

UNCLASSIFIED
FM MADRID
TO IMMEDIATE FCO
TELNO 937
OF 291900Z OCTOBER 90
INFO IMMEDIATE MOSCOW
INFO PRIORITY EC POSTS, UKREP BRUSSELS, WASHINGTON

ADVANCE COPY**PRESIDENT GORBACHEV'S VISIT TO SPAIN**

SUMMARY

1. HASTILY ARRANGED VISIT: SHORT ON SUBSTANCE BUT LONG ON GOODWILL. ENTHUSIASTIC WELCOME FOR GORBACHEVS AT EVERY LEVEL OF SPANISH SOCIETY. A NUMBER OF BILATERAL AGREEMENTS INITIALED, INCLUDING A 1.5 BN DOLLARS LINE OF CREDIT FOR PURCHASE OF SPANISH CONSUMER GOODS AND CAPITAL EQUIPMENT.

DETAIL

2. PRESIDENT GORBACHEV, ACCOMPANIED BY HIS WIFE RAISA AND FOREIGN MINISTER SHEVARDNAZE, PAID AN OFFICIAL VISIT TO SPAIN FROM 26-28 NOVEMBER. THIS WAS THE FIRST EVER VISIT TO SPAIN BY A SOVIET PRESIDENT AND THE FIRST BY GORBACHEV TO A EUROPEAN COUNTRY FOLLOWING THE RECENT AWARD OF THE NOBEL PEACE PRIZE. INEVITABLY, IT RECEIVED BLANKET COVERAGE IN THE SPANISH MEDIA.

3. HIGHLIGHTS OF THE FIRST DAY INCLUDED MEETINGS WITH KING JUAN CARLOS, A TWO HOUR MEETING AT THE MONCLOA WITH PRIME MINISTER FELIPE GONZALEZ, A CEREMONY AT WHICH THE PRESIDENT WAS AWARDED THE GOLDEN KEY OF THE CITY OF MADRID BY MAYOR RODRIGUEZ SAHAGUN, AN ADDRESS TO THE SPANISH PARLIAMENT AND A GALA DINNER AT THE ROYAL PALACE. ON DAY 2 GORBACHEV MET THE LEADERS OF THE COMMUNIST AND SOCIALIST TRADE UNIONS, HAD A HASTILY INSERTED MEETING WITH JULIO ANGUITA, LEADER OF IZQUIERDA UNIDA - THE COMMUNIST-LED, LEFT-WING COALITION - (PLANNED MEETINGS WITH OTHER OPPOSITION LEADERS WERE CANCELLED OWING TO LACK OF TIME IN AN ALREADY CROWDED PROGRAMME), WAS INVESTED DOCTOR HONORIS CAUSA OF THE MADRID AND AUTONOMOUS UNIVERSITIES IN A COMBINED CEREMONY, ATTENDED A CONCERT AT THE NATIONAL AUDITORIUM AND HAD A PRIVATE DINNER WITH THE KING AND QUEEN OF SPAIN. THE VISIT ENDED WITH A SHORT STOPOVER IN BARCELONA.

4. HOWEVER, THE MAIN BUSINESS OF THE VISIT CENTRED ON THE

SIGNATURE OF A NUMBER OF BILATERAL AGREEMENTS. THESE INCLUDED A JOINT SOVIET/SPANISH POLITICAL DECLARATION (TEXT TO FOLLOW BY FAX) PREPARING THE WAY FOR AN EVENTUAL HISPANO/SOVIET FRIENDSHIP AND COOPERATION AGREEMENT: AN INDUSTRIAL AND ENERGY COLLABORATION AGREEMENT COVERING SUPPLY OF SOVIET NATURAL GAS TO SPAIN (BETWEEN 2,000 - 6,000 CUBIC METRES ANNUALLY BY 1995), A PROTOCOL ESTABLISHING A FRAMEWORK FOR MINISTERIAL AND OFFICIAL CONTACTS (PARTICULARLY IN TIMES OF INTERNATIONAL CRISIS) AND, MOST IMPORTANTLY, A MEMORANDUM UNDER THE TERMS OF WHICH SPAIN WILL MAKE AVAILABLE TO THE SOVIET UNION A CREDIT LINE OF 150,000 M PTAS - APPROXIMATELY US 1.5 BILLION DOLLARS - HALF OF THIS IS TO COVER SOVIET PURCHASES OF SPANISH CONSUMER GOODS OVER THE NEXT 2/3 YEARS AND THE OTHER HALF IS TO BE ON OECD TERMS, REPAYABLE OVER FIVE TO EIGHT AND A HALF YEARS, TO COVER THE PURCHASE OF GOODS AND EQUIPMENT FROM SPAIN. THE CREDIT LINE IS TO BE REVIEWED IN 1993.

5. FELIPE GONZALEZ TOLD GORBACHEV THAT THIS SUM REPRESENTED A MAJOR EFFORT ON SPAIN'S PART TO 'INVEST IN PERESTROIKA'. GONZALEZ WARNED GORBACHEV, ON THE BASIS OF SPAIN'S OWN TRANSITION TO DEMOCRACY, THAT HE SHOULD NOT EXPECT SIGNIFICANT ECONOMIC HELP TO MATERIALISE UNTIL THE SITUATION IN THE SOVIET UNION HAD STABILISED AND A MEASURE OF INTERNATIONAL CONFIDENCE HAD BEEN ACHIEVED. IN SPAIN'S CASE THIS TOOK TEN YEARS. THE TRANSITION FROM A PLANNED TO A MARKET ECONOMY COULD TAKE LONGER.

