income consumers. While Italian producers remain a more common sight in many markets, Russia imported 56% of its olive oil from Spain in the 2000-2014 period.³²

Thus Madrid, in following its traditional policy of promoting the economic interests of Spain proper, may well be more open to accepting and end to fruit exports than a similar measure involving wine and especially olive oil, in the context of an understanding with Moscow involving logistical support for the Russian Navy at Ceuta and taking into account the geographical distribution of production within Spain.

Fruit producers' woes are a remote far cry from the continued presence of some Spanish companies in Russia, the most relevant cases including Talgo, a rolling stock manufacturer, Iberdrola Ingeniería, a branch of electricity utility Iberdrola, and oil producer Repsol. On 1 June a ceremony was held at Moscow's Kurskaya station to inaugurate the first of Federal Passenger Co's seven Talgo train sets, attended by Russian Railways President Vladimir Yakunin and Talgo Chairman Carlio de Palacio. In his address, Guillermo Martínez, Managing Director of Talgo in Russia, said that this marked 'the culmination of 20 years of work and negotiations', adding that 'we can finally see Spanish technology running across this country, a very important milestone for

both Russia and Spain'. The order, worth 100 million Euros, was placed in June 2011. Four train sets will be used on the Moscow – Nizhny Novgorod route, and three on the Moscow – Minsk – Warszawa – Berlin route.³³ In February 2015, Russian President Vladimir Putin sharply criticised imports of rolling stock, referring specifically to Talgo at a meeting with ministers.³⁴ It is not clear whether this will mean an end to the company's plans for the Russian market.

In the spring of 2014 Iberdrola Ingeniería began to build a GIS (Gas Insulated Switchgear) 500 kV-substation for the 1,020 MW Votkinskaya hydro-power station. The turnkey project for RusHydro, worth 32 million Euros, is the company's first large contract in Russia. Designed to supply electricity to 1 million people in Perm', Udmurt, Kirov, Bashkir, Sverdlovsk, in Central Russia, the project had to deal with the area's harsh weather, with temperatures down to minus 38 centigrade, and be completed by the end of the year without interrupting the functioning of the existing subcentral, built in 1963. Iberdrola Ingeniería is active in some 30 countries, building turnkey projects for its parent company and other parties, in areas such as electricity generation, nuclear engineering, renewable energies, and distribution networks.³⁵ Its future in the Russian market is at the moment also uncertain.

When looking at Spain's energy industry, the most important company to have invested in Russia is Repsol. Its presence goes back to

http://economia.elpais.com/economia/2014/09/21/actualidad/1411328825_432877.html (last accessed on 10 June 2016).

³² 'Olive Oil Imports Increase in Russia, Decrease in China', in *Olive Oil Market*, 1 June 2015, online at <http://www.oliveoilmarket.eu/olive-oil-imports-increase-in-russia-decrease-in-china/> (last accessed on 10 June 2016).

³³ 'Talgo Trains Enter Service in Russia', in *Railway Gazette*, 3 June 2015, online at <http://www.railwaygazette.com/news/passenger/single-view/view/talgo-trains-enter-service-in-russia.html> (last accessed on 10 June 2016).

³⁴ 'No More Rolling Stock Imports for Russian Railways', in *Think Railways*, 19 February 2015, online at <http://www.think-railways.com/no-rolling-stock-imports-russian-railways/> (last accessed on 10 June 2016).

³⁵ 'Iberdrola Ingeniería construye en Rusia la subestación de la central hidráulica de Votkinskaya, de 1.020 MW', in *Future Energy Web*, 21 April 2014, online at <http://futureenergyweb.es/iberdrola-ingenieria-construye-en-rusia-la-subestacion-de-la-central-hidraulica-de-votkinskaya-de-1-020-mw/> (last accessed on 10 June 2016).

2006, when it acquired a stake in West Siberian Resources. Five years later it created a joint venture with Alliance Oil Company, called AROG, devoted to oil exploration and extraction. Repsol has rights in 27 blocks, 13 in the exploration phase and 14 already in development.³⁶ In 2013 Repsol produced 14,600 equivalent barrels of oil a day in Russia, a figure that rose to 17,460 by mid-2014 with the startup of new gas wells in the SK field. In November 2014 it deepened its alliance with NNK, a Russian vertically integrated oil company active in production of oil and natural gas in a number of Russian regions plus Kazakhstan, as well as refining. The purpose of the agreement is to group their existing joint venture assets into a single management company, 'to help optimise operational decision taking, reduce costs and achieve maximum synergies from the partnership'.³⁷ With reserves estimated at more than 500 million tons of oil equivalent, NNK's yearly production is around 3.5 million tons, and it owns a network of more than 250 stations in the easternmost parts of the country. NNK has a 51% stake in the resulting joint venture, called AR Oil & Gas B.V. (AROG), with Repsol holding the rest. By 2014 daily production was averaging 22,500 barrels of oil and 76 million standard cubic feet of gas. The 2014 agreement lays down that Russian corporation ALREP, a subsidiary of AROG, will manage the joint venture's assets, while NNK will manage oil sales through a marketing agreement.³⁸

