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Spain and Its Relations with the United States: In Brief

Updated October 5, 2018

Congressional Research Service
https://crsreports.congress.gov
R44298

CRS REPORT
Prepared for Members and
Committees of Congress

Summary

The United States and Spain have extensive cultural ties and a mutually beneficial economic relationship, and the two countries cooperate closely on numerous diplomatic and security issues. Spain has been a member of NATO since 1982 and a member of the European Union (EU) since 1986. Given its role as a close U.S. ally and partner, developments in Spain and its relations with the United States are of continuing interest to the U.S. Congress.

Domestic Political and Economic Issues

The government of Spain is led by Prime Minister Pedro Sánchez of the center-left Socialist Workers' Party (PSOE). Sánchez became prime minister at the head of a minority government in June 2018, after a parliamentary vote of no confidence against Prime Minister Mariano Rajoy of the center-right Popular Party (PP). Rajoy, who had led the government since 2011, was damaged by a corruption scandal involving senior PP figures. Holding less than a quarter of the seats in parliament, the Sánchez government relies on support from the left-wing party *Podemos* and several regional parties.

Economic conditions, austerity policies, and corruption scandals have fueled public backlash against Spain's political establishment in recent years. This dynamic fractured Spain's two-party system, dominated for more than 30 years by the PP and the PSOE, with the emergence of two new parties, *Ciudadanos* and *Podemos*.

Over the past several years, Spain's economy has experienced a relatively strong recovery, with growth averaging more than 3% annually, a decreasing government budget deficit, and stabilized financial conditions. The global financial crisis of 2008-2009 plunged Spain into a prolonged recession and has had a lasting impact on the country. Unemployment has decreased to 15% after peaking at 26% in 2013.

Catalonia Crisis

A crisis over Catalan independence efforts has been the predominant issue in Spain since late 2017. Spain's central government invoked Article 155 of the Spanish Constitution to dissolve the regional assembly and executive and take direct control of the region after the Catalan parliament held an illegal vote for independence in October 2017. The issue remains deadlocked after separatist parties retained a majority of seats in the regional parliament following a new regional election in December 2017. Spain has charged 13 separatist leaders with rebellion and misuse of public funds, offenses that could carry a lengthy prison sentence. Catalonia accounts for about 15% of Spain's population and one-fifth of its economy.

Counterterrorism

The United States and Spain cooperate closely on counterterrorism issues. Spanish authorities have dismantled numerous recruiting networks over the past several years, many of them based in Ceuta and Melilla, Spanish enclaves on the north coast of Africa. In 2015, the Spanish Parliament adopted new legislation to strengthen counterterrorism laws and police powers in response to the foreign fighter threat.

U.S.-Spain Defense Relations

Spain plays an important role in U.S. defense strategy for Europe and Africa. Four U.S. destroyers equipped with the Aegis Ballistic Missile Defense system are based at Rota naval base, and Morón air base is the headquarters for a rapid reaction force of U.S. Marines that protects U.S. interests and personnel in North Africa.

Spanish armed forces participate in numerous international peacekeeping and security operations, including the United Nations peacekeeping mission in Lebanon, the international coalition countering the Islamic State in Iraq and Syria, NATO's Enhanced Forward Presence mission in Latvia, EU and NATO maritime security missions, and EU operations in the Sahel region.

Spain's defense spending was cut during the economic crisis but has been increasing since 2015. With the acquisition of new Eurofighter combat aircraft nearly complete, additional spending is focused largely on planned naval acquisitions.

U.S.-Spain Economic Relations

Investment flows between the United States and Spain totaled more than $105 billion in 2016, and Spanish foreign direct investment in the United States has increased every year since 2002. Annual U.S.-Spain trade in goods and services totals nearly $40 billion. Approximately 1,100 U.S. firms operate subsidiaries and branches in Spain. Affiliates of Spanish companies account for approximately 83,000 jobs in the United States.

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Introduction and Issues for Congress

Many U.S. officials and Members of Congress consider Spain to be an important U.S. ally and one of the closest U.S. partners in Europe. Political developments in Spain, cooperation between the United States and Spain on security issues and counterterrorism, and U.S.-Spain economic ties are possible topics of continuing interest during the 115th Congress. Members of Congress may have an interest in considering the dimensions and dynamics of current issues in U.S.-Spain or U.S.-European relations, or with regard to NATO, in the course of oversight or legislative activities, or in the context of direct interactions with Spanish legislators and officials.

Figure 1. Spain

(map and basic facts)

Area: Land area is about 195,124 sq. mi.; approximately twice the size of Oregon.

