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Spain: Issues Gonzalez May Wish to Discuss

Summary

Gonzalez will want to use the President's visit to showcase his success in overcoming Spain's traditional isolation from the West. He already has several accomplishments to cite -- particularly the agreement on Spanish accession to the EC. The Prime Minister will want to highlight the new prestige he has won for Spain among its allies and to show his electorate that Washington solicits Spanish views on major international issues, such as SDI, the Geneva arms talks, and possibly Latin America. [redacted]

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Gonzalez's interest in some token of US respect for Spanish views is, we think, all the keener because [redacted] the US has not recognized the political costs he has borne in moving his party toward the West -- particularly on the issue of NATO membership. He has also had to take considerable heat from leftist supporters because of his backing for US access to military

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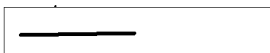
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bases in Spain. This kind of heat will intensify later this year as the decision point on NATO approaches. [redacted]

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Although Gonzalez sees the United States and Spain in general agreement on most major issues, he probably will try to explain Spain's own perspective on issues such as NATO membership, the future of US bases, bilateral trade, Spanish interests in North Africa, and possibly the situation in Latin America. [redacted]

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### NATO

Voters remember two promises Gonzalez made in his campaign: to create 800,000 new jobs and to hold a referendum on NATO. They have been willing to accept the increase in unemployment from 17 to 22 percent since then as beyond his control, but even many NATO backers believe that he can and should hold the referendum despite the continued two-to-one margin of opposition to NATO membership shown in opinion polls. We believe that Gonzalez may eventually renege on his pledge by calling an early election if a referendum continues to look unwinnable. He almost certainly could win an election contest against his weak and divided opposition, even though backing out of the referendum would anger many leftists and tarnish his carefully cultivated image for honesty. [redacted]

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In short, we think Gonzalez is in a position to keep Spain in NATO, and should be able to do so without trading away other important Western interests in the process -- such as a strong, continuing US military presence in Spain and eventual integration into NATO's military structure. [redacted]

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### US Access to Spanish Military Bases

Gonzalez believes that permitting US access to Spanish bases contributes to the defense of the West as well as to good relations with Washington. Nonetheless, as part of his effort to drum up support for NATO, Gonzalez linked continued Alliance membership last fall with a possible reduction in the US military presence in Spain. (The presence consists primarily of access to three air bases and one naval base.) He could raise this possibility with the President. [redacted]

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Gonzalez is a nationalist as well as a supporter of Spain's merger into the Western mainstream, but he would like to reduce the number of foreign troops on Spanish soil as much as he can

without hurting Western defense interests or Spain's ties with the United States. He and other high level Socialists say that Washington should look at Spain's continued membership in NATO and a possible reduction in the US presence as a single package that is a net plus for the Alliance. The Spanish also indicate that the US presence at Torrejon Air Base on the outskirts of Madrid is a political problem for them. Beyond these general statements, however, they have not spelled out what they have in mind, and Gonzalez probably does not yet know himself. Indeed, the Spanish have indicated that they will not press for specific changes until 1987 when negotiations begin to renew the current bilateral agreement which expires in 1988. [redacted]

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Opinion polls showing wide popular opposition to the stationing of foreign troops may have contributed to Gonzalez's original decision to raise the issue last fall. The same polls, though, show that most of the public does not think about the issue unless asked about it. Gonzalez's failure to pursue the matter publicly since then may indicate that he realizes that the ploy could generate more problems for him than it solves. [redacted]

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If Gonzalez does bring up the base agreement, it would provide an opportunity to point out the advantages of fuller Spanish participation in the Atlantic Alliance. NATO membership, for example, could provide an Alliance "cover" for US base use-- opinion polls show that Spaniards regard hosting NATO forces as less objectionable than US forces alone. Full integration into NATO might also qualify Spain for its own NATO command, something that would make it easier to argue that the US presence is part of a joint US-Spanish contribution to Western defense. This argument would have added power because Spain has long focused its security efforts on possible threats from North Africa, and its most likely NATO command -- the Balearics-Gibraltar-Canaries axis -- would strengthen Spain's defense posture in that direction. [redacted]

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### Trade

One sore point in bilateral relations has been Gonzalez's view that the United States has taken protectionist measures against Spanish exports, particularly steel products. Spanish concern on these grounds has been alleviated somewhat because the strong US dollar has contributed to a fall in Spain's trade deficit with the United States from \$3 billion in 1982 to \$1 billion in 1984. [redacted]

