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Spain and Its Relations with the United States: In Brief

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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, Spain's internal situation and relations with the United States are of continuing interest to the U.S. Congress.

Domestic Political and Economic Issues

The government of Spain has been led by Prime Minister Pedro Sánchez of the center-left Socialist Workers' Party (PSOE) since 2018. PSOE formed a minority coalition government with the left-wing party Podemos following Spain's November 2019 election, the country's fourth general election in four years. 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 center-right Popular Party (PP) and PSOE, with the emergence of three new parties: Podemos, center-right Ciudadanos, and far-right Vox.

Spain has been one of the countries hardest hit by the Coronavirus Disease 2019 (COVID-19) pandemic and imposed one of Europe's strictest lockdowns in spring 2020. The pandemic is expected to result in a sharp contraction to Spain's economy in 2020. Spain has adopted substantial fiscal support measures to sustain businesses and employment, and is expected to be one of the largest beneficiaries of the EU's pandemic recovery funding.

Catalonia

Spain's central government dissolved the regional assembly and executive of Catalonia and temporarily took 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. In October 2019, Spain's Supreme Court convicted nine separatist leaders of sedition and misuse of public funds. Prime Minister Sánchez has engaged in a dialogue with regional leaders about increased regional autonomy. Catalonia accounts for about 15% of Spain's population and one-fifth of its economy. Polls indicate that slightly less than half of the Catalan population supports independence.

U.S.-Spain Security and Defense Relations

The United States and Spain cooperate closely on counterterrorism issues, and 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 has been increasing since 2017, but remains considerably below NATO's target of 2% of gross domestic product (GDP).

U.S.-Spain Economic Relations

Investment flows between the United States and Spain totaled nearly \$127 billion in 2019, and Spanish foreign direct investment in the United States has increased every year since 2002. U.S.-Spain trade in goods and services was valued at \$48.5 billion in 2019. Approximately 1,100 U.S. firms operate subsidiaries and branches in Spain. Affiliates of Spanish companies account for approximately 86,000 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 116th Congress. Spain's experience with Coronavirus Disease 2019 (COVID-19) represents another area of mutual interest. 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 I. Spain
(map and basic facts)



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

Population: approximately 46.66 million.

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

Religion: 68.9% Roman Catholic; 30% listed as none or other.

Gross Domestic Product (GDP), 2019 (current prices): \$1.398 trillion; per capita GDP is \$29,961.

Currency: euro(€), €1=approx. \$1.19 (as of August 17, 2020).

Political Leaders: *Head of State:* King Felipe VI; *Prime Minister (Head of Government):* Pedro Sánchez; *Foreign Minister:* Arancha González Laya; *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 International Monetary Fund, World Economic Outlook Database (October 2019); and CIA World Factbook.

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, founded in 1996, brings together U.S. and Spanish leaders to promote economic, educational, and cultural ties. The current honorary chairman is Representative Joaquin Castro. Five of the six previous chairmen were Members of the U.S. Senate.²

Domestic Overview

Political Dynamics

Prime Minister Pedro Sánchez of the center-left Socialist Workers' Party (PSOE) has led the government of Spain since 2018.³ Sánchez remained prime minister following Spain's November 2019 election, after PSOE formed a coalition government with the left-wing party *Podemos* in January 2020. PSOE came in first place in the election, winning 120 out of the 350 seats in Spain's Congress of Deputies (lower house of parliament), but fell well short of a parliamentary majority (see **Figure 2** for election results). With *Podemos* holding 35 seats, the two parties' combined 155 seats remains 21 seats short of an absolute majority (176 seats) in the Congress of Deputies; the coalition is a minority government that requires support from other parties to pass legislation. Spain's parliament narrowly voted the coalition government into office after several smaller regional parties agreed to abstain from the vote.⁴ The government is Spain's first coalition since the restoration of democracy in 1978.

Spain's politics have become increasingly tumultuous in recent years. The November 2019 election was Spain's fourth general election in four years. 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 "rerun" election in June 2016. The center-right Popular Party (PP) subsequently formed a minority government under then-Prime Minister Mariano Rajoy in late 2016, but the PP's leadership was damaged by a series of corruption scandals. After losing a parliamentary vote of confidence in 2018, the PP-led government was replaced by a minority Socialist government led by Prime Minister Sánchez. In February 2019, Prime Minister Sánchez called an early election for April 2019 when he was unable to secure enough votes to pass the 2019 budget. After the April 2019 election, coalition negotiations between the political parties again reached the legal time limit without successfully forming a government, triggering another rerun election on November 10, 2019.