In mid 2014 Repsol made headlines when it announced two hydrocarbon discoveries in the Karabashsky 1 and 2 blocks in Western Siberia, which according to the company could add 240 million barrels to its reserves tally.³⁹ According

to the Minister for Natural Resources and the Environment of the Russian Federation, Sergei Donskoi, this find by Repsol is the biggest made in Russia over the previous two years.⁴⁰

Other Spanish companies active in Russia, which may suffer from an expansion of sanctions and import substitution drives include Técnicas Reunidas (2013 contract worth 1.1 billion Euros with Lukoil to design the construction of an oil refinery in Volgograd, formerly Stalingrad), Indra (much of whose activities are defence-related, putting a big question mark on its future in Russia), and Fluidmech (an icebreaker equipment manufacturer). Overall, fewer than 2,000 Spanish enterprises export to Russia (out of some 150,000 selling abroad), and of these, only 100 have a physical presence in the country.⁴¹ However, while these figures may not seem impressive, and the overall volume of business by Spanish enterprises not that high, some of these companies, like Repsol, are not only politically well connected, but are seen as spearheads in Madrid's industrial policy of seeking to nurture global companies providing higher added value products.

The sharp drop in fruit exports while companies like Talgo, Iberdrola Ingeniería, and Repsol remained active in Russia has raised suspicions that Madrid may have not been all that diligent in trying to soften the blow to an industry mainly based in Catalan-speaking regions. An alternative explanation is that a fragmented industry, despite different organizations like the ones mentioned earlier, may not have the same lobbying power as three politically well-connected firms like Repsol, Talgo, and Iberdrola. The two theories are

³⁶ 'Repsol in Russia', website of Repsol, undated, online at http://www.repsol.com/es_en/corporacion/conocer-repsol/repsol-en-el-mundo/rusia.aspx (last accessed on 10 June 2016).

³⁷ Paddy Harris, 'Repsol-NNK Seek Operational Boost in Russia through Management Amalgamation', *Oil and Gas Technology*, 28 November 2014, online at <http://www.oilandgastechology.net/upstreamnews/repsolnnkseekoperationalboostrussiathroughmanagementamalgamation> (last accessed on 10 June 2016).

³⁸ Harris, 'Repsol-NNK Seek Operational Boost in Russia'.

³⁹ 'Repsol Makes Russia's Biggest Discovery in 2 Years', in *RigZone*, 23 June 2015, online at

http://www.rigzone.com/news/article.asp?a_id=133686 (last accessed on 10 June 2016).

⁴⁰ 'Repsol Makes Russia's Largest Hydrocarbons Discovery in Two Years', in *Oil Voice*, 23 June 2014, online at http://www.oilvoice.com/n/Repsol_makes_Russias_largest_hydrocarbons_discovery_in_two_years/88720b24020d.aspx (last accessed on 10 June 2016).

⁴¹ Irena Domingo, 'Las 100 empresas españolas establecidas en Rusia', in *Rusalia*, 2 November 2014, online at <http://www.rusalia.com/empresas espanolas rusia> (last accessed on 10 June 2016).

compatible, since Talgo is headquartered in Madrid, with production there and in the Basque Country, Repsol also in Madrid, and Iberdrola Ingeniería in the Basque Country. Some Catalan companies are present in Russia, like Antonio Puig (perfumes; with headquarters in Barcelona and Paris and production facilities concentrated in Catalonia, France, and Mexico) and Roca (bathroom appliances, with headquarters in Barcelona and 76 production facilities worldwide), but they tend to concentrate, as in other markets, on areas closely linked to final retail consumers, where the need for a friendly government lobbying on their behalf is not as strong as in, let's say, heavy engineering or energy.

Tourism and real estate nosedive, under the combined weight of informal sanctions and the financial crisis

Concerning tourism, statistics show an acute drop in the number of Russian visitors to Spain over the last two years.⁴² Russian tourists numbered 1.2 million in 2012. That year, Catalonia received 743,928 Russian visitors, 50% more than the previous year. Even though in 2013 the numbers of Russian tourists in Catalonia grew by a further 31.8%, with Catalonia becoming the destination of choice for up to a million Russian visitors,⁴³ these numbers started dropping abruptly from 2014 onwards. In 2014 their volume had shrunk by 10.3%, and in the first quarter of 2015, 114,321 Russian tourists travelled to Spain, a 24.9% drop on a year-on-year basis. This is taking place as the overall number of foreign tourists keeps breaking new records, having risen by 4.2 percent in the first half of 2015 on a year-on-year basis, to 29.2 million.

⁴² 'Here's what Spain's Record-breaking Tourism Season Looks Like', in *CNN*, 23 July 2015, online at <http://edition.cnn.com/2015/07/23/travel/gallery/spain-tourism-2015/> (last accessed on 10 June 2016). See also 'El turismo ruso cae un 25%: ¿a los rusos ya no les gusta España?', in *El Economista*, 26 April 2015, online at <http://www.economista.es/espana/noticias/6661680/04/15/El-turismo-ruso-cae-un-25-a-los-rusos-ya-no-les-gusta-Espana.html> (last accessed on 10 June 2016).