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Gonzalez may concentrate on military equipment exports in talking with the President. Bilateral military trade is weighted

68 to 1 in Washington's favor. The US decision last year to buy the British Sherpa plane instead of the Spanish built CASA C-212 fueled Spanish suspicions that the United States is not willing to give them the same treatment as other, more established US arms suppliers. Gonzalez may press for some commitment to redress these military trade imbalances. [redacted]

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Gonzalez may also seek the President's assurance that Spain will continue to have access to US high technology, which he believes is important to Spain's long-term economic growth. In January, the United States responded to Spain's slow progress in tightening up its lax export control system by putting a hold on AT&T's application to enter into a joint high technology venture with Spain's state-run telephone company. Although the Spanish have since announced a decision to begin talks on export control with both the United States and COCOM, the Cabinet is divided on how to proceed. Gonzalez may ask the President's forbearance on the grounds that Spain is finally moving in the right direction. The prime minister may stress that he cannot appear too willing to do Washington's bidding while the issue of NATO membership itself is still unresolved. [redacted]

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#### North Africa

Gonzalez also may raise with the President his concern about increased tension in North Africa. Although Spain cultivates good relations with all the North African states, it is suspicious of them and worries, in particular, that Moroccan King Hassan's generally good relations with Washington might embolden him to move against Spain's enclaves of Ceuta and Melilla. Joint US-Moroccan military activities -- including an amphibious exercise near the enclaves--have stoked Spanish fears on this score. The US policy of giving only short or no notice of such exercises has further unsettled the Spanish. Another reason for Spanish touchiness over the enclaves is that neither NATO membership nor the bilateral agreement with the United States provides an explicit security guarantee for them. Leftists have used that fact to attack Gonzalez's pro-Western policies, and the Prime Minister may ask for greater US support in this area. [redacted]

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#### The Middle East

Gonzalez may tell the President that Spain will recognize Israel within the next few months. He believes that the United States wants him to take this step, and he has prepared the ground for it with a number of small measures over the past two years. He also probably believes that Spain's impending entry into the EC -- whose other members recognize Israel -- will mute

the Arab reaction. [redacted]

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Nicaragua, Cuba, and Latin America

Gonzalez may bring up the situation in Latin America, particularly if he feels pressed on other issues -- for example, for integration into NATO, COCOM membership, or assurances on the US military presence in Spain. He also believes that he knows that area well, is respected by political leaders there, and can assume the role of an international statesman in talking about Latin America. [redacted]

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Gonzalez also believes that he has an important message to convey about Nicaragua. He recognizes the basically anti-democratic thrust of the Sandinista regime, but thinks that military pressure is ineffective and that a combination of diplomatic pressure and internal demands for liberalization might make Managua change its ways. This conviction stems in part from Spain's own transition to democracy as a result of a similar combination of forces after Franco's death in 1975. Gonzalez does not seem to recognize the critical difference between the two countries -- that in Spain the King saw his future linked to democratization, while in Nicaragua the Sandinistas have tied theirs to the establishment of a Marxist-Leninist regime. [redacted]

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[redacted] Like other high-level Spanish Socialists, Gonzalez sees the Cuban revolution and Castro himself as tired, dependent on Moscow, and false to their ideals. Nonetheless, Spaniards across the political spectrum retain a lingering interest in Cuba as one of the last of their former possessions to break away. (Even under Franco ties were warm between Madrid and Havana). More importantly, Gonzalez believes that Washington will eventually have to arrive at an understanding with Castro to obtain peace in the region--a belief that Castro has reinforced by his claims that he wants to arrive at an understanding with the United States. [redacted]

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Gibraltar

Finally, Gonzalez may ask the President to urge the United Kingdom to be more forthcoming on the sovereignty issue in the ongoing talks on the future of the Rock. He would probably not make much of this point, however, because he knows that the issue will take considerable time to resolve, and he has not been

displeased with the progress made so far. He would also probably not be surprised if the President reminded him that the best way to integrate Gibraltar into Spain is to integrate Spain fully into Western Europe through active participation in the EC and NATO. The British have already indicated privately to US officials that they might accept an eventual Spanish NATO command headquartered on the Rock. [REDACTED]

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