Increased political fragmentation has been the primary factor behind Spain's recent electoral outcomes. Long dominated by the PP and PSOE, Spain's political system has fractured into five competing parties. *Podemos* and the center-right party *Ciudadanos* emerged as significant political actors between the 2011 and 2016 elections amid widespread public discontent over economic conditions and austerity policies, as well as a series of corruption allegations against

¹ For the 116th Congress, the co-chairs of the Congressional Friends of Spain Caucus are Representative Jennifer González-Colón and Representative Joseph Kennedy III.







² See UnitedStates-Spain Council website, at <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 Sánchez Narrowly Wins Vote To Govern In Coalition," *BBC News*, January 7, 2020.

leading figures in the PP.⁵ The far-right, anti-immigration party *Vox* entered parliament for the first time in the April 2019 election. *Vox* subsequently came in third place in the November 2019 election, more than doubling the number of seats it won in April 2019. Previously, Spain had often been cited as a European country that had remained relatively “immune” to the far-right, as prior to *Vox*, the far-right had no significant role in Spanish politics since the end of the Franco dictatorship and transition to democracy in the mid-1970s. Analysts indicated that *Vox* gained the support of many PP and *Ciudadanos* voters who felt their parties had moved too far to the center and were attracted to *Vox*’s arguments for strict controls on immigration, its rejection of abortion and same-sex marriage, and its uncompromising opposition to Catalan independence (an outlook shared by the PP and *Ciudadanos*; see “Catalonia” section, below).⁶

Figure 2. Results of November 2019 Spanish Election

	November 2019 Results	# Seats (% Votes)	# Seats change from April 2019	# Seats change from June 2016
Socialist Workers' Party (PSOE)		120 (28.0%)	-3	+35
Popular Party (PP)		89 (20.8%)	+23	-48
Vox (Voice)	 52 (15.1%)		+28	+52
Unidas Podemos (Together We Can)	 35 (12.8%)		-7	-36
Ciudadanos (Citizens)	 10 (6.8%)		-47	-22
All Others	 44 (11.3%)		+6	+19

November 2019 turnout was 69.87%.

Source: “10N Elecciones Generales,” *El Pais*, November 11, 2019.

In spring 2020, the COVID-19 pandemic temporarily prompted an unusual degree of cross-aisle cooperation among Spain’s political parties, as opposition parties backed the government’s initial emergency measures pertaining to public health and the economy (see “Spain and the COVID-19 Pandemic” text box, below). As conditions regarding the outbreak improved in April 2020-May 2020, sharp tensions over the duration of emergency restrictions restored what is typically a contentious left-right dynamic in Spanish politics.⁷

⁵ “Spain’s ruling PP ex-treasurer, Luis Barcenas among 29 sentenced for corruption,” *Deutsche Welle*, May 23, 2018.

⁶ Guy Hedgecoe, “Spanish Elections: How The Far-Right Vox Party Found Its Footing,” *BBC News*, November 11, 2019.

⁷ Jennifer O’Mahony, “Spain’s Post-Lockdown Culture War Has Only Just Begun,” *Foreign Policy*, June 11, 2020; Graham Keeley, “Pandemic Exposes Spain’s Deep Divisions,” *VOA*, May 7, 2020; and Cristina Gallardo, “Spain’s Coronavirus Truce Is Over,” *Politico Europe*, April 11, 2020.

Spain and the COVID-19 Pandemic

Spain has been one of the countries in Europe hardest hit by the Coronavirus Disease 2019 (COVID-19) pandemic, with cases and deaths peaking in late March 2020 and early April 2020. As of August 14, 2020, Spain had more than 337,000 confirmed infections and approximately 28,600 deaths attributed to COVID-19, although daily counts of new cases and deaths have declined substantially since the peak.

Implementing one of the strictest lockdowns in Europe, Spain declared a nationwide ban on nonessential movement and closed its land borders on March 16, 2020. With conditions improving, nonessential economic activities in industrial and construction sectors were permitted beginning on April 14, and children were allowed outside homes for walks and exercise beginning on April 26. Spain began a phased reopening of businesses and some easing of restrictions in most provinces in early May, with other restrictions lifted gradually in May and June. Spain ended its official state of emergency on June 21, 2020, and reopened its borders to international travelers.