Population: approximately 48.96 million.

Languages: Castilian Spanish is the official language nationwide. Catalan, Galician, and Basque also have official status as regional languages.

Religion: 67.8% Roman Catholic; 32.2% listed as none or other.

Gross Domestic Product (PPP): $1.774 trillion; per capita GDP is $38,300.

Currency: euro(€), €1=approx. $1.17.

Political Leaders: *Head of State:* King Felipe VI; *Prime Minister (Head of Government)*: Pedro Sánchez; *Foreign Minister*: Josep Borrell; *Defense Minister*: Margarita Robles.

Sources: Created by CRS using data from the Department of State (2017); Esri (2017); DeLorme (2017); ArcWorld (2017); and the National Geospatial Intelligence Agency (2015). Fact information from CIA, *The World Factbook,* most recent data as of October 2018.

The Congressional Friends of Spain Caucus is a bipartisan group of Members of Congress who seek to enhance U.S.-Spain relations and promote political, economic, and social ties between the two countries.[1] The U.S.-Spain Council brings together U.S. and Spanish leaders to promote economic, educational, and cultural ties. Since the council was founded in 1996, five of the six chairmen have been Members of the U.S. Senate.[2]

Domestic Overview

Political Dynamics

The government of Spain is led by Prime Minister Pedro Sánchez of the center-left Socialist Workers' Party (PSOE).[3] Sánchez became prime minister in June 2018 after launching a parliamentary vote of no confidence that defeated the previous government led by Mariano Rajoy of the center-right Popular Party (PP). Rajoy's leadership was damaged by the outcome of a scandal in which Spain's High Court convicted senior PP figures on corruption charges in May 2018 and found that the party benefitted from a scheme involving kickbacks for public contracts.[4] The changeover was the first time in Spain's history that a prime minister had been removed by a vote of no confidence and the first time a prime minister took office without winning an election.

Prime Minister Sánchez leads a minority government which holds less than one-quarter of the seats in the Congress of Deputies. His government relies on support from left-wing party *Podemos* and regional nationalist parties from Catalonia and the Basque region to maintain viability and secure the votes needed for passing legislation. Given this fragile political situation, some observers question whether the Sánchez government will last until the end of the four-year parliamentary term.[5] Barring an early election, the next general election is due to occur in July 2020.

Rajoy had begun his second term as prime minister in October 2016 at the head of a minority government, following a 10-month political deadlock in which two general elections (held in December 2015 and June 2016) did not produce a majority government.[6] After winning an absolute majority in the 2011 election, the PP came in first place in both the 2015 and 2016 votes but fell far short of a parliamentary majority.

The PP won 137 seats in the 2016 election, with 33% of the vote. The Socialists came in second place with 85 seats (23% of the vote). *Unidos Podemos* ("United We Can"), an electoral alliance of left-wing parties including *Podemos*, a new anti-establishment party that grew out of Spain's anti-austerity protest movement, won 71 seats (21% of the vote). Another new party, *Ciudadanos* ("Citizens"), a centrist party that made anti-corruption one of its main campaign themes, won 32 seats (13% of the vote).

[1] For the 115th Congress, the co-chairs of the Congressional Friends of Spain Caucus are Representative Jenniffer González-Colón and Representative Joseph Kennedy III.

[2] The current Honorary Chairman of the Council is Senator Tim Kaine. See http://usspaincouncil.org/.

[3] The prime minister (head of government) is determined by the composition of the 350-seat Congress of Deputies (lower house). The Senate (upper house) has 266 members and is structured in large part to voice the interests of Spain's regional governments.

[4] "Spain's ruling PP ex-treasurer, Luis Barcenas among 29 sentenced for corruption," *Deutsche Welle*, May 23, 2018.

[5] See Diego Torres, "Pedro Sánchez's 100 days of commotion," *Politico.eu*, September 15, 2018.

[6] After an inconclusive result in the December 2015 election, coalition negotiations between the political parties reached the legal time limit without successfully forming a government, thereby triggering a "re-run" election.

Table 1. Results of 2016 Spanish Election

(voter turnout: 69.84%)

Party	# of Seats	% of Vote	Seats +/- compared to 2015	Seats +/- compared to 2011
Popular Party (PP)	137	33%	+14	-49
Socialist Workers' Party (PSOE)	85	23%	-5	-25
Unidos Podemos *Results incorporate the electoral alliance of Podemos, United Left, EQUO (a merger of green parties), and regional left-wing parties in Catalonia, Galicia, and Valencia.*	71	21%	+2	+60 *(For United Left-The Greens)*
Ciudadanos	32	13%	-8	+32
All Others *Five regional parties (from Catalonia, the Basque region, and the Canary Islands) won between one and nine seats each.*	25	10%	-3	-2

Source: Inter-Parliamentary Union, http://archive.ipu.org/parline-e/reports/2293_E.htm.