6. IN RESPONSE, GORBACHEV SAID THAT HE HAD MUCH TO LEARN FROM SPAIN'S TRANSITION AND APPRECIATED THE SOLIDARITY WITH HIS REFORM PROGRAMME WHICH THE SPANISH GOVERNMENT AND PEOPLE HAD SHOWN DURING 'PERESTROIKA'S MOST DIFFICULT DAYS'. HE HOPED THAT IMPATIENT POLITICIANS (I.E. YELTSIN) IN HIS OWN COUNTRY WOULD TAKE ACCOUNT OF THIS. HE ADDED THAT HE DID NOT BELIEVE THE DENIAL OF ECONOMIC ASSISTANCE TO THE SOVIET UNION WOULD SPEED THE REFORM PROCESS. HE NEEDED ROOM TO MANOEUVRE IN THE DIRECTION OF A MARKET ECONOMY. BUT THE SOVIET UNION WAS NOT BEGGING: ITS LOANS WOULD BE REPAYED IN FULL AND WHEN THAT WAS DONE THE LIST OF DONORS WOULD BE STUDIED CAREFULLY.

7. ON OTHER MAJOR ISSUES, GORBACHEV TOLD THE SPANISH PRESS THAT IRAQ HAD MADE A TRAGIC MISTAKE IF IT THOUGHT THAT THE GULF CRISIS WOULD LEAD TO A REKINDLING OF CONTENTION BETWEEN EAST AND WEST. THE SOVIET UNION WISHED TO AVIOD AGGRESION IN THE REGION AND TO SEEK A POLITICAL SOLUTION. BUT SADDAM HUSSEIN SHOULD NOT MISINTERPRET EFFORTS TO ACHIEVE THE LATTER AS A SIGN OF WEAKNESS. REFERRING TO GERMAN UNIFICATION, HE SAID THAT IT HAD BEEN A DIFFICULT PROCESS FOR

A SOVIET UNION WHICH HAD SACRIFICED SO MUCH IN WORLD WAR II, AND ADDED THAT WITHOUT PERESTROIKA THERE WOULD HAVE BEEN NO REUNIFICATION. HOWEVER, HE WARNED AGAINST THE NEW ERA IN EAST AND CENTRAL EUROPE LEADING TO AN AWAKENING OF ANCESTRAL CONFLICTS WHICH HAD LAIN DORMANT DURING THE COLD WAR.

8. APART FROM THE AGREEMENTS OUTLINED IN PARA 5 ABOVE, A NUMBER OF OTHER AGREEMENTS WERE SIGNED BY FOREIGN MINISTERS. THESE COVER SUCH AREAS AS MILITARY CONTACTS AND EXCHANGES, THE PREVENTION OF INCIDENTS AT SEA, THE RECIPROCAL PROMOTION AND PROTECTION OF INVESTMENTS, COOPERATION IN TOURISM AND AGAINST DRUG TRAFFICKING, RECIPROCAL CIVIL LEGAL AID, COLLABORATION BETWEEN SOVIET AND SPANISH CINEMA, RADIO AND TELEVISION. IN ALL, THE NUMBER OF AGREEMENTS SIGNED (12) WAS LESS THAN ANTICIPATED. BUT A NUMBER COULD NOT BE MADE READY IN TIME.

9. CONSIDERING THE SHORT NOTICE, AND DESPITE THE IMPROVISED NATURE OF SOME ASPECTS, THE VISIT APPEARS TO HAVE GONE REMARKABLY WELL. GORBACHEV MADE A FAVOURABLE IMPRESSION ON SPAIN AND TOOK FULL ADVANTAGE OF THE "'GORBY MANIA'" HYPE THAT FOLLOWED WHEREVER HE WENT. OVERALL, IT WAS A MEDIA RATHER THAN A POLITICAL SUCCESS, BUT ONE WITH WHICH BOTH GOVERNMENTS SHOULD HAVE BEEN WELL PLEASED.

10. THE MFA WILL BE GIVING AN EC BRIEFING ON THE VISIT TOMORROW. WE WILL REPORT FURTHER ANY ADDITIONAL POINTS THAT ARISE.

FEARN

YYYY

DISTRIBUTIONADVANCE 22

.EAST WEST SOVIET AFFAIRS
PS (2)
PS/MR WALDEGRAVE
PS/MR GAREL-JONES
PS/PUS
MR P J WESTON
MR ~~FAIT~~ GREENSTOCK
MR BEAMISH

MR ~~GOLDEN~~ BROOMFIELD.
HD/SOVIET D
HD/SED

NNNN

HD/ACDD
HD/NAD
HD/NPDD
HD/SECPOL D
HD/WED
~~MR POWELL TO DOWNING ST~~
MR D NICHOLLS DUS(P) MODUK
D. NUC(POL)SY MODUK

DACU MODUK
CDI MODUK
RESIDENT CLERK