The Spanish government enacted numerous emergency economic measures in response to the pandemic, including favorable loans and guarantees to help ensure companies' liquidity, a flexible framework for short-term employment schemes to avoid job losses, steps to protect the income of workers and families, and increased spending for the health sector.

- On March 12, 2020, the government approved an aid package of €2.8 billion to support regional governments in dealing with the economic consequences of the pandemic, €1.4 billion of additional funding for the national health ministry, and €1.4 billion in extra liquidity for small- and medium-sized companies.
- On March 17, 2020, the government announced a second aid package with €5 billion of expenditure for economic and social support programs and €1.2 billion of loan guarantees for self-employed individuals, small- and medium-sized companies, and other companies (potentially mobilizing up to €200 billion with private sector contributions). The package also included measures allowing more flexible labor conditions (e.g., telework, shortened hours), a special allowance for the self-employed, funding for dependent care, postponement of mortgage payments for vulnerable citizens, and protection of energy, water, and telecommunications services for vulnerable groups.
- On June 1, 2020, Spain adopted a plan to spend €3 billion per year to provide a basic minimum income to 850,000 of the country's poorest households in an effort to alleviate extreme poverty.
- In July 2020, Spain's government approved €3.7 billion in support for the automotive sector and €4.25 billion for the tourism sector, mainly in the form of low-interest government loans, and a new €50 billion assistance package for businesses.

Spain (along with Italy) is one of the largest beneficiaries of the €750 billion pandemic recovery fund approved by EU leaders in July 2020. Spain is expected to receive €140 billion from the fund, with €72.7 billion coming as grants and the remainder as loans.

In August 2020, Spain began to reimpose some restrictions to contain the spread of the virus amid an increase in the daily number of confirmed cases.

Sources: Johns Hopkins University & Medicine, *Coronavirus Resource Center*, June 15, 2020; "Spain To Receive 140 Billion Euros From EU Recovery Fund, Half In Grants," Reuters, July 21, 2020; Economist Intelligence Unit, *Spain country report*, July 2020; European Union, *Re-Open EU*, June 15, 2020; Cornelius Hirsch, "Europe's Coronavirus Lockdown Exit Strategies Compared," *Politico Europe*, May 13, 2020; and Cornelius Hirsch, "Europe's Coronavirus Lockdown Measures Compared," *Politico Europe*, April 15, 2020.

The Economy

As with other countries in Europe and around the world, the COVID-19 pandemic has sent Spain's economy into a deep recession in 2020. Gross domestic product (GDP) is forecast to contract 12.8% in 2020 before returning to 6.3% growth in 2021.⁸ Unemployment is forecast to increase from 14.1% in 2019 to 20.8% in 2020. Spain is the world's 14th-largest economy and the 4th-largest economy in the Eurozone.⁹

⁸ International Monetary Fund (IMF), *World Economic Outlook update*, June 2020. Unless otherwise noted, subsequent economic statistics in this section are from IMF, *World Economic Outlook database*, April 2020.

⁹ World Bank national accounts data; and OECD National Accounts data files. Germany is the largest economy in the

Spain's economy has experienced a series of ups and downs over the past two decades; the pandemic interrupted what had been a sustained period of economic recovery. GDP growth was 2% in 2019, after averaging 3% annually over the period of 2015-2018. This recovery took place after the global financial crisis and recession of 2008-2009 hit Spain especially hard and resulted in a prolonged recession, which lasted until 2014. Unemployment increased dramatically during this period, peaking at 26% in 2013. Spain became a focal point of the wider Eurozone crisis in 2012, facing heavy market pressure in the form of high borrowing costs and receiving €41 billion in emergency loans from its Eurozone partners to stabilize Spanish banks. Prior to 2008, Spain had 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.

Emergency economic support measures in response to the pandemic are expected to increase Spain's budget deficit to 9.5% of GDP in 2020, reversing the effects of years of austerity efforts following the 2008 financial crisis. The 2008 crisis caused a large increase in Spain's government budget deficit and public debt, and PP-led governments from 2011 to 2018 emphasized budgetary austerity, while implementing structural reforms to increase competitiveness and labor market flexibility. Austerity measures included cutting spending on education and health care, reducing unemployment benefits and pensions, selling state-owned properties, and increasing the value-added tax. Despite political and social backlash, the Rajoy government remained committed at that time to austerity as necessary to reduce the country's deficit and regain the confidence of financial markets. Spain's austerity and reform efforts appeared effective in that the country's budget deficit decreased to 2.6% of GDP in 2019, and the country's borrowing costs stabilized at a manageable level.

