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Entrevista del Presidente del Gobierno, Pedro Sánchez, con John Micklethwait de Bloomberg

John Micklethwait (JM): Pedro Sanchez, thank you for talking to Bloomberg. Three big things on the UN. We've got Iran, we've got Brexit, and we've got climate change. Can I begin with Brexit? Boris Johnson has had to fly back. In Spain, you have very generously said that you would give benefits to Britons living in Spain. But you stressed that you should be reciprocal. The Spanish people living in Britain should get the same deal. Have you had any sign that Britain is prepared to do that? Do you trust Boris Johnson with that?

Presidente Sánchez (PS): I had the opportunity to meet with him in Biarritz at the G7 summit, and we had a conversation that was really positive. I think that we will guarantee the rights and also the freedom of our citizens in the U.K. and in Spain.

JM: Spain's economy is very affected by Brexit, arguably the third most affected after Britain and Ireland.

PS: It is indeed. It is one of the major economies in the EU and, of course, it is touched by the Brexit. We receive a lot of tourism coming from Britain, and we appreciate the British tourism. That is why it is so important for us to be ready in case that we have a no deal Brexit.

JM: Another sort of big issue in Brexit at the moment is the Scottish. If the Scots decide, if the British leave, perhaps a no deal, and then the Scots have a referendum, the last time there was a referendum about Scottish independence, Spain said and made it very clear that they did not want Scotland to rejoin the EU. In your view, if Scotland said 'we want to come back' to the EU if Britain has left, would Spain now be more welcoming?

PS: That is very tough question. I think it is a domestic political issue, and I respect the British politics. We are following very closely what is happening in Brexit. We have also our territorial tensions and coexistence problems in Catalonia. I've always explained to the independence movement in Catalonia, that the referendum is not a solution. It divides societies. It creates a huge fracture in societies. It doesn't give a positive and constructive way out. I think it is much better to open a dialogue in order to restore and rebuild coexistence.

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JM: If Britain left from the EU and the Scots were thinking about going independent, Spain wouldn't necessarily be very supportive of that.

PS: We would think about it.

JM: Iran. You saw president Rouhani yesterday. Do you think the Iranians, do you think they were responsible for the drone attack on the Saudi Arabia?

PS: The information that we get from different countries and our partners is in the way that you are pointing out. But the opportunity that I had yesterday with president Rouhani is to send him a clear message from the EU, that is not a good idea, it is not a positive idea to withdraw for the nuclear agreement, and that of course Spain is also willing with other European countries to reinforce our commercial ties and commercial relations with Iran.

JM: Do you think there is any chance of a meeting between him and Trump? Do you see that as a possibility?

PS: This is a message we sent all the European countries in our meetings with him. I hope so.

JM: The other theme here is climate change. One of the things you have put forward in Spain is a very ambitious green bill that aims to reduce emissions by 20% by 2030. You have one of Europe's biggest car industries. You've also talked about getting rid of the combustion engine. Do you think this could really..., some of this bill... people have complained that would hurt the Spanish economy. Does that worry you?

PS: This is a debate not only in Spain, but also in the European industry, the car industry. We are now about to open a new term in the European Commission. I think that we are about also to open the negotiations for the EU budget for the next five years. And I think that we need also to put economic resources and financial resources on a fair ecological transition. That means also not only to focus on carbon, which is of course very important for many countries, for instance Holland. But it is also very important to put economic resources in this transition for main industries, for instance the car industry.

JM: When you talk about economic resources, do you mean from the whole Europe? Do you think Germany and countries like that should contribute towards green bill?

PS: Absolutely. Not only the countries, but also I think that we need to give a green perspective to all of the EU budget, especially the European Investment Bank should put more resources on this issue.

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JM: Do you see any sign in Europe that there is an enthusiasm to do that? You have a new regime in the Commission in Brussels. Is that what you expect them to push?

PS: I do believe that the EU can convert itself in the leader of the green economy in the medium term. And I do believe that the composition of the new European Commission and also the majority of member states in the EU believe and have this goal in mind.