More broadly, the emergence of *Podemos* and *Ciudadanos* as significant political actors indicates a decided shift in a political system long dominated by the PP and PSOE. Between the 2011 and 2016 elections, widespread public discontent was driven by economic conditions and austerity policies, and many observers grew deeply concerned about the social impacts of high unemployment, including youth unemployment that spiked above 50%, as well as cuts to health and education spending (see below). Large public demonstrations and protest movements conveyed an angry backlash against the financial sector and politicians' management of the economy. The public view of the country's politicians has been further soured by a series of corruption allegations, including the scandal involving leading figures in the PP.

The Economy

The global financial crisis and recession of 2008-2009 hit Spain especially hard. The crisis has had a lasting impact on the Spanish economy, and the country's economic challenges have been a central issue over the past decade. Although Spain's economic conditions remain difficult, there have been signs of considerable improvement over the past three to four years. Spain is the world's 14th-largest economy and the 4th-largest economy in the Eurozone.[7]

Prior to 2008, Spain experienced more than a decade of strong economic growth relying largely on a housing and construction boom and fueled by private sector access to cheap credit. The credit and real estate bubbles collapsed in 2009, however, and the Spanish economy contracted sharply and entered a prolonged recession that lasted until 2014.

The government budget deficit jumped from 4.5% of gross domestic product (GDP) in 2008 to 10.5% in 2012, and public debt has increased from about 40% of GDP in 2008 to more than 95% of GDP. Unemployment has increased dramatically since 2008, peaking at 26% in 2013 and remaining at about 15%.[8] Spain became a focal point of the wider Eurozone crisis in 2012, facing

[7] Germany is the largest economy in the Eurozone, followed by France and Italy. The European Union (EU) has a total of 28 member countries; 19 EU countries have adopted the euro as their currency.

[8] Economic statistics from the Economist Intelligence Unit, *Spain Country Report*, September 2018.

heavy market pressure in the form of high borrowing costs and receiving €41 billion (about $48 billion) in emergency loans from its Eurozone partners to stabilize Spanish banks.

The PP took office in 2011 with an emphasis on budgetary austerity, while implementing structural reforms to increase competitiveness and labor market flexibility. The Rajoy government remained committed to austerity as necessary to reduce the country's deficit and regain the confidence of financial markets and undertook measures including cutting spending on education and health care, reducing unemployment benefits and pensions, selling state-owned properties, and increasing the value-added tax.

Since 2015, the economy has experienced a period of relatively strong recovery, with average annual growth of 3.2% over the period 2015-2017, and 2.7% growth expected for 2018. Analysts assert that Spain's austerity and reform efforts have been relatively effective in that the country's budget deficit has decreased to an expected 2.7% of GDP this year and the country's borrowing costs appear to have stabilized at a manageable level. The PP-led government loosened fiscal policy in the 2018 budget by increasing public pensions and spending on social benefits and public investments, as well as cutting income taxes.

The Monarchy of Spain

Spain is a parliamentary monarchy regulated by its constitution. The 1978 constitution establishes the king of Spain as the country's head of state, the symbol of its "unity and permanence." The king is commander-in-chief of the armed forces, and has a formal role in the nomination and appointment process of members of the government, Supreme Court judges, and other high officials. The king also has a formal role in the legislative process, sanctioning (by royal assent) and publishing legislation passed by Parliament or adopted at the EU level. The king summons and dissolves Parliament, and makes the official call for elections. As the highest representative of the state in international relations, the king is responsible for accrediting ambassadors and other diplomatic representatives, declaring war, and expressing the state's assent to treaties. In practice, the king exercises limited political power, generally acting on the advice of the president of the government (i.e., the prime minister) and refraining from interference in political matters.

King Felipe VI succeeded to the throne in 2014 following the abdication of his father, King Juan Carlos I. Juan Carlos became king in 1975 after the death of long-time dictator Francisco Franco, and initiated reforms transitioning Spain into a democracy. After decades of strong popularity, several scandals tainted the last years of Juan Carlos' 39-year reign. Opinion surveys show that the transition to the 50-year-old King Felipe, alongside his 46-year-old wife, Queen Letizia, and their two daughters, has improved public perceptions of the monarchy.[9]

King Felipe has sought to distance the monarchy from the scandals of the royal family and has reached out to meet with a wide range of civil society and social groups in Spain. He has spoken out strongly against corruption, cut his own salary, and expressed deep concerns about unemployment and economic conditions in Spain. Abroad, he has been active in promoting Spain's economic and commercial interests and promoting Spanish language and culture.