⁴³ Lluís Pellicer, 'El turismo ruso cae un 20% por la crisis de Ucrania y la devaluación del rublo', in *El País*, 25 September 2014, online at http://ccaa.elpais.com/ccaa/2014/09/24/catalunya/1411581862_971319.html (last accessed on 10 June 2016).

Russian tourists came to be seen as very valuable by Spain's tourism industry, thanks not only to their quick growth but their relatively high spending, 'almost 1,500 Euros per person per trip, 600 Euros above other foreign visitors'.⁴⁴ This is significant because, although Russian visitors never came to constitute a high percentage of international tourists visiting Spain, their growth in recent years had surpassed that of any other group, and their spending power was also higher, meaning that they were seen as a priority by the industry and authorities. Their main profile is that of 'a person between 25 and 44 years old, from one of the two most important cities (Moscow or Saint Petersburg), with medium or higher medium purchasing power, often married with children, who chooses to spend his holidays in a beach area', who has a tour agency 'organize the trip (transportation, hotel, and trips) and handle his visa'. According to an online poll by Atorus (Russia's Association of Tour Operators) last year, when it came to choosing Spain, Russian visitors mainly valued the landscape, including beaches (37% of those polled), culture (37%), the weather (15%), people (10%), and cuisine (2%). Concerning shopping, Spain's IET (Tourism Studies Institute) points out three key areas for Russian visitors: Barcelona's Passeig de Gràcia (47% market share), Madrid's Salamanca quarter (10.9%), and Marbella's Puerto Banus (10%).⁴⁵ Before the advent of Russia's economic crisis and the Ukraine crisis, the need for a visa (which was unnecessary for Russians' other favourite destinations, Egypt and Turkey) had been mentioned as a factor limiting the number of Russian tourists, while Spain's decision to grant residence permits to real estate and government debt investors above a certain threshold was seen as a positive move.⁴⁶

⁴⁴ Carlos Manuel Sanchez, "'Bienvenido, mister Misha'", in *ABC*, 13 May 2013, online at <http://www.abc.es/economia/20130513/abci-inversion-rusa-espana-201305130848.html> (last accessed on 10 June 2016).

⁴⁵ Irena Domingo, 'Turistas rusos: cómo vienen y a dónde van', in *Rusalia*, 29 May 2014, online at <http://www.rusalia.com/turistasrusos/> (last accessed on 10 June 2016).

⁴⁶ Irene Rivas, 'Que vienen los rusos', in *Capital*, 26 August 2013, online at <http://www.capital.es/2013/08/26/quevienenlosrusos/> (last accessed on 10 June 2016).

Russian investment in Spain has never amounted to a large volume, and has furthermore concentrated on real state and business directly catering to Russian visitors and Residents. In 2013 Russian Ambassador Yuri Korchagin publicly admitted this, adding that the embassy would work to promote investments also 'in productive sectors'.⁴⁷

From 1993 to October 2012, Russian investment amounted to 190 million Euros, although this figure does not include investment by Russian-owned companies domiciled in other countries, and thus the real volume may be higher.⁴⁸ In any case, Russia has never ranked among the top 10 countries in terms of FDI in Spain. Having said that, Russian investment in the real estate industry became important when the financial crisis led to sharp drops in prices and a huge reduction in the number of deals.⁴⁹ Centred on the coasts of Catalonia, Valencia, and the Balearic Islands, Russian buyers came to be seen as 'the target clients to get rid of current real estate stocks', with 'Spanish real estate agents and banks betting on Russian investors, enjoying

⁴⁷ 'La embajada rusa promoverá inversiones productivas en España', in *Finanzas*, 8 November 2013, online at <http://www.finanzas.com/noticias/economia/20131108/embajada-rusa-promovera-inversiones-2541615.html> (last accessed on 10 June 2016).

⁴⁸ Alina Bondarenko, 'Inversiones rusas en España', in *Russia Beyond the Headlines*, 1 October 2012, online at http://es.rbth.com/articles/2012/10/01/inversiones_rusas_en_espana_20369.html (last accessed on 10 June 2016).

⁴⁹ For a profile of Russian investors in Spanish real estate, including their motivations for their choice of country, see Irena Domingo, 'El perfil del comprador ruso de vivienda en España: consejos para la venta de viviendas a clientes rusos', in *Rusalia*, 18 December 2013, online at <http://www.rusalia.com/consejos-vender-vivienda-rusos> (last accessed on 10 June 2016).

