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REF LDC12001 MADRID DOMESTIC SPANISH 312300--MADRID: GONZALEZ,
ALFONSIN DISCUSS TREATY DETAILS

SPAIN: Treaty Seen as Support for Argentine Democracy

LDC12000

Madrid Television Service in Spanish 1400 GMT 1 Feb 88 [tentative]

[Text] [Announcer] Raul Alfonsin, the president of Argentina, today referred to the need to create a common Latin American market in which Spain would play a leading role because of its membership of the European Community. In the opinion of Alfonsin, who today signed a treaty on economic cooperation with our country, Argentina's most serious problem has been the fall in international prices, even more serious than the interest on the external debt. [video shows treaty signing ceremony; Alfonsin and Gonzalez exchange copies of the treaty amid applause, shake hands and embrace]

[Unidentified correspondent] Spain will invest in Argentina \$75 billion pesetas--this was contained in the agreement signed at

noon today at the El Pardo Palace by Felipe Gonzalez and Raul Alfonsin? a clear backing for Argentine democracy and the Spanish Government's political support, which is made concrete in the boosting of bilateral relations, at the same time making it very clear that it is a matter of economic support for democracy. That is to say, if at some point Argentina falls foul of the process aimed at turning back the political clock, the Spanish government will cut off all economic aid to this country. The agreement also includes a new way of dealing with the external debt which Argentina has with Spain: The \$700 million are converted into productive investment--the debt is converted, but not written off.

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Following the signing of this agreement a 90-day process begins in which the different stages of the treaty have to be fixed: The distribution of the 335 billion pesetas, aid through to 1992 and also a real demonstration of the Spanish Government's support for Argentine democracy, something that was discussed in Buenos Aires during the visit by Felipe Gonzalez last October. It was then that Raul Alfonsin said that the European democracies should help the Latin American democracies during difficult times, not just lament the difficulties.

In the opinion of Raul Alfonsin, the agreement also includes the possibility of reciprocal investment. Alfonsin emphasized that a state of law and order is guaranteed in Argentina and that secure investment can be made in the country. Felipe Gonzalez said that it is also a question of defending Spain's interests, and not just a moral question. However, the Spanish Government is not ruling out the possibility of reaching a similar type of agreement with other countries in Latin America:

[Begin Gonzalez recording] Naturally, we are open to studying cooperation with other countries within the framework of the modesty and limitations which Spain, of course, has as a country, and we are open to encouraging this type of agreement in the sphere of the European Community. [End recording]

[Correspondent] What is clear is that this agreement has been signed between two democracies and, whether it is a confidence-building operation or a Marshall plan, the fact is that it is a shot in the arm for the Argentine economy at a difficult time. Or, as Alfonsin said, it is a question of doing good business between friends:

[Begin Alfonsin recording] KNOWING that it is a question of doing good business. [sentence incomplete as heard] It's a two-way thing. We are convinced that Argentina offers the best prospects for investment because the state of law and order is guaranteed, democracy is guaranteed, respect for the rights of all is guaranteed, and in a way we could say that in the economic field we have already hit bottom and everything suggests that we are now on the launch pad again. So, there exists the possibility of doing good business, which is what good friends do. [End recording] [video shows Alfonsin-Gonzalez news conference footage]

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