King Felipe has described regional cultures and languages as an important part of Spain's social fabric and has called for unity in the context of the Catalan separatist movement. In October 2017, he addressed the Catalan crisis more forcefully in a speech on national television, asserting that Catalan authorities had "placed themselves outside the law and outside democracy" and that "the legitimate powers of the state have the responsibility to guarantee constitutional order.... "[10]

Regional Issues

The Spanish state consists of 19 provincial territories referred to as "self-governing communities" or "autonomous communities."[11] Two Spanish regions in particular, Catalonia and the Basque

[9] See https://www.elespanol.com/espana/politica/20171104/259474433_0.html.

[10] Miquel Alberola, "King Felipe VI makes rare address to the nation as Catalan crisis deepens," *El Pais*, October 4, 2017, https://elpais.com/elpais/2017/10/04/inenglish/1507101494_919786.html.

[11] There are 17 autonomous regions and two autonomous cities (Ceuta and Melilla).

region, maintain a distinctive cultural identity, and politics in these regions features the strong presence of nationalist independence movements.

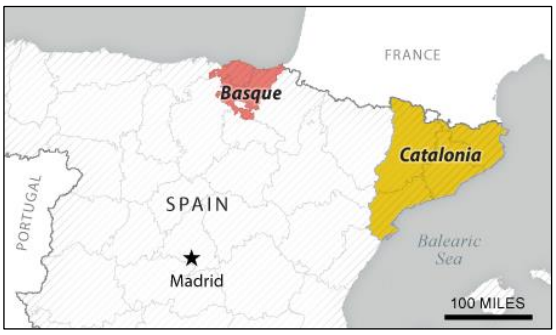
The Basque Region

The Basque region is in north-central Spain, on the Bay of Biscay near the border with France. The separatist terrorist group Basque Fatherland and Liberty (ETA) waged a violent campaign against the central government starting in the 1960s, killing approximately 800 people. In recent years, ETA was weakened by arrests of key leaders and declared a cease-fire in 2011. All Basque nationalist parties now appear to have renounced violence in favor of pursuing independence through politics. In April 2017, ETA moved to formally disarm, handing over the locations of eight weapons caches to French authorities.

Catalonia

Catalonia is in northeast Spain, on the Mediterranean Sea and the border with France, and includes Barcelona, Spain's second-largest city. With a population of approximately 7.45 million, Catalonia has about 15% of Spain's population. It is one of Spain's wealthiest regions, accounting for approximately one-fifth of the country's GDP, generating approximately one-quarter of its exports, and receiving approximately one-quarter of its foreign investment.[12] It is also one of the most indebted regions, with the regional debt-to-GDP ratio tripling since 2009, to 35%.[13]

Figure 2. Basque Region and Catalonia



Source: Created by CRS. See **Figure 1** for sources.

In Catalonia, the independence movement has been additionally fueled by an economic argument that Catalans unfairly support the country's other regions because they pay more in taxes than they receive back in state spending. The Spanish government adamantly disputes this argument, maintaining that Catalonia pays the same percentage of taxes as it contributes to Spain's GDP and receives a share of public spending proportional to its population.

The Separatist Crisis

On October 1, 2017, the regional government of Catalonia attempted to hold a unilateral referendum on independence. The referendum was the third vote in three years declared by pro-independence leaders as a plebiscite on Catalan independence. In a similar effort in November 2014, with turnout below 40%, about 80% of those who voted (approximately 1.6 million people) answered that they wanted Catalonia to be an independent state. With the referendum nonbinding in nature and no organized campaign against independence, the relatively low turnout suggested that many of those opposed to independence did not participate.

[12] Jon Henley, "How Important Is Catalonia To Spain?," *The Guardian*, October 2, 2017, https://www.theguardian.com/world/2017/oct/02/catalonia-important-spain-economy-greater-role-size.

[13] Valentina Romei, "Catalonia's Economic Strength Fuels Independence Push," *The Financial Times*, September 28, 2017.

Catalan leaders subsequently sought to portray the result of the September 2015 election for the regional Catalan parliament, in which a coalition of separatist parties won a combined majority of seats (72 out of 135) despite receiving less than 50% of the popular vote, as an endorsement of plans to proclaim independence within 18 months.