⁵⁰ Spain's financial crisis and its impact on the real estate industry, for half a century the economy's cornerstones, is dealt with in Steven Hill, 'To Hell and Back: Spain's Grotesque Recession and Its Surprising New Economy', in *The Atlantic*, 18 October 2013, online at <http://www.theatlantic.com/business/archive/2013/10/to-hell-and-back-spains-grotesque-recession-and-its-surprising-new-economy/280678> (last accessed on 10 June 2016). For a panoramic view of the industry as of mid-2015, see '2015, year zero for the real estate sector recovery in Spain', *KPMG*, June 2015, online at <https://home.kpmg.com/content/dam/kpmg/pdf/2015/06/Informe-2015-Real-Estate-KPMG-ingles.pdf> (last accessed on 10 June 2016).

government support⁵¹ in that regard. At first such expectations were met, with investment up by 560% in 2011.⁵² However the rouble's fall, Russian economic troubles, and mutual sanctions, have taken their toll, just like with tourism. Concerning large Russian enterprises, only Aeroflot with its operations centre in Madrid's Barajas airport, and Lukoil with its terminal at Barcelona harbour are present, with legal and tax arrangements being cited as reasons for Spain not being an attractive jurisdiction and some nearby countries seen as better options. Rafael del Castillo Ionov, vice president of the Ibero-Russian Chamber of Commerce, mentions another factor: criminal cases against Russian businessmen (involving Rusal, the world's largest aluminium producer, and UGMK, Ural Mining and Metallurgical Company) before the National High Court.⁵³ We should not forget, however, that contrary to popular perceptions, the bulk of Russian investment in real estate comes from the middle-classes, not a few better known names. On the other hand, the Russian Embassy in Madrid admits that 'there are few Russian corporations in Spain as a reflection of a situation of excessive dependence on oil and natural gas'.⁵⁴

Military exchanges and cooperation: modest yet seemingly unaffected by sanctions

Military cooperation between Spain and Russia, other than logistical support for the Russian Navy at Ceuta, has traditionally been rather modest, although Madrid's participation in ISAF provided some momentum for closer contacts and in 2011 shipbuilder Navantia signed a cooperation agreement with Russia's Oboronexport.⁵⁵ The 2014 government report on defence and dual-use exports explains, concerning the latter, that 'shipments to Russia, 14.4 million Euros and [amounting to] 8.5 percent took place before the imposition of

⁵¹ Bondarenko, 'Inversiones rusas en España'.

⁵² *Ibid.*

⁵³ Rivas, 'Que vienen los rusos'.

⁵⁴ *Ibid.*

⁵⁵ 'Navantia Signs Agreement with Rosoboronexport', in *Defense-Aerospace*, 12 July 2011, online at <http://www.defense-aerospace.com/articles-view/release/3/127123/navantia-signs-agreement-with-rosoboronexport.html> (last accessed on 10 June 2016).

sanctions by the European Union, or in accordance with the exemptions thereby included'.⁵⁶ However, it is noteworthy that the Ukraine crisis does not seem to have put a dent on visits and agreements. Thus, on 20 November 2014, a delegation from the Russian Federation's Ministry of Civil Defence, Emergencies and Disaster Relief of the Russian Federation, headed by Deputy Minister Vladimir Stepanov, visited the headquarters of the Military Emergencies Unit and its units located at Torrejon de Ardoz airbase. The visit was part of the 'VII Meeting of the Spanish-Russian Mixed Committee' on cooperation on the prevention of catastrophes, and the two parties agreed to promote exchanges in seminars, simulations, and training.⁵⁷ On 26 December 2014, Spain's official gazette ('Boletín Oficial del Estado'; BOE) published the text of the 'Agreement between the Government of the Kingdom of Spain and the Government of the Russian Federation on the Mutual Protection of Classified Information'.⁵⁸ Although this treaty had been signed on 6 November 2013, the fact it was published on Boxing Day may indicate that Spanish authorities were hoping the media would not pay much attention.

Concerning the presence of Spanish volunteers fighting on both sides in the Ukraine, in February 2015 the National Police arrested eight for having joined pro-Russian militias, and after appearing before a judge they were

released pending trial.⁵⁹ While they were not put into pre-trial detention, some voices have complained that they were arrested, whereas volunteers fighting on the other side had not.

Mid-Cat: Madrid's indecisiveness

Whereas energy exports, and more precisely natural gas exports, play a major role in Moscow's relations with a number of countries, this does not apply to Spain. The country does not consume Russian natural gas, although in 2013 it imported 14% of its oil from Russia. The only significant Russian investment is Meroil Tank, Lukoil's 50-50 joint venture with Catalonia's Meroil, which built a new oil terminal at Barcelona Harbour, opened in 2012. The terminal features 13 tanks, with a total storage capacity of 360,000 cubic metres, extending over 40 hectares and connected to CLH's oil pipeline network. The facility distributes petrol, aviation fuel, and biodiesel.⁶⁰ In a press release following the inauguration ceremony, Lukoil explained that 'The new tank battery has transformed the terminal into a major Mediterranean hub for transshipment of petroleum products with a total capacity of 1,000,000 cubic meters'.⁶¹

In recent months there has been much talk of Midcat, a natural gas pipeline that would link the Iberian Peninsula with French and Central European distribution networks, through Catalonia. Speaking in Brussels on 5 March 2015, Spanish Industry Minister Jose Manuel Soria explained that the project's goal was to cut down European dependence on Russian natural gas by 40 percent, diversifying sources

⁵⁶ Office of the Prime Minister of Spain, 'El Gobierno da a conocer el informe de exportaciones de material de defensa, otro material y doble uso en el año 2014', 10 June 2015, online at <http://www.lamoncloa.gob.es/serviciosdeprensa/notasprensa/mineco/Paginas/2015/100615exportaciones.aspx> (last accessed on 10 June 2016).

