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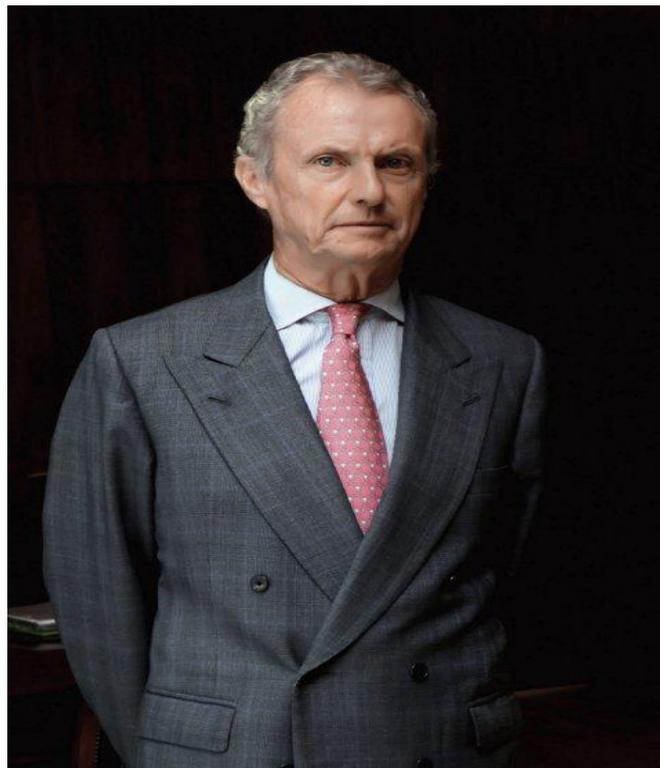
Ministro de Defensa: Pedro Morenés Eulate

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Interview: Spanish Defence Minister Pedro Morenés

With Spain continuing to teeter on the brink of having to request a rescue plan from its Eurozone partners and the International Monetary Fund to overcome its sovereign debt crisis, the lack of finance available for future defence spending is proving an ongoing challenge for the country's defence minister, Pedro Morenés.



Spanish Defence Minister Pedro Morenés. (Spanish MoD)

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In less than a year in office with the conservative Partido Popular government Morenés has had to preside over two budgets that have seen his department's spending power forced back down to levels not witnessed for more than a decade.

Meanwhile, with three quarters of 2014's spending already earmarked for personnel costs alone, the amount available for investment in new equipment is getting even smaller as Morenés juggles to find the money to cover ongoing payments on key building programmes, most of which date back to the country's boom years at the turn of the century. Since then, however, the country's economy has turned increasingly sour, and at the beginning of September 2012 the government had to resort to agreeing for a special credit to pay off outstanding Ministry of Defence (MoD) debts of EUR1.78 billion (USD2.32 billion) to industry dating back as far as 2010 and running through to 2012.

"It's an agreement that allows us to carry on negotiating with industry, to try and soften the impact of these special programmes," Morenés explained. "It also enables the companies to be more tranquil and for the ministry to continue with the restructuring it still needs to do."

Morenés believes that, despite the continuing cuts that have reduced MoD spending by 30% since 2008, there will be no need to ask the government for any more special credits.

"We hope it won't be necessary in 2013," he said, "and that it will not need to happen again in the future".

However, after the latest round of budget cuts for 2014, Morenés says there is no way of reducing the ministry's spending any further.

"We are already on the limit," he warned. "It's difficult to do defence with this level of money and it would be very dangerous to cut even more."

To avoid having to depend on the government to wipe out further debts at a time when unemployment in the country has reached 25% and social costs are increasingly eating up the national budget, the Spanish MoD is now heavily involved in looking at ways to delay and possibly even scrap some existing key orders. The most pressing of these - the delivery of the next batches of Typhoon combat aircraft - has already been put on hold until 2015, while the order for 27 A400M transport aircraft has been put into question.

While talks continue to help the country's defence sector to overcome the drought in spending at home, especially through increased government support to facilitate exports, one novel new scheme that ties in with cutting MoD costs was announced July 2012: a decision to deploy the Spanish Navy supply ship SPS *Cantabria* with the Royal Australian Navy (RAN) in 2013.

Morenés said he was "very pleased" with this plan, adding: "It's not an easy thing to do with other defence systems, but in the case of a ship it is one single unit. I think it's a good idea, as the Australians get to train on operating the ship and they maintain it.

"At the same time it's very important for our shipbuilding industry. It's a good way of promoting a product that the Australians are very interested in acquiring."

Morenés is less inclined to talk about other areas of cost cutting, although he acknowledges that part of the country's fleet of Leopard 2E Main Battle Tanks has already been mothballed (put into deep storage).

More units are at "various levels of stand-down" to allow for any emergency needs, but Morenés denied there were any plans to sell off some of the 200-plus Leopards now delivered as part of a possible deal with Saudi Arabia, arguing that, while the tanks are fitted out for the hot summers of Spain, "that does not make them suitable for the Middle East".

Troop numbers are also under continuous revision as all three services are now geared up to "looking to work with the minimum numbers that we need", said Morenés. This includes plans to reduce officer levels by replacing only 10% of those who retire each year, although this project is "having to be monitored closely" to guard against a situation whereby the officer corps would be "getting too old".



As for future relations with EU and NATO allies, Morenés points to the accord between France and the UK as being symptomatic of a trend in which "no country is capable of covering its security 100%" in combination with "the need for all of us to keep on cutting costs.

"With the United States now turning its attention increasingly to the Pacific, there is a definite need for more bilateral and multilateral agreements with European allies," he said.

Morenés admits he would be "more than happy" for Spain to join commitments such as the Franco-British agreement. However, with the lowest defence budget to Gross Domestic Product ratio among the major European countries, he recognises that this "will not happen until we have the strength to do it, when he has the dimension to be on a more even level with them".

For the moment, the Mediterranean and the effects of the Arab Spring on North Africa - particularly the revolt in Mali - are the areas that Morenés says concern him the most. "One's geography", he said, "is very important in life."

David Ing is a JDW Correspondent, based in Madrid.

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