The government of Spain has strongly opposed the organization of independence referendums in Catalonia, condemning them as illegal. Spain's courts have supported this view, ruling such referendums unconstitutional. The Spanish Constitution makes no provision for provincial territories to legally separate from the state. The document states that, "The constitution is based on the indissoluble unity of the Spanish nation, the common and indivisible homeland of all Spaniards; it recognizes and guarantees the right to autonomy of the nationalities and regions of which it is composed, and the solidarity among them all."[14]

Spanish authorities assert that the central government cannot therefore agree to allow a legally binding independence referendum (as was the case with the 2014 Scottish independence referendum in the UK, for example), because such an agreement would in itself be illegal and unconstitutional. They argue that under the constitution a decision about Catalonia separating from Spain is a matter for all of the people of Spain—that is, the constitution would need to be changed to allow the possibility of such a procedure.

The Spanish government vowed to prevent the October 1, 2017, vote from taking place and to take legal action against its organizers. National police attempted to disrupt the vote and seize ballot boxes, resulting in large public protests and violence between police and protesters. In the end, organizers estimated voter turnout at 42%, with 90% of participants in favor of independence. Analysts again suggested that many of those opposed to independence did not participate in the vote.

On October 27, 2017, the Catalan parliament held a vote for independence, with 70 members voting in favor and 10 against, but with 55 abstentions after opposition representatives walked out of the chamber. The Spanish central government (with the support of main opposition parties) subsequently received permission from the Spanish Senate to trigger Article 155 of the Spanish Constitution, dissolving the regional government and assembly of Catalonia on October 28, and taking direct control of the regional police force. Article 155 allows the central government to take direct control of an autonomous region if that region "does not fulfil the obligations imposed upon it by the Constitution or other laws, or acts in a way that is seriously prejudicial to the general interest of Spain."[15] The Spanish government asserts that the independence vote was illegal and outside the jurisdiction of the regional parliament, that it took place despite explicit orders from the courts, and that it violated democratic principles and parliamentary procedures.

The head of Catalonia's regional government, Carles Puigdemont, and four other former regional ministers subsequently fled to Brussels in an attempt to appeal to EU leaders and avoid arrest on charges of rebellion and misuse of public funds, offenses that could carry a sentence of up to 30 years in prison. Eight other separatist leaders who stayed in Spain are facing the same charges, including former deputy leader Oriol Junqueras, who remains in pretrial custody.[16] On November 8, 2017, Spain's constitutional court annulled the Catalan parliament's independence declaration.

[14] See http://www.congreso.es/constitucion/ficheros/c78/cons_ingl.pdf, p. 9.

[15] See http://www.congreso.es/constitucion/ficheros/c78/cons_ingl.pdf, pp. 47-48.

[16] Elisabeth O'Leary, "Jailed Catalan leaders lodge case with U.N. to put pressure on Spain," *New York Times*, February 1, 2018.

New regional elections held on December 21, 2017 did not appreciably change the dynamics of the regional parliament. *Ciudadanos* came in first place in the election (36 out of 135 seats), but three pro-independence parties again won a combined majority of seats (70 out of 135), with 48% of the popular vote.[17] In May 2018, after protracted efforts to name a new regional president, the Catalan parliament selected Quim Torra, a strong supporter of Catalan independence. Spain subsequently lifted Article 155.

The separatist crisis appears to have entered a period of stalemate. Spain's imposition of Article 155 and prosecution of separatist leaders, as well as related Spanish court rulings, sapped momentum from pro-independence forces but did not definitively resolve the crisis. Pro-independence parties, meanwhile, face internal divisions over strategy and tactics, as well as an increasingly difficult challenge in convincing moderate and anti-independence Catalans to shift their views. Polls show that the Catalan population is about equally divided over the question of independence.[18]

While remaining firmly opposed to any moves toward Catalan independence and declining to intervene in the ongoing prosecution of separatist leaders, Prime Minister Sánchez has adopted a relatively less confrontational approach to the separatist issue compared to his predecessor. (Prime Minister Rajoy had refused to enter into any talks with separatist leaders.) Sánchez has proposed a referendum on greater regional autonomy, suggested reviving a commission for resolving disputes between the regional government and the central government, and engaged in dialogue with Torra in an effort to normalize relations.[19]

Critics of Sánchez's more conciliatory approach point out that his government relies on parliamentary support from pro-independence Catalan parties. In early October, Torres threatened to withdraw this support from Sánchez's government unless it offered a plan for regional independence.[20] These remarks followed scenes of violent unrest perpetrated by a radical minority of the pro-independence crowd at a protest in Barcelona marking the October 1 anniversary.