⁵⁷ Ministerio de Defensa, 'Visita de la delegación del Ministerio de Emergencias de la Federación Rusa', 20 November 2014, online at http://www.ume.mde.es/noticias/2014/11/Noticias/visita_delegacion_federacion_rusa.html (last accessed on 10 June 2016).

⁵⁸ 'Acuerdo entre el Gobierno del Reino de España y el Gobierno de la Federación de Rusia sobre la Protección mutua de la Información Clasificada', *Boletín Oficial del Estado (BOE)*, Vol. 312 (26 December 2014), p. 105457 ff.

⁵⁹ Jorge A. Rodríguez, 'Detenidos ocho españoles por luchar en el bando prorruso en Ucrania', in *El País*, 27 February 2015, online at http://politica.elpais.com/politica/2015/02/27/actualidad/1425026528_611328.html (last accessed on 10 June 2016).

⁶⁰ 'Barcelona Port Becomes the Largest Oil Logistics Platform in the Mediterranean', in *Catalan News Agency*, 27 April 2012, online at <http://www.catalannewsagency.com/business/item/barcelona-port-becomes-the-largest-oil-logistics-platform-in-the-mediterranean> (last accessed on 10 June 2016).

⁶¹ Lukoil Press Release, 'Lukoil Opens New Terminal at Barcelona Port', website of Lukoil, 27 April 2012, online at http://www.lukoil.com/press.asp?div_id=1&id=3631 (last accessed on 10 June 2016).

of supply. Soria said that the pipeline should be operational by the year 2020. One day earlier, French President François Hollande, Spanish Prime Minister Mariano Rajoy, Portuguese Prime Minister Pedro Passos Coelho, and European Commission President Jean Claude Juncker, had signed the 'Madrid Declaration', designed to relaunch a project first planned in 2007. Since then, it has remained on the table, with only a portion built and Spanish sources blaming the French for not completing their section. The Ukrainian crisis rekindled interest in the project, and prompted some high sounding rhetoric, with statements that 'Catalonia is in a privileged position to act as a natural link between Northern Africa and Central Europe. The Midcat pipeline will be a piece of strategic infrastructure for the entire European Union, linking the gas networks of Spain and France. This represents linking the Iberian Peninsula – which has direct connections with North African gas fields and hosts many gas processing plants – with Central Europe, which is almost totally dependent on Russian gas'. Midcat's planned initial capacity is 230 GWh/d from Spain to France and 80 GWh/d from France to Spain. In charge of the project are Spain's Enagas and France's TIGF and GRTGaz. The former is responsible for building a 195 km-stretch from Martorell (near Barcelona) to the border, but only an 88 km-long section from Martorell to Hostalric (near Girona) has been built. The two French companies are responsible for a 120 km-long section between the border and Barbaira (near Narbonne), in the case of TIGS, and a 190 Km-long stretch between Barbaira and the Rhône, in the case of GRTGaz. According to Soria, construction will resume in 2016. The Spanish minister described the agreement as 'very important', while stressing the project's geopolitical significance. A number of EU funding bodies, such as the European Fund for Strategic Investments, are to provide finance.⁶²

Despite Madrid's sudden burst of enthusiasm,

⁶² 'North African gas to reach Central Europe through Catalonia by 2020 to reduce 40% Russian dependency', in *Catalan News Agency*, 5 March 2015, online at <http://www.catalannewsagency.com/politics/item/north-african-gas-to-reach-central-europe-through-catalonia-by-2020-to-reduce-40-russian-dependency> (last accessed on 10 June 2016).

the degree to which Spanish authorities are really committed to Midcat is not clear, at least for two reasons. First of all, because it may amount to a salvo against Russia in an area of particular importance to Russian diplomacy - energy exports. As we have seen, Madrid has traditionally worked to stay clear of any full blown confrontation with Moscow, and at the rare moments when Spanish leaders have spoken openly against the Kremlin, namely concerning the Crimea, this has been motivated by 'domestic' factors and they have quickly reverted to their traditional position, which puts them at odds with many of their Euro-Atlantic allies. Furthermore, Repsol's presence in Russia means Moscow could repay Madrid in kind if the latter seeks to challenge her in the energy arena. Second, as its name implies, Midcat would be located in Catalonia,⁶³ and Spanish authorities have traditionally sought to exclude this region from major infrastructure projects, working to promote the industrialization of regions in the Castilian core of the state, seen as loyal. Spanish economic nationalism has deep roots, its modern incarnation going back to Primo de Rivera's dictatorship (1923-1930), and remains unabated to this day. For example, Madrid excludes Catalan companies from the defence industry and associated sectors such as airspace, and has repeatedly refused to build the 'Mediterranean Corridor' of rail connections between France and Valencia, despite being a EU priority project and enjoying French support. Infrastructure projects involving France are particularly sensitive, with long-standing plans to build a water pipeline between the Rhône and the Barcelona conurbation vetoed. Thus building a major natural gas pipeline in Catalonia, while not impossible, and certainly in line with the EU's desire to reduce

