

>> **Iberian Summit**
Spain-Portugal 2013:
The importance
of walking together

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Never before has the Lisbon-Madrid axis been so important for the Iberian neighbours. The last summit between Heads of State has proved how both countries are facing similar challenges not only on an economic level, but also on a political and social one. Portugal and Spain are looking for new approaches in a scenario characterized by the need to keep alive bilateral trade, an economic relationship which has become vital on both sides of the border but which is not put into practice with the importance that these times require.

The declarations of Pedro Passos Coelho and Mariano Rajoy at the end of the Iberian Summit last 13th of May in Madrid on European affairs and the period in the wilderness which the Union is experiencing, were essentially political, but they proved the current harmony and the similar concerns between both countries. Austerity, unemployment and the need to speed up decision-making processes of the EU marked the respective speeches of the Heads of State of Spain and Portugal, two countries which have a lot at stake: their future as trading partners.

Pedro Passos Coelho y Mariano Rajoy



Spain is still the main destiny of Portuguese exports although the financial crisis has reduced the weight of the neighbouring country. In particular, Portugal exported goods worth more than 10,000 million euro to Spain in 2012, which is almost a fourth part of the total amount of sales of the country abroad. Taking into account the data of the Instituto Nacional de Estadística (INE), Spain is the main customer of Portuguese products.

TRADE FLOWS

On the other hand, Portugal imported Spanish goods worth 18,226 million euro, more than 30 % of the total amount of Portuguese imports. Notwithstanding a progressive trade deficit decreases due to general trade depreciation in the context of consumer paralysis, Portugal registers the highest deficit with Spain. Last year, the trade balance between both countries proved favourable to Spain by 7,500 million euro, compared to the almost 8,000 million euro of the previous year.

However, seen with perspective, the bilateral trade relationship between Portugal and Spain has grown exponentially, strengthening more and more the political and economic ties, in line with the historic relationship that binds both countries. In fact, it was joining the then European Economic Community what promoted this trade relationship in many sectors. Figures reveal everything: at the beginning of the 80s, Spain represented less than the 5 % of the Portuguese trade flows.

NEXT STIMULUS: TRANSPORT NETWORKS

Although this crisis, which seems endless, slows down many important economic projects, other projects that are interesting for both sides of the border are being carried out. Communications by road and railway have received a new stimulus in the last Iberian Summit. Governments

TRADE BALANCE SPAIN-PORTUGAL (MILLION €)

	2007	2008	2009	2010	2011	% 11/10
EXPORTS	16,002,868	16,719,536	14,707,852	16,439,589	17,191,621	4.57
IMPORTS	9,267,610	9,303,591	7,318,632	8,458,040	10,284,374	21.59
BALANCE	6,735,258	7,415,945	7,389,220	7,981,548	6,907,247	-13.46
COVERAGE RATE %	172.7%	179.71%	200.96%	194.36%	167.16%	-13.99

of both countries agreed a final agenda for the complete electrification of the railway line between Oporto and Vigo, and they reached an agreement to achieve the compatibility of automatic toll payment systems on the motorways of both countries. These have been the specific matters in the context of a summit marked by macroeconomic questions such as the banking union and the “warnings” to the European Union about the problems caused by austerity.

Ana Pastor, Spanish Minister of Development, and Álvaro Santos Pereira, Minister of Economy, agreed on an efficiency and modernisation plan of the strategic railway line between Oporto and Vigo. From the coming 15th of June, passengers will be able to travel with only one ticket -until now one ticket was needed for each respective Spanish and Portuguese section- and a specific programme of staff exchange will avoid having to stop half way to change the train crew.

However, the journey between both cities will still take about three hours -double the time by road. The high speed and the aim of linking both cities in only 35 minutes has once again been under debate, but given the current economic context, the decision that has been taken is to complete the total electrification of the line by 2016. It is likely that in the summit next year more ambitious decisions will be taken, because we must not forget that the railway line Vigo-Oporto is one of the economic development plans of the European Union.

As for the interoperability of automatic payment machines in motorways, the Spanish system will be gradually introduced in Portugal during July, while it will be possible to use the “Vía Verde” on Spanish motorways until “the end of December”, according to the announcement made by the Spanish Ministry of Development.

The meeting of ministers at the beginning of the Summit also made official the constitution of a joint Spanish-Portuguese team for the coordination of the transport of

goods by railway and whose first meeting has already taken place in Lisbon.

As for the question of energy, during the Portuguese-Spanish Summit an agreement was signed for the creation of a regulated and organized gas market, whose stages are still to be defined, and an increase of energy interconnections between both countries and between these countries and Europe was also announced.

In conclusion, the Iberian Summit which Spain and Portugal celebrate regularly has not brought important surprises: pending historical commitments have been reaffirmed, such as railway connections -except for the high-speed railway between Madrid and Lisbon which has become a taboo topic- and energy connections. The governments of both countries have also been supportive towards one another regarding the implemented policies.

However, both partners only touched on the debate on democratic regeneration and transparency. Portuguese and Spanish societies are experiencing similar processes of detachment from their representative systems. Thousands of citizens are asking for accountability from their politicians in a way that has not been seen in either of the countries for decades. An active collaboration in this subject between both countries could make the Iberian alliance an example of the new commitments of the States with their citizens. They would answer in this way to the increasing demand of both societies, whose citizens are taking part in public debates, demonstrations and conversations in Twitter.

Beyond the gestures and some small improvements, the agenda between both countries has been reduced considerably with regards to previous years. Two countries that are so close from a cultural, historical and social point of view should reflect in this type of encounters the closeness built and reinforced over the last 20 years, especially in the situation in which both countries are at the moment: a bigger connection and understanding will contribute undoubtedly to push the storm away faster and to come closer to citizens.



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