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MEMORANDUM OF CONVERSATION

DATE AND TIME: August 1, 1975, 6:30 pm
PLACE: Ambassador's residence,
Helsinki, Finland

SUBJECT:

PARTICIPANTS: Spain

Prime Minister Arias
Foreign Minister Cortina
Mr. Aguirre de Carcer, Director
of European Affairs, Foreign Office
Two others

U.S.

The President
The Secretary of State
Lt. General Scowcroft
Counselor Sonnenfeldt
Arthur Hartman, Assistant Secretary
for European Affairs

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The President: I remember my trip to Madrid with great pleasure and I want to thank you again for all of your kind hospitality.

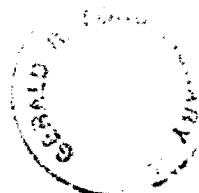
Arias: When I return to Madrid I hope to have a full report on the latest stage of our negotiations. But the preliminary report that I have received was that the negotiations have not moved very far or made enough progress. They are very very disappointing.

The President: Where do you believe the problems are?

EUR:AAHartman/gw

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EX GDS 1

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines state Review 3/10/04
By John NARA, Date 5/24/04



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The Secretary: I think I have identified one.

Arias: The problem arises from different existing circumstances and a different point of view on the interest of these bases for the Atlantic Alliance and the U.S. Also we have not found that we can reach a final decision on the interest we have in receiving modern equipment.


The President: I want you to know that I feel strongly, as I said in Brussels, that we believe Spain plays a very vital role in the defense of the West. We hope that in time Spain, and I hope it is soon, joins NATO. In our judgment Spain makes a significant contribution to the defense of Europe and I mean all the countries of Europe. We hope that Spain and ourselves can work out arrangements in our mutual interest.

Arias: In the talks that I have had with the Nine they are all well aware of the importance of Spain to the Atlantic community but they feel that the US-Spanish relations relieve them of the responsibility to do anything.

The President: The bases are important and their importance is highlighted by the situation in Portugal. We think the situation is a disaster and we have told all of our Allies this but for us to have trouble over our bases when Portugal presents a problem of this kind would be very sad.

Arias: The situation in Portugal is getting worse. I had a talk with Costa Gomes and I was impressed by the fact that

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he is not able to bring stability and also that the economic situation is terrible.

The President: But if Portugal turns Communist and the odds seem to favor this our acting together should be stronger not weaker.


Arias: Precisely, but permit me to observe that there is even more reason to believe that Spanish geography makes Spain the guardian of Europe. We will need modern equipment even more if there is a deterioration in Portugal.

The Secretary: May I make one point. One of the difficulties is that Spanish negotiating methods are so subtle that it is difficult to understand what your position is and we spend a lot of time psycho-analyzing each other. I suggest that in the next round you put forward exactly what you want so that we can adjust to it and make counter-proposals.

Arias: I think that in the eight rounds we have had thus far the US has received a clear idea of what the Spanish want. There is some understanding but there seems to be difficulty in two main areas: first, the legal form that a security guarantee might take and, second, the military aid requirements.

The President: I am not familiar with all the details but I understand that it is not clear whether you want us to close all the bases or one of them or two of them. Furthermore, we need to know exactly what kind of hardware list you have. If you want us to close all the bases

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I want to know it. Also what is specifically your list of hardware needs? These should be submitted.

Arias: The study of these conditions has been made clear.

Cortina: In reply to the Secretary there may be some confusion because we have asked for this or that and we have shifted from one subject to another trying to adjust to what is possible and feasible for the US. This is the point we have moved from one subject to another. Let me try to clarify the situation in four points. First, we want to have a better definition of our defense links or a security guarantee. We asked for a treaty but apparently we have come to the conclusion that a treaty is not possible.

The Secretary: We have, however, considered an Executive Agreement which we would submit to the Congress.

Cortina: Second, we have tried to enrich the existing defense relationship. One way to do it perhaps is to establish a joint command but we have been told that that is not good because it would be considered by your Congress as something approaching a commitment. We then suggested a combined staff but that does not seem to be progressing. Third, we have to look at the question of the number of facilities and the kind of facilities but we are told that the US wants everything. We looked among the facilities and we see two kinds: one for the exclusive use of the US--homeporting and Rota. The other is linked to units assigned to

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NATO. This is where the US tried to get a European acknowledgment of the contribution played by Spain in the general defense of the West. But at Brussels this didn't work either. Furthermore, you said you needed all the facilities. Fourth, then there is the question of hardware. Some people believe it would cost \$2 billion. Others say 1 1/2 billion but the US has offered only 500 million over five years plus credits at 9 percent. We could get that kind of money at market rates and we would have no strings attached. We have found that we cannot enrich our relationship and we did not get any acknowledgment of Spain's role by Europe and there is not enough hardware.

The Secretary: When is the next round?

Cortina: August 18 and may I make one final reflection. First, as you know, we were involved in a civil war and there was a tremendous amount of foreign intervention. Second, during the war we were subject to a blockade and suffered much hardship. Third, in the post-war period we were subject to sanctions that were applied to us. We were not offered the Marshall Plan. Fourth, when economic multilateral activities began we were not allowed in. Fifth, when defense multilateral activities were established we were not allowed in. We shouldn't be treated this way.

The Secretary: There is no danger that the Spanish Foreign Minister is going to give away his positions. He finds it

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difficult even to take "yes" for an answer. But, seriously, why don't we review the situation? There are many points in your presentation which have philosophical merit and now particularly with the situation in Portugal and the Mediterranean it is in our mutual interest to have Spain strong and confident -- not that a lack of confidence is our friend's problem. Let us review what we can do in each of these categories before August 18 and then we will tell you genuinely what we are able to do. The Foreign Minister and the Prime Minister can do the same thing on their side. Conceivably, the Foreign Minister and I could meet for a day to decide on new instructions for our delegations. This is the only way I can see to make progress.

The President: Let me say once again that I believe Spain is a good ally and we want to have a strong relationship. As the Secretary has outlined, I think that is the way to bring about progress. You should understand, however, that we have serious problems with our Congress when it comes to money. Congress is very difficult these days on money. But you will find that we want to be as generous as possible. We have to have a national security relationship and I believe we can work out an agreement on the bases, the money and the hardware. I am sure we can narrow the differences but don't forget that these arrangements must be in our mutual interest. Bear in mind the situation in Portugal and in the Mediterranean. I think we can achieve

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a settlement. We will work on this at the highest level.

Arias:

I am very glad to hear the President's words. They remind me of his toast in Madrid when he referred to the part played by Spain in the defense of the West. We are not taking advantage of this but we must be aware of the risks because public opinion knows of these risks. They know (our public) that the first nuclear target is Rota and maybe the second is Torrejon. We must take account of public opinion in these matters. And let me say this as well --if Portugal falls to the Communists they may try to use this as a bridge into Europe and, therefore, we will need to have hardware even more than we do today. I think it is a good idea that Secretary Kissinger talk to Cortina before August 18. But we should remember that very near to that date--only days away--is the termination date of the agreement.

Mr. President, I wish to bring you greetings from General Franco.

The President: Please give my greetings also to the General and recall to him my good memories of our visit to Madrid.

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