⁶³ Some Catalan analysts have stressed Midcat's strategic nature, with journalist Josep Prat writing, for example 'Catalonia appears as a transit zone and a beneficiary territory in geopolitical terms'. Prat also addressed the uncertainty concerning a possible declaration of independence, and Spanish commentary to the effect that it may prompt the freezing of the project and the loss of EU financing, putting forward the view that in an independence scenario 'everything ends up in the hands of diplomacy, and the offsets that Catalonia may offer EU countries'. Josep Prat, 'Catalunya, clau de pas del gas a Europa', in *Lendavant*, 29 November 2015, online at <http://lendavant.com/catalunya-clau-de-pas-del-gas-a-europa/> (last accessed on 10 June 2016).

dependence on Russian natural gas, would run counter to this long-standing policy, which has seen, for example, Madrid delay the much needed construction of European gauge connections between Barcelona and Tarragona Harbours and the French railway network. A possibility for Madrid to take point in efforts to lessen European dependency on Russian energy imports while avoiding the construction of a major infrastructure on Catalan soil would be to drill the Central Pyrenees, bypassing Catalonia. However, similar plans in the railway domain (the so called 'Central Corridor') have consistently been rejected by French authorities, and this may explain why, at least publicly, no similar proposals concerning a potential natural gas pipeline have been made. Without French connivance, it is impossible for Madrid to completely escape the tyranny of geography, which dictates the construction of infrastructure projects along the old Roman 'Via Augusta', although she retains the capability to veto them. Thus Midcat may end up suffering the same fate as its water and railway predecessors.

The Midcat project is really ambitious, since Spanish authorities and commentators have stressed not only the possibility of transporting North-African natural gas, but also LNG from the United States. In September 2014, Soria travelled to the United States, meeting US Energy Secretary Ernest Moniz and stating to the media: 'I discussed Spain's capacity to import LNG ... to then transfer onto Europe'. The minister explained that the Iberian Peninsula had 8 re-gasification plants, half of those in Europe, which were 'best suited' to supply the rest of Europe with an amount of natural gas equivalent to 10 percent of current Russian imports.⁶⁴

Possible Motivations Behind Spain's Failure to Fully Implement Sanctions against Russia.

As noted in a report on the EU-Russia conflict, 'Spain is widely seen to be one of most

⁶⁴ Andres Cala, 'Spain Lobbies to Become European Gateway for US LNG Exports', in blog of Andres Cala Campo, 11 September 2014, online at <http://www.andrescalacampo.com/spainlobbiesbecomeeuropeangatewayuslngexports/> (last accessed on 10 June 2016).

sympathetic countries to Moscow (along with Greece, Italy, Hungary and Bulgaria) and is one of the most openly reluctant towards taking a hard line with Russia. This Spanish policy produces irritation and incomprehension in other European societies, particularly among Russia's neighbours. Madrid's position seems to swing between a desire to prompt dialogue with Moscow and a fear of appearing to be a belligerent partner, or one who obstructs the common EU position'.⁶⁵ This stands in contrast with Spanish Foreign Minister Garcia-Margallo's early attempt to portray the Crimean plebiscite as essentially the same as Catalonia's 9 November 2014 semi-official referendum. Although the authors of this report carefully avoid any reference to Ceuta, they still open their paper with a frank admission of Madrid's pro-Russian leanings.

The question is what are the motivations behind these leanings? More precisely, what explains the logistical support of the Russian Navy at Ceuta? As tends to happen in these cases, it is difficult to point to a single cause, but we can draw together the points already discussed to help us shed some light on the issue. First of all, there is Spain's deep unease within the Western camp, the lack of strong shared values and ideals with the United States, and corresponding feelings of being closer to Russia on many levels. Second, the distance, psychological rather than geographical, from the events that have ultimately prompted the crisis between Russia and the West. Third, and connected to this - the prevailing view that Spain's main challenge is preserving, by force or threat of force if necessary, her existing borders, and subsequent reluctance to reorient her military toward the sort of training and mentoring activities carried out by, let's say, the British in the Ukraine. Fourth, the lobbying power of well connected companies such as Talgo and Iberdrola. Fifth, the positive impact on Ceuta's economy of the Russian naval

⁶⁵ Nicolás de Pedro and Antonio Sánchez Andrés, 'Spain and the European Union-Russia Conflict: The Impact of the Sanctions', in *CIDOB: Notes internacionales*, Vol. 108 (February 2015), online at http://www.cidob.org/en/publications/publication_series/notes_internacionales/n1_108/spain_and_the_european_union_russia_conflict_the_impact_of_the_sanctions (last accessed on 10 June 2016).

presence, plus the possible connections of some of the figures behind the provision of fuel. Sixth, the low-intensity campaign against Gibraltar, including work to challenge the British naval presence in Gibraltar. Despite all these factors, Madrid's EU and NATO membership, and the need to be on reasonably good terms with her alleged partners and allies, limit the extent to which Spain can deviate from Western sanctions. Furthermore, the country has traditionally followed a prudent policy in the last century, avoiding steps that although in line with its elites' preferences may risk their stronghold in power. This explains why, despite being pro-German, Madrid remained neutral in the Great War (playing a difficult balancing game in West Africa), and how it sent troops to the Eastern Front and acted as protecting power for Japan in the United States during the Second World War while avoiding a clash with America and the British Empire, discreetly disengaging as the war took a turn for the worse for the Axis. In the same vein, Madrid abstained on UNSC 502 and failed to implement sanctions against Argentina, while treating with kid-gloves the Argentine commandos intercepted when trying to get to Gibraltar, but otherwise refrained from directly interfering with the Rock.