JM: You talked about the Spanish economy and the effects of these new bills. The other big theme is economic reform. The economy is slowing down a bit in Spain. What economic reforms do you want to push through most at the moment?

PS: Ecological transition. We are going to put a lot of financial resources, not only public but also private resources on the ecological transition. Secondly, education, precisely vocational training, which is one of our major weaknesses. I think we need to boost and improve the quality of our vocational training. Thirdly, digitalization. In countries like Spain, the public sector has a lot of potentiality to create positive synergies and spillovers in the private sector. And that is why we are going to engage a lot of resources in digitalization.

JM: Most investors, when they look at Spain they say the biggest problem there is the labor market. You have a two-tier labor market. If you have a job, you get benefits. It's fantastic. If you don't, then you get none of those advantages. I know you are keen to help the second group of people but I think most investors would like to see you curb some of the benefits to the first.

PS: Absolutely, but it is also true that in Spain, if you compare it with other economies in the EU, we have two trade unions and we have two business associations. So the willingness of these four organizations in order to rebuild the social peace and to agree in the structural transformations in the labor market is completed. I believe that in these four years, we will be able to reach new agreements for a new labor regulatory framework in the XXI century.

JM: You are going into an election now, this November, a big election for Spain. You probably have to go into alliance either with Podemos, or Ciudadanos, whose name is always very difficult to pronounce. Many main investors would look and say Podemos is a risky one because they are less keen on economic reforms.

PS: What happens really, beyond that, we won the election on April 28, by far, 29% of the political forces. The right wing party, the Popular Party, had 16% of votes, so there was really no need to repeat elections. In a way, there is a rational behavior by the opposition. When I say the opposition, I don't only say Podemos or the far left, but also the right wing political parties. I do believe that November 10th, we have a great opportunity to overcome this



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stalemate and to have stability in four years to make all the transformations that we need to make in our own country.

JM: What do you see as the biggest risks to the Spanish economy?

PS: I would say in the short-term, the Brexit, a no deal Brexit. Not only for Spain but for the global economy. And secondly, the trade war between the United States and China.

JM: We talked about Iran earlier. President Trump has been here. You've been very critical of president Trump in the past. Are you reconsidering at all, or do you think he is still a problem for the world?

PS: I do appreciate the transatlantic relation between the EU and Spain with the United States. Above the US Administration, or who is in charge of the US Administration, I do believe that we need to strengthen our transatlantic relations. We have many common interest. The U.S. and Spain, not only on the economic side, but also the cultural side, social, and also defense interests, common defense interests. In my opinion, and my willingness is to strengthen these relations.

JM: You have a president at the moment who firstly is not entirely polite about Spanish-speaking immigrants. Secondly, he's seen as bent on imposing some degree of trade punishment on Europe. I know that's a very difficult question.

PS: I regret that. For instance, I heard that Trump defined the EU as the biggest enemy of the U.S. interests. And I do believe it is the opposite. I think that for the world economy and for the world interests, to have a very positive relation between the U.S. and the EU, I can tell you, not only from Spain, but among all the European leaders in the European Council. I feel that this common interest to strengthen our transatlantic relation is very present and it's the majority feeling among European leaders.

JM: You've mentioned the European Council. You are generally seen as an ally of president Macron, that there is a new kind of group of people trying to stir and to try in some ways to make you more integrated. There, Germany is the big problem.

PS: Well, I don't... There are some difficulties or differences with Germany, but I do believe that the euro budget is something that we need to do for sure, especially today with these forecasts that we've seen in the global economy. But for instance, Germany is very positive with the attitude to build a common defense strategy at the European level to strengthen the foreign affairs side of the EU. So in a way, always we will need Germany to rebuild and to strengthen the EU project.

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JM: One very last question. Famously, Francisco Franco, you are going to take his body from where he is buried. What does that mean for Spain?

PS: It is a big victory of our democracy. I'm really happy and really proud that our democracy made this step forward. It was nonsense to have a monument for a dictatorship that made so damage to our citizens for 40 years. So we hope to deliver it in the next weeks.

JM: Thank you very much for talking to Bloomberg, Prime Minister.

PS: I appreciate it. Thank you so much.

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