U.S. Views

The U.S. State Department long declined to take a position on the issue of Catalan separatism, characterizing it as an internal matter for Spain to decide. Following the regional parliament's independence vote on October 27, 2017, however, the State Department released a statement that, "Catalonia is an integral part of Spain, and the United States supports the Spanish government's constitutional measures to keep Spain strong and united."[21]

Earlier, in the press conference following Prime Minister Rajoy's visit to the White House on September 26, 2017, President Trump spoke out in favor of maintaining a united Spain, stating " ... I bet you if you had accurate numbers and accurate polling, you'd find that they love their

[17] The parties are Together for Catalonia, Catalan Republican Left, and Popular Unity Candidates.

[18] "New poll: 46.7% of Catalans in support of independence, 44.9% against," *Catalan News*, July 19, 2018, http://www.catalannews.com/politics/item/new-poll-46-7-of-catalans-in-support-of-independence-44-9-against.

[19] Omar G. Encarnación, "Spain's New Government and the Catalan Crisis," *Foreign Affairs*, June 13, 2018.

[20] Sam Jones, "Catalan leader issues ultimatum to Spanish PM over independence," *The Guardian*, October 2, 2018, https://www.theguardian.com/world/2018/oct/02/spanish-pm-accuses-catalan-president-of-encouraging-radicals.

[21] Heather Nauert, Department Spokesperson, *On U.S. Support For Spanish Unity*, U.S. Department of State, October 27, 2017.

country, they love Spain, and they wouldn't leave. So I'm just for united Spain.... I really think the people of Catalonia would stay with Spain. I think it would be foolish not to."[22]

EU Views

European Union (EU) officials and officials from EU member state governments have declined to intervene in support of separatist arguments or calls for negotiations, framing the issue as an internal matter for Spain. EU leaders have indicated that an independent Catalonia would not automatically become an EU member but would need to reapply for membership, with approval requiring unanimous support from all current member states (including Spain).

Counterterrorism

Cooperation between Spain and the United States on counterterrorism issues is strong. In past years, Spain has been a base for Islamist extremists, including some of those involved in the 9/11 attacks. In March 2004, terrorists inspired by Al Qaeda killed 191 people in a series of bombings on the Madrid train system three days before national elections. On August 17, 2017, a terrorist attack in Barcelona killed 14 people and injured more than 100 when a van drove through a crowded pedestrian area. The Islamic State claimed responsibility for the attack, and Spanish authorities subsequently identified a terrorist cell of 12 people, all of whom were either arrested (4), shot by police (6), or killed attempting to make explosives at a house (2). Analysts agree that the cell was inspired by the Islamic State, but authorities were unable to determine that its members had direct links to the Islamic State organization.

The members of the Barcelona terrorist cell were all born in Morocco. (About 70% of the approximately 1.18 million Muslims living in Spain have their origins in Morocco.) Spain and Morocco cooperate closely with regard to counterterrorism, including regular intelligence exchanges and joint operations against terrorist organizations and recruiting networks. Moroccan authorities coordinated with their Spanish counterparts in support of the investigations following the Barcelona terrorist attack.

Compared to many other Western European countries, a relatively low number of people have traveled from Spain as "foreign fighters" seeking to join the Islamic State or other jihadist groups fighting in Syria and Iraq. Spanish authorities estimate that approximately 150 Spanish nationals or permanent residents (mostly Moroccan nationals) have traveled to the conflict zones in those two countries. In recent years, Spanish police have conducted raids to dismantle jihadist recruiting networks active in Ceuta and Melilla, Spanish enclaves located on the north coast of Africa, as well as in Madrid. From 2015 to 2017, Spanish security forces reportedly conducted 128 police operations against domestic terrorist networks, resulting in the arrest of 242 individuals.

In 2015, the Spanish Parliament adopted legislation backed by the PP and PSOE to strengthen counterterrorism laws and police powers in response to the foreign fighter threat. The new legislation made it a criminal offense to receive terrorist training or to participate in an armed conflict abroad; allows for passport seizures, accelerated expulsion orders, and reentry bans of identified extremists; and introduces streamlined search and capture warrants for police to arrest fighters attempting to travel to conflict zones. The government also initiated reforms to the

[22] The White House, Office of the Press Secretary, *Remarks by President Trump and President Rajoy of the Government of Spain in Joint Press Conference*, September 26, 2017, https://www.whitehouse.gov/the-press-office/2017/09/26/remarks-president-trump-and-president-rajoy-government-spain-joint-press.

regulation of evidence collection and standards for witness protection, in order to improve the success rate of terrorism-related prosecutions.