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 showed that the transition to King Felipe, alongside his wife Queen Letizia and their two daughters, improved public perceptions of the monarchy.¹⁰ In August 2020, Juan Carlos departed Spain for the United Arab Emirates amid new revelations of bank accounts allegedly held in tax havens.

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, expressed concerns about economic conditions, and urged national unity and the preservation of the constitutional order in the context of the Catalan separatist movement. Abroad, he has been active in promoting Spain's economic and commercial interests and promoting Spanish language and culture.

Eurozone, followed by France and Italy. The European Union (EU) has a total of 27 member countries; 19 EU countries have adopted the euro as their currency.

¹⁰ "Felipe VI Logra Una Valoración Récord De 7,2 Tras Sus Mensajes Sobre Cataluña," *El Español*, November 5, 2017.

Some supporters of Spain's left-wing political parties have advocated abolishing the monarchy and making Spain a republic. Polls indicate Spaniards are almost evenly split on the question, and a majority favor holding a referendum to decide.¹¹

Spain's Regions

The Spanish state consists of 19 provincial territories referred to as “self-governing communities” or “autonomous communities.”¹² Two Spanish territories in particular, Catalonia and the Basque 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 region has a population of approximately 2.18 million. 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 between 1968 and 2010. 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 2017, ETA moved to formally disarm, handing over the locations of eight weapons caches to French authorities; in 2018, ETA announced its full dissolution.

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.¹³

In Catalonia, the independence movement includes 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.

Figure 3. Basque Region and Catalonia



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

¹¹ Joe Gerrard, “Poll: Almost Half Of Spanish People In Favour Of Abolishing Monarchy And Creating Republic,” *EuroWeekly*, December 8, 2018.

¹² There are 17 autonomous regions and two autonomous cities (Ceuta and Melilla).

¹³ Jon Henley, “How Important Is Catalonia To Spain?,” *Guardian*, October 2, 2017.

In a poll conducted in Catalonia in September and October 2019, nearly 42% of respondents supported independence and nearly 49% opposed it.¹⁴ All of the mainstream national political parties oppose the idea of Catalan independence. Hardline opposition to Catalan independence is a fundamental position of the PP, *Vox*, and *Ciudadanos*. *Podemos* supports allowing a referendum to decide the issue.

The Separatist Crisis

On October 1, 2017, the regional government of Catalonia attempted to hold a unilateral referendum on independence. 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.¹⁵ 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; the relatively low turnout suggested that many of those opposed to independence did not participate.

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 triggered Article 155 of the Spanish Constitution, dissolving the regional government and assembly of Catalonia and taking direct control of the regional police force.¹⁶ 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. On November 8, 2017, Spain's constitutional court annulled the Catalan parliament's independence declaration.

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 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

¹⁴ Simon Hunter, "New Survey Sees percentage of Catalans Against Independence Rise," *El Pais*, November 14, 2019.

¹⁵ 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." See Congreso de los Diputados, *The Spanish Constitution*, p. 9, at http://www.congreso.es/constitucion/ficheros/c78/cons_ingl.pdf.

¹⁶ 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." See Congreso de los Diputados, *The Spanish Constitution*, pp. 47-48, at http://www.congreso.es/constitucion/ficheros/c78/cons_ingl.pdf.

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

Catalan parliament selected Quim Torra, a strong supporter of Catalan independence. Spain subsequently lifted Article 155.

On October 14, 2019, Spain's Supreme Court found nine separatist leaders guilty of sedition and abuse of public funds (three other separatist leaders were found guilty of lesser crimes), sentencing them to between 9 and 13 years in prison.¹⁸ The verdict triggered several days of protests and violent unrest in Barcelona and other Catalan cities. The court decision and its aftermath further polarized the issue ahead of Spain's November 2019 election; backlash to the verdict sustained support for pro-independence Catalan parties, while backlash to the ensuing unrest boosted support for *Vox*.

While remaining firmly opposed to any moves toward Catalan independence and declining to intervene in the prosecution of separatist leaders, Prime Minister Sánchez has adopted a relatively less confrontational approach to the separatist issue compared to his predecessor.¹⁹ (Prime Minister Rajoy had refused to enter into any talks with separatist leaders.) In February 2020, Sánchez and Torra agreed on a framework for negotiations about increased regional autonomy on a number of issues.²⁰ Critics of Sánchez's more conciliatory approach point out that his government relies on parliamentary support from pro-independence Catalan parties.

