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When Our Allies Arm Our Adversaries:
What to do when diplomacy fails

The case of Spanish military sales to Venezuela

By J. Michael Waller
Annenberg Professor of International Communication
The Institute of World Politics
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Introduction

The United States must draw the line when its foreign military suppliers endanger US national security interests. This is especially true when foreign defense companies aid and abet regimes that subvert their democratic neighbors and align with state sponsors of terrorism. When political and diplomatic efforts fail to convince or dissuade, the last resort is Congress. Rather than enact new laws with their cumbersome regulations that impede commerce, Congress should simply refuse to appropriate tax dollars for contracts to foreign firms found to be aiding the nation’s foes. That message will help foreign companies choose whose side they want to be on.

Such is the case at present with a Spanish aircraft manufacturer that seeks multibillion-dollar contracts to supply the US Army, Air Force and Coast Guard. Rebuffing numerous requests and warnings from the Bush administration, that manufacturer – and Spain’s Socialist Workers Party government – have colluded with Venezuelan strongman Hugo Chavez in an unusually aggressive anti-US propaganda campaign. Meanwhile, they lobby the US Congress for more money.

Background

Spain has agreed to provide Venezuelan President Hugo Chavez with eight military patrol boats and 12 military transport aircraft worth $1.3 billion. The sale is proceeding despite strong objections by the Bush Administration, including through diplomatic efforts by the State Department and Department of Defense, and exercise of US authority under the International Trade in Arms Regulations (ITAR) to block the sale.

Spain has decided to ignore US concerns, and to undermine US security interests in order to complete the sale. For example, Venezuela announced on April 25 that it paid Spanish-owned Construcciones Aeronáuticas SA (CASA) $120 million as a down payment for the equipment after Spain replaced 57 US-manufactured technological components in the aircraft with non-US components. This action ensures that the US cannot rely on ITAR to prevent the sale.
1. Spain has undermined US investments in South America that are intended to build democracy, reduce drug trafficking, and stop terrorism.

- The US specifically warned Spain that its deal was part of President Chavez’ strategy to undermine US interests and destabilize the region, including by coordinating actions with Cuba and supporting leftist FARC rebels that hope to overthrow the Colombian government. Chavez himself has proclaimed that his “new strategic map” is intended to “break apart” the South American democratic countries.¹

- When Spain told the US that its CASA aircraft would be used in Venezuela for humanitarian purposes inside the country only, Chavez told the European media the aircraft will be used “mainly” for humanitarian purposes, and that they would be used both “inside and outside the country.”²

- Spain was aware that Chavez was scheduled to take possession from Russia of 30,000 Kalashnikov rifles just days after signing the deal with Spain.³ Spain ignored Colombian and US concerns that the guns are of the same type used by FARC, and that the total order of 100,000 rifles is far more than is needed to arm every Venezuelan soldier.⁴ In response to US concerns, the Spanish Defense Minister told the media he was “not willing to recognize that there are chosen people who are above others.”⁵

2. Spain appears to have willingly participated with Chavez an orchestrated effort to embarrass the US on a world stage.

- Spanish President Jose Luiz Rodriguez Zapatero traveled to Caracas to personally negotiate the deal with Chavez in March of 2004, just one-month before he withdrew all Spanish troops from the US-led coalition in Iraq. Spain later dispatched Defense Minister Jose Bono to Caracas on November 28, 2005 to complete the deal with Chavez, despite US objections that the trip would legitimize the Chavez regime’s extremism.

- Spanish Foreign Affairs Minister Miguel Angel Moratinos told his nation’s largest newspaper on November 27 that the deal would not cause problems for Spain in the US. This was in spite of a report four days earlier in the same paper that “Venezuelan President Hugo Chavez wants Spanish Defense Minister Jose Bono to personally sign the deals in Caracas to stress what he described as a ‘defeat’ of the United States.”⁶ The Foreign Affairs Minister’s comments were also in spite of warnings from US Defense Secretary Donald Rumsfeld just three days earlier that Spain was “making a mistake” over the sale to Venezuela.⁷

- Chavez forced a US congressional delegation led by International Relations Committee Chairman Henry Hyde (R-IL) to sit on the airport tarmac in Caracas for two hours while

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¹ El Tiempo, Bogota, March 19, 2005.
⁴ El Tiempo, Bogota, March 19, 2005.
the deal with the Spanish Defense Minister was signed, and then expelled the delegation without allowing members of Congress to de-plane or meet with other Venezuelan leaders.

- The Spanish Defense Minister used his appearance in Venezuela to refer to the US as an “empire,” while President Chavez used the occasion to characterize Spain’s decision as “confronting the hegemonic and imperialist ambitions of the elite that now governs the United States,” and which is “massacring the people of Iraq.”

3. Spain is now seeking US government contracts worth billions of dollars.

- CASA lobbied Congress last year to insert $68 million in the FY 2006 military appropriations bill for the purchase by the US Coast Guard of two CN-235 aircraft—the same aircraft that it sold to Venezuela over US objections. This effort was ongoing at the same time that the deal with Venezuela was being negotiated, and at the same time that the Bush Administration was taking action to prevent the sale.

- CASA is now lobbying Congress for more Coast Guard funds, and has established a new campaign to supply up to 35 C-295s to the Army/Air Force Joint Future Cargo Aircraft (JCA) program. The Coast Guard and JCA programs will be worth $3-4 billion over the next two years, and as much as $30-40 billion over the next decade.

Congress can use the power of the purse

It is apparent that the US lacks a coherent policy to guide its defense procurement actions with allies and other foreign nations when they undermine our security interests. Concerns include:

- The impact of Spain’s actions on US security interests in the Western Hemisphere.

- The implications of Spain’s actions on the ability of the US to protect its national security interests under a defense procurement system that depends on global suppliers.

- The potential for further erosion of US security policy that may result from the absence of strong response procedures when global suppliers undermine our security interests.

- Development and refinement of other means of statecraft, for use when diplomacy fails, to discourage allies and nominal allies from damaging US security interests abroad.

It is appropriate to establish a national policy to guide our response to these situations, including guidelines that preclude participation of such companies and nations from US military contracts when viable alternatives are available. As a result, Congress should: (1) bar DoD and the Coast Guard from procuring aircraft from companies that undermine US security interests; and (2) review the actions by Spain in this situation, and use its findings to guide formulation of new policies that will ensure more effective coordination between our immediate defense requirements and long-term national security goals.

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8 Agence France Presse, November 29, 2005.