Concerning Russia's motivations to allow some Spanish companies to keep operating in the country, this may be part of a wider deal, or informal understanding on the use of Ceuta as her Navy's main logistical base in the Western Mediterranean and North-East Atlantic. Civil War in Syria has raised the value of Ceuta, which is furthermore strategically located at a major chokepoint, right in front of Gibraltar. More widely, engaging a mid-sized power suffering from significant economic and political problems can contribute to Moscow's wider goal of politically splitting NATO. In connection to this, we may note that in late 2015 Italy declared its disagreement with the automatic extension of sanctions against Russia,⁶⁶ while Greece featured some overtures

⁶⁶ 'Italy Moves to Block Automatic Renewal of EU Anti-Russian Sanctions', in *Sputnik News*, 9 December 2015, online at <http://sputniknews.com/europe/20151209/1031494494/italy-anti-sanctions.html> (last accessed on 10 June 2016).

towards Moscow that summer.⁶⁷

Concerning future moves, Madrid may be worried that a possible additional round of Russian sanctions may impact the industries that have to date managed to escape the brunt of Moscow's retaliatory moves, namely 'energy, railways and advanced technologies' according to the CIDOB report mentioned earlier, which adds that 'perhaps the business that will be most heavily affected is Repsol, but it may also mean that the first steps taken by Indra are blocked off', stressing that 'the companies that are not affected—principally the large companies of the energy and infrastructure sectors—fear a possible fourth package of sanctions, and mean it is likely that Madrid will resolutely oppose any attempt to impose further punitive measures'.⁶⁸

This concern about the future of well-connected companies based in Spain proper, fits with Madrid's prudent approach to Central and Eastern Europe. Whereas countries like the United States and Canada are keen to emphasize the strategic significance of the 'Intermarium' and the right of countries in the region to join NATO and the EU, refusing any notion of a Russian sphere of influence, Spain's approach is very different. Not even the temptation to use the Crimea to badmouth Catalonia's drive to recover independence has taken Madrid off its traditional course. Thus, while Foreign Minister Garcia-Margallo may have spoken out comparing the two cases on a number of occasions, at the end of the day Madrid's support for Kiev has been lukewarm at most, and Spanish military advisers are neither present nor expected.

Referring to the Crimean plebiscite, Garcia-Margallo said that the parallel with Catalonia was 'absolute'⁶⁹ and that a referendum that

⁶⁷ 'The Daily Vertical: Russia's Play For Greece', in *Radio Free Europe*, 8 July 2015, online at <http://www.rferl.org/content/daily-vertical-russia-play-greece/27116228.html> (last accessed on 10 June 2016).

⁶⁸ De Pedro and Sánchez Andrés, 'Spain and the European Union-Russia Conflict'.

⁶⁹ Guy Hedgcock, 'Catalonia's unwanted Crimean comparisons', in *The Irish Times*, 19 March 2014, available at <http://www.irishtimes.com/news/world/europe/catalon>

violates an internal constitution by definition violated international law and could not have legal effects, adding that 'A territory which splits off in flagrant violation of an internal constitution can't aspire to international recognition'.⁷⁰ Neither history nor the International Court of Justice seem to support Garcia-Margallo's words, and Catalan voices were quick to point this out. Speaking to US public radio NPR, Marc Guerrero, vice-president of the ALDE, the EU's Liberal Party (third-largest in the European Parliament), dismissed Margallo's claims as 'complete nonsense' and the analogy with the Crimean as 'a silly comparison', adding that the referendum in the Crimea had taken place under 'military occupation and with guns'.⁷¹ Whatever the historical and legal merits of the Spanish narrative, what matters from a practical perspective is that it quickly gave way to a reversion to Madrid's traditional prudence concerning Russia. Instead of putting their military where their mouth was, Spanish leaders chose to quietly insist on the idea that Moscow had 'legitimate interests' in the Ukraine, which should be taken into account when seeking a solution that avoided both the risk of a general conflagration and the losing of face by the parties involved. There was not much enthusiasm for the Euromaidan in Madrid, and Garcia-Margallo went as far as stating, at a joint press conference with his Russian counterpart Sergei Lavrov on 5 March 2014, that 'it is known that the current difficulties began when president Yanukovich decided not to sign the association agreement with the EU, an association agreement that was erroneously presented as an exclusive and exclusionary alternative to the Eurasian Customs Union that Russia and other countries from the region

ia-s-unwanted-crimean-comparisons-1.1731236 (last accessed on 10 June 2016).