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 then-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 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).

¹⁸ Raphael Minder, "Catalan Separatist Leaders Get Lengthy Prison Terms for Sedition," *New York Times*, October 14, 2019.

¹⁹ Pedro Sánchez, "As Prime Minister, I Refuse to Let Catalan Separatists Undermine Spanish Democracy," *Guardian*, November 7, 2019.

²⁰ "Spain's PM Meets Catalan Separatist Leader, Sets Out Roadmap for Talks," Reuters, February 6, 2020.

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

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.

Counterterrorism

In past years, Spain has been a base for Islamist extremists, including some of those involved in the 9/11 attacks against the United States. 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.²³

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. As of January 2019, Spanish authorities estimated that 237 Spanish nationals or permanent residents (mostly Moroccan nationals) had traveled to the conflict zones in Syria and Iraq, and 130 remained there (the others having been killed or returned to Europe).²⁴ 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 recruiting networks operating in Spanish prisons.

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 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. Cooperation between Spain and the United States on counterterrorism issues is strong.

Prime Minister Sánchez is not expected to make any dramatic changes with regard to the main tenets of Spanish foreign policy: support for European integration, friendly and cooperative relations with the United States, and strong ties with Central and South America. His government

²³ Jesús Rodríguez, “La Rambla: Bearing the Scars of Jihad,” *El País*, August 17, 2018.

²⁴ Óscar López-Fonseca, “Spain Helping US Identify European Jihadists in Syria,” *El País*, March 4, 2019.

has pursued 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. PSOE is in favor of maintaining U.S.-Spain defense cooperation and security ties (see below).

The Rajoy government (2011-2018) maintained a relatively low profile in international affairs, while continuing the PP's traditional support for 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.

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 air base 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 seven 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 countries such as Iran. The ships also have undertaken other missions, including patrolling the Black Sea and launching Tomahawk land attack missiles at a Syrian air base from the Mediterranean in April 2017 in retaliation for the Syrian government's use of chemical weapons. In a March 2020 testimony to the Senate Armed Services Committee, the U.S. chief of naval operations stated that the U.S. Navy anticipates sending two additional destroyers to Rota, bringing the total number based there to six.²⁵

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. 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. Elements of the task force also are based at Naval Air Station Sigonella in Italy.

²⁵ David B. Larter, "US Navy's Top Officer Declares Support For Basing 6 Destroyers In Spain," *DefenseNews*, March 5, 2020.

Spain is an active participant in international security and peacekeeping operations, with approximately 2,800 soldiers and *guardias civiles* (Spain's national police force) deployed in 17 missions as of January 2020.²⁶ Deployments include more than 600 soldiers to the United Nations peacekeeping mission in Lebanon and approximately 350 (including a mechanized infantry company) with the multinational battle group stationed in Latvia as part of NATO's Enhanced Forward Presence mission.

At the beginning of 2020, Spain had approximately 550 soldiers deployed in Iraq with the international coalition (*Inherent Resolve*) countering the Islamic State. Most of Spain's forces in Iraq have been involved in training Iraqi forces as part of the coalition's Building Partner Capacity mission. In July 2020, Spanish forces withdrew from their largest base in Iraq (Gran Capitán base in Bismayah). With Spanish soldiers at the base having trained more than 50,000 Iraqi soldiers and police since 2015, Spanish officials announced that the base had completed its mission. Approximately 200 Spanish soldiers remain in Iraq at other locations.²⁷

Spain has participated in NATO's *Resolute Support* training mission in Afghanistan since it was launched in 2015. Spanish forces are expected to withdraw from Afghanistan by early 2021 in accordance with the agreement on the withdrawal of foreign forces signed by the United States and the Taliban in February 2020. From 2002 to 2015, Spain maintained a sizeable deployment as part of the NATO-led International Security Assistance Force (ISAF) in Afghanistan.

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 EU military training missions in Mali and Somalia, provides air transport in support of French and EU operations in Mali and the Central African Republic, and has deployed a battery of Patriot missiles to Turkey to guard against possible ballistic missile threats from Syria.