Relations with the United States

The United States and Spain have close links in many areas, including extensive cultural ties. The U.S.-Spain political relationship rests on a foundation of cooperation on a number of important diplomatic and security issues. Spain has been a member of NATO since 1982.

The Rajoy government (2011-2018) maintained a relatively low profile in international affairs, while continuing the main tenets of past Spanish foreign policy: support for European integration, friendly and cooperative relations with the United States, and strong ties with Central and South America. The PP has traditionally promoted a strongly "Atlanticist" foreign policy that emphasizes close security ties with the United States. The PP-led government of Prime Minister José María Aznar (1996-2004) supported the U.S.-led invasion of Iraq in 2003 and contributed forces to the coalition. During the Socialist-led government of Prime Minister José Luis Rodríguez Zapatero (2004-2011), U.S.-Spain tensions arose over differences in approach to issues including Iraq, the Middle East peace process, and Spain's engagement with Cuba and Venezuela.

Prime Minister Sánchez is not expected to make any dramatic changes to Spain's foreign policy. His government has adopted a distinctly pro-EU approach and an outlook emphasizing multilateral foreign policy cooperation through Spain's membership in institutions such as NATO and the United Nations. The PSOE is in favor of maintaining U.S.-Spain defense cooperation and security ties (see below).

Defense Relations

Spain plays a significant role in U.S. defense strategy with regard to Europe and Africa. Under the terms of a bilateral Agreement on Defense Cooperation, the United States has access to several Spanish military bases, including a naval base at Rota and an airbase at Morón that has been a key transportation link to U.S. forces in the Middle East. An increased U.S. presence at these bases during the last five years reversed a decade-long downsizing of U.S. forces in Spain.

In 2011, the United States, Spain, and NATO announced that four U.S. Aegis BMD-capable ships (Arleigh Burke-class destroyers equipped with the Aegis Ballistic Missile Defense system) would be based at Rota as part of the European Phased Adaptive Approach (EPAA) for missile defense in Europe. The ships forward deployed to Rota in 2014 and 2015. The ships' primary mission is to operate in the Mediterranean to help defend Europe against theater-range ballistic missiles that could be launched from counties such as Iran. The ships also have undertaken other missions, including patrolling the Black Sea and launching Tomahawk land attack missiles in April 2017 in retaliation for the Syrian government's use of chemical weapons.

Following the 2012 terrorist attack against the U.S. diplomatic facility in Benghazi, Libya, the United States deployed 500 U.S. Marines to Morón in 2013 to serve as a rapid reaction force protecting U.S. interests and personnel in North Africa. The deployment increased to 850 Marines in 2014. In 2015, the Spanish government approved a U.S. request to upgrade the basing agreement, making Morón the permanent task force headquarters for the Special-Purpose Marine Air-Ground Task Force Crisis Response-Africa (SPMAGTF-CR-AF).

The arrangement allows a permanent U.S. military presence of up to 2,200 personnel, including 850 SPMAGTF Marines and 500 civilian staff, and up to 26 aircraft. It also allows a surge deployment of an additional 800 task force Marines and 14 aircraft during contingency

operations. The SPMAGTF is a rotational expeditionary force incorporating command, ground, aviation, and logistics units, with a primary mission of responding to emergency calls for security assistance at U.S. embassies and other U.S. operations in Africa. The task force may also undertake a variety of other missions, including evacuation of noncombatants, humanitarian assistance and disaster relief, or training and security cooperation activities with partner forces.

Spain is an active participant in international security and peacekeeping operations, with more than 3,000 soldiers and *guardias civiles* (Spain's national police force) deployed in 17 missions as of March 2018.[23] Deployments include more than 600 soldiers to the United Nations peacekeeping mission in Lebanon, 473 to the international coalition (*Inherent Resolve*) countering the Islamic State in Iraq and Syria, and 336 (including a mechanized infantry company) with the multinational battlegroup stationed in Latvia as part of NATO's Enhanced Forward Presence mission. Spain contributes naval forces to the EU anti-piracy mission off the Somali coast (*Atalanta*), the EU (*Sophia*) and NATO (*Sea Guardian*) maritime security missions in the Mediterranean Sea, and the Standing NATO Maritime Group (SNMG/SNMCMG). Spain also participates in NATO's *Resolute Support* training mission in Afghanistan and EU military training missions in Mali and Somalia, and provides air transport in support of French and EU operations in Mali, Central African Republic, and the Sahel region. Spain has deployed a battery of Patriot missiles to Turkey to guard against possible ballistic missile threats from Syria. From 2002 to 2015, Spain maintained a sizeable deployment as part of the NATO-led International Security Assistance Force (ISAF) in Afghanistan.

