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Secession campaign

Catalonia looks overseas and to markets in attempt to press Madrid on Independence

TOBIAS BUCK — BARCELONA

The new Catalan government will press ahead with its plan to form a breakaway state from Spain over the next 18 months, and is looking to foreign governments, the EU and financial markets to raise the political pressure on Madrid.

Oriol Junqueras, the regional finance minister and deputy president, told the Financial Times his government had a mandate from the Catalan people to push for secession. But he also insisted the campaign to create an independent Catalan republic had implications far beyond the region and the Spanish state, and pointed in particular to the "challenge" posed by Madrid's towering public debt load.

"We are convinced that this process is neither unilateral nor bilateral, "Mr Junqueras said. "This is not just between the Catalan republic and Spain, or between the Catalan republic, the EU and Spain. There are also many elements that have a private character… The management of Spain's debt load is a challenge. Public debt is currently around €1,000bn and economic growth continues to be funded by high public deficits."

The minister argued that a deal to divide the debt between an independent Catalonia and a separate Spain would be better for creditors than leaving the debt to be paid by an "untrustworthy" government in Madrid alone.

"Does it suit financial markets better to have just one interlocutor who until now has shown that he is neither very efficient nor trustworthy? Or is it better to have another interlocutor, with the obvious determination to be both efficient and trustworthy? I think it is better to have an interlocutor who has that willingness."

His remarks are likely to surprise Spanish bondholders, who would typically regard a country break-up as a negative event — and are currently buying Spanish debt at record-low yields.

But they highlight a crucial facet of the Catalan independence camp's strategy, namely the attempt to "internationalise" their secession struggle by drawing in foreign actors, and steadily raising the political and economic cost for the Spanish government.

“Who can put pressure on Madrid? The supranational institutions can. Funds that own Spanish debt can…There are many actors who have a relevant opinion in this,” Mr Junqueras said. He acknowledged Spain had so far shown no sign of shifting its position on Catalonia, which Madrid insists has no right of self-determination under the Spanish constitution.

But Mr Junqueras highlighted the country’s long history of territorial losses. “Neither did they want the Independence of Argentina, nor of Chile, nor Mexico, nor the Low Countries, nor Cuba. This just shows that these processes don’t depend on the will of one of the two parties.”

After months of political drift and uncertainty in Barcelona, Catalan Independence leaders say their campaign is making headway once again. This month, pro-secession parties managed to resolve long-running differences and agreed to form a new regional government, headed by Carles Puigdemont.

Both he and Mr Junqueras have vowed to implement a secessionist “roadmap”, with the help of pro-independence lawmakers who hold a majority of seats in the regional parliament. Critics point out, however, that secessionist parties failed to win an outright majority of the vote at last year’s regional election and hence are going against the wishes of most Catalans.

Several key elements of that plan fall under Mr Junqueras’s responsibility, including the task of setting up a separate Catalan tax office and a new “public bank” that will act as “an interlocutor with the European Central Bank”.

Mr Junqueras said the government would stick to its plan even in the face of further adverse rulings by the Spanish constitutional court, which last year found the Catalan road map violated various provisions of the country’s basic law. “We have to live up to our democratic mandate,” he said.

Mr Junqueras’s most immediate challenge, however, will be to manage the public finances of a region that has amassed €68bn in debt, the highest of all Spain’s regions, and that runs a budget deficit of 2.7per cent.