In the context of U.S. concerns about low European defense spending, analysts note that over the past decade Spain's defense budget has been negatively affected by the country's economic difficulties. Overall defense spending was cut considerably between 2009 and 2016, although Spain has enacted increases to its defense budget since 2017. According to NATO, Spain's defense expenditures for 2019 were \$13.156 billion.²⁸ 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 a program for the construction of new class of diesel attack submarines and the acquisition of five frigates, patrol vessels, and marine helicopters. Funding initiatives also include modernization of army transport helicopters and new military communications satellites.²⁹ A force structure review in 2015 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.

Spain is a member of the Eurofighter Typhoon consortium; between 2003 and 2019, the Spanish air force received 72 Eurofighter combat aircraft. Spain plans to phase out its fleet of 85 F-18 aircraft by 2025 and is reportedly considering the acquisition of the F-35 Joint Strike Fighter,

²⁶ Government of Spain, Ministry of Defense, "Misiones en el Exterior 2020," at <https://www.defensa.gob.es/Galerias/gabinete/red/2020/01/infografa-misiones2020.pdf>.

²⁷ Miguel González, "Spain To Withdraw Troops From Main Iraqi Base This Summer," *El País*, June 1, 2020.

²⁸ NATO Public Diplomacy Division, *Defence Expenditures of NATO Countries (2013-2019)*, November 29, 2019.

²⁹ International Institute for Strategic Studies, *The Military Balance*, 2017-2020.

additional Eurofighter Typhoons, or the upgraded F-18 Super Hornet as a replacement. As the Spanish navy's Harriers near the end of their service life, Spain is also reportedly considering the purchase of F-35Bs in order to maintain a naval aviation capability.³⁰

Economic Ties

The U.S.-Spain economic relationship is large and mutually beneficial. In 2019, U.S. foreign direct investment (FDI) in Spain was approximately \$40.8 billion and Spanish FDI in the United States was approximately \$86.8 billion.³¹ 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 almost tripled since 2008.³²

Nearly 1,100 U.S. firms operate subsidiaries and branches in Spain (including, for example, Apple, General Electric, General Motors, Ford, and AT&T). Nearly 100 Spanish firms operate affiliates in the United States (including, for example, BBVA, OHL, and Banco Santander).³³ In 2018, U.S. affiliates employed approximately 177,500 people in Spain and Spanish affiliates accounted for approximately 85,800 jobs in the United States.³⁴

In 2019, U.S. goods exports to Spain were valued at more than \$15.2 billion, and U.S. goods imports from Spain were valued at nearly \$16.8 billion.³⁵ U.S. services exports to Spain were valued at approximately \$8.7 billion in 2019, and U.S. services imports from Spain were valued at approximately \$7.8 billion.³⁶

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 1990.³⁷ The U.S. Senate agreed to a resolution of advice and consent to ratification of the protocol on July 16, 2019.³⁸ Analysts assert that the protocol modernizes the agreement and makes it more similar to U.S. treaties with other European countries in terms of avoiding double taxation and preventing tax evasion.³⁹

³⁰ Sebastian Sprenger, "Spain's Military Still Has Eyes For the F-35 Despite European Fighter Push," *DefenseNews*, June 12, 2019.

³¹ U.S. Department of Commerce, Bureau of Economic Analysis, *Direct Investment and MNE*.

³² Daniel S. Hamilton and Joseph P. Quinlan, *The Transatlantic Economy 2020*, Johns Hopkins University School of Advanced International Studies, p. 161.

³³ Uniworld database.

³⁴ Hamilton and Quinlan, *The Transatlantic Economy 2020*.

³⁵ U.S. Department of Commerce, United States Census Bureau, *Trade in Goods with Spain*.

³⁶ U.S. Department of Commerce, Bureau of Economic Analysis, *International Transactions, International Services, and International Investment Position Tables*, July 10, 2020.

³⁷ See U.S. Congress, Senate, *The Protocol Amending the Tax Convention with Spain*, 113th Cong., 2nd sess., May 2014, S.Doc. 113-4 (Washington, DC: GPO, 2014), at <https://www.gpo.gov/fdsys/pkg/CDOC-113tdoc4/pdf/CDOC-113tdoc4.pdf>.

³⁸ The treaty is numbered 113-4.

³⁹ For additional information, see Gonzalo Gallardo, *Spain: Protocol of the Spain-US Tax Treaty Enters Into Force*, *International Tax Review*, October 15, 2019; and Ernst & Young, *US Senate Ratifies Spain-US Tax Treaty Protocol*, July 22, 2019.

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