In the context of U.S. concerns about a long-standing downward trend in European defense spending, analysts note that Spain's defense budget was negatively affected by the country's economic difficulties. Overall defense spending was cut considerably between 2009 and 2014, although Spain has enacted modest annual increases to the defense budget since 2015. According to NATO, Spain's defense expenditures for 2017 were $11.655 billion.[24] At 0.92% of the country's GDP, this figure remains well below the 2% of GDP set by NATO as the minimum defense spending target for its member states.

Recent funding increases have been directed largely to the Spanish navy, including plans for the construction of new class of diesel attack submarines and the acquisition of five frigates, patrol vessels, and marine helicopters.[25] A force structure review in 2016 resulted in a reorganization of Spanish army brigades to make the forces more deployable for operations, with an emphasis on mechanized formations and more special operations forces. In 2018 or 2019, the Spanish air force expects to receive the final six of 73 contracted Eurofighter Typhoon combat aircraft.[26]

Spain is reportedly considering the acquisition of 45 to 50 F-35As, which would replace its fleet of 85 F-18 aircraft as they are gradually phased out between 2020 and 2025. As the Spanish navy's Harriers near the end of their service life, Spain is also reportedly considering the purchase of 12 to 15 F-35Bs in order to maintain a naval aviation capability.[27]

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[23] Government of Spain - Ministry of Defense, http://www.defensa.gob.es/Galerias/defensadocs/misiones-internacionales.pdf.

[24] NATO Public Diplomacy Division, *Defence Expenditures of NATO Countries (2010-2017)*, June 29, 2017.

[25] International Institute for Strategic Studies, *The Military Balance 2017* and *The Military Balance 2018*.

[26] Airbus, *Airbus Delivers Latest Standard Eurofighter to Spanish Air Force*, January 23, 2018, http://www.airbus.com/newsroom/press-releases/en/2018/01/Airbus_Delivers_Latest_Standard_Eurofighter_to_Spanish_Air_Force.html.

[27] Miguel Gonzalez, "Spain's Air Force and Navy have sights set on new American fighter aircraft," *El Pais*, June 5, 2017, https://elpais.com/elpais/2017/06/05/inenglish/1496652196_078384.html.

Economic Ties

The U.S.-Spain economic relationship is large and mutually beneficial. In 2016 (most recent complete data available), U.S. foreign direct investment (FDI) in Spain was $37.4 billion and Spanish FDI in the United States was $68.2 billion. Spain's FDI in the United States has increased every year since 2002, and the value of Spanish assets invested in the United States has increased nearly five-fold over the past decade.

Approximately 1,100 U.S. firms operate subsidiaries and branches in Spain (including, for example, Apple, General Electric, General Motors, Ford, and AT&T). More than 90 Spanish firms operate affiliates in the United States (including, for example, BBVA, OHL, and Banco Santander). In 2016, U.S. affiliates employed more than 181,500 people in Spain and Spanish affiliates accounted for more than 83,000 jobs in the United States.

In 2017, U.S. goods exports to Spain totaled more than $11 billion, and U.S. goods imports from Spain totaled about $15.66 billion. U.S. services exports to Spain were $6.8 billion in 2016, and U.S. services imports from Spain were $6.3 billion.[28]

In 2013, the U.S. Department of the Treasury announced the signing of a new protocol amending the U.S.-Spain bilateral tax treaty of 1990.[29] Analysts assert that the protocol will modernize the agreement and make it more similar to U.S. treaties with other European countries in terms of avoiding double taxation and preventing tax evasion. Ratification of the protocol is awaiting the advice and consent of the Senate.[30]

Acknowledgements

The author thanks CRS Visual Information Specialist Amber Wilhelm and CRS Information Research Specialist Hannah Fischer for their work in creating the graphics for this report.

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[28] Daniel S. Hamilton and Joseph P. Quinlan, *The Transatlantic Economy 2018*, Center for Transatlantic Relations, Johns Hopkins University School of Advanced International Studies, p. 142, *Uniworld* database, and U.S. Department of Commerce, U.S. Census Bureau, *Balance by Partner Country – Trade in Goods with Spain*.

[29] See https://www.gpo.gov/fdsys/pkg/CDOC-113tdoc4/pdf/CDOC-113tdoc4.pdf.

[30] The protocol was reported favorably by the Committee on Foreign Relations during both the 113th and 114th Congress.

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