⁷⁰ 'Crimea and Catalonia 'the same': Foreign Minister', in *The Local*, 18 March 2014, online at <http://www.thelocal.es/20140318/crimea-and-catalonia> (last accessed on 10 June 2016).

⁷¹ Alex Calvo, 'Catalonia's Marc Guerrero dismisses Spanish analogy with Crimean referendum, stresses that "at the end, democracy will win"', in *Bulletin of the Center for Strategic Studies of Catalonia*, 10 April 2014, online at <http://www.ceec.cat/catala/articles/catalonias-marc-guerrero-dismisses-spanish-analogy-with-crimean-referendum-stresses-that-at-the-end-democracy-will-win/> (last accessed on 10 June 2016).

have launched'. The minister underlined that the EU and the Eurasian Customs Union were two pillars of what should end up being an area 'from Lisbon to Vladivostok'.⁷²

At another joint press conference, in Moscow on 10 March 2015, Lavrov stressed that 'Spain's position on the unilateral proclamation of Kosovo's independence is well known and we share it', explaining that he had agreed with his Spanish counterpart to accelerate work on a number of pending bilateral treaties, including mutual recognition of driving licenses and academic degrees.⁷³

Despite such statements, Spain has tried to walk a careful path, trying not to appear in the eyes of its partners and Allies as too overtly pro-Russian. Spanish media outlets and think-tanks remain silent on the issue, with the exception of local newspapers in Ceuta, while Madrid has tried to keep a low profile in multilateral fora, above all the EU. Foreign Minister Garcia-Margallo, however, was forced to publicly admit Russia's naval presence in Ceuta when confronted with the issue by ERC (Catalan Republican Left) leader Oriol Junqueras in a TV debate a few days before the 27 September 2015 election to the Catalan Parliament.⁷⁴

Concluding remarks

Spain saw in the Crimean crisis an opportunity to rally the West against Catalonia, equating the

⁷² An audio recording of the joint press conference was published on the website of Spain's Foreign Affairs Ministry, 5 March 2014, online at http://www.exteriores.gob.es/Portal/es/SalaDePrensa/Multimedia/Documents/2014-03-05_RP-MAEC-RUSIA_WEB.mp3 (last accessed on 10 June 2016).

⁷³ 'Foreign Minister Sergey Lavrov's statement and answers to questions at a joint news conference following talks with Minister of Foreign Affairs and Cooperation José Manuel García-Margallo of Spain, Moscow, March 10, 2015', website of the Ministry of Foreign Affairs of the Russian Federation, 10 March 2015, available at http://archive.mid.ru//brp_4.nsf/0/05AFF07887322DD543257E0400658A99

⁷⁴ The full footage of the 23 December 2015 debate is linked in 'Margallo branda la resposta manipulada de Juncker en el cara a cara amb Junqueras', *Vilaweb*, 23 September 2015, online at <http://www.vilaweb.cat/noticies/margallo-branda-la-resposta-manipulada-de-juncker-en-el-cara-a-cara-amb-junqueras-2/> (last accessed on 10 June 2016).

Peninsula's plebiscite with the Catalan 9 November 2014 referendum. However, Madrid quickly reverted to her traditional prudent stance concerning Russia, and came to be seen as one of the EU members less eager to use sanctions against Moscow. Furthermore, Western sanctions had no impact on Ceuta, which has become the Russian Navy's main logistic base in the Western Mediterranean / Eastern Atlantic, with 13 port visits in 2014 and 10 in the year to date. Ceuta plays an important role in Moscow's attempt to build a significant naval presence worldwide. The presence of major Spanish companies in Russia gives Moscow further leverage —and further incentives to Madrid— to stop Spain from taking point in Western policies aimed at the prevention of further territorial encroachments by the Kremlin, and this is clear in the absence of Spanish military advisers in the Ukraine. We should note that some of the companies involved, like Repsol, are politically well connected. Madrid also made much of Spain's potential role in lessening the EU's dependence on Russian natural gas, stressing the possibilities opened by the planned pipeline Midcat, which would enable Spanish re-gasification plants to feed the French and Central European distribution networks. This would allow not only North-African, but also US, natural gas to reach consumers in the rest of the EU. However, since this infrastructure is located in Catalonia, it would run counter to a policy of economic strangulation which has seen Madrid blockade the building of a water pipeline from France, European gauge connections from Tarragona and Barcelona Harbours, and the Mediterranean Corridor, among others. The latter has repeatedly been designated a priority project by the European Union and enjoys Paris' support, to no avail. Furthermore, while to date the brunt of Russia's agricultural veto is being born by Catalan-speaking regions, their possible extension to wine (with exports more widely spread over Spain's geography) and olive oil (heavily concentrated in the politically powerful South), could make Madrid even less enthusiastic about standing shoulder to shoulder with her partners and allies.

It would therefore make sense at this stage, before Madrid undermines even further

Western policy towards Russia, to press Spain to close Ceuta to the Russian Navy and complete her remaining section of Midcat. This would bring three benefits: putting a dent to Russia's naval presence in a key strategic region, contributing to the EU's energy security, and sending Moscow and the world the message that the West is united.
