



THE QUOTA CASE

CONFIDENTIAL INSTRUCTIONS FOR THE DEPUTY ASSISTANT SECRETARY FOR POLITICAL-MILITARY COOPERATION WITH EUROPE, U.S. DEPARTMENT OF DEFENSE

You serve as the Deputy Assistant Secretary for Political-Military Cooperation with Europe within the U.S. Department of Defense (DoD). As the job title suggests, you develop and coordinate the implementation of policies regarding political-military cooperation between the U.S. and its allies in Europe. Your job focuses solely on ongoing cooperation efforts like U.S. military installations abroad, not on one-time cooperative efforts like joint exercises or training. You recently received the following from your boss, the Assistant Secretary of Defense for European Affairs:

"As you know, I have convinced the State Department to re-open the issue of Zapata's request for an increased fishing quota in order to settle the current controversy which is holding up our base agreement with Zapata. The State Department has scheduled a meeting with Zapata to discuss the issue. Because the State and Commerce Departments were able to turn this minor issue into a near-crisis, I am not confident that they will be able to quiet things down on their own. Therefore, your task is to work with the State Department to develop a common approach to the upcoming negotiations and to see that DoD's interests are met in the negotiations. This may not be easy. Formally, the State Department is the lead negotiator on this case, but I have doubts whether they will be able to represent our interests adequately. I would prefer that DoD either be present at the negotiations or that some process be agreed upon for DoD to be consulted before any agreement is reached."

"This problem arose mainly because the Departments of Commerce and State have been taking a hard line on Zapata's quota request, refusing to even talk about it. As a result, anti-American attacks have appeared in the Zapatan press. One editorial in *La Nación* recently explained that, "Each passing day, Zapata's relationship with the U.S. is proving to be more and more one-sided, in favor of the U.S.!" Whether it's fisheries or military bases, Zapata is giving and the Americans are taking." Several opposition political groups have picked up on this issue and are using it for their own political advantage against the Zapatan Prime Minister. The Prime Minister is now reluctant to finalize the base agreement while the tide of anti-American feeling is at its current high level. The Zapatans want additional time, hoping that something will help improve the situation, such as "perhaps some progress on the fisheries issue," as one Zapatan delegate to the base negotiations is reported to have said."

"The primary interest for the Department of Defense, as well as for the country, is that the base agreements be renewed. The U.S. presence in Europe is evolving, and this gives this base in Zapata crucial military and political importance as a forward base for logistical support for potential operations in Eastern Europe, North Africa, and the Middle East. Thus, our primary

objective is to silence the fighting over Zapata's request for an increased fishing quota so that it does not interfere with the successful conclusion of the base agreements. I have no doubt that if the fisheries controversy had not arisen, the base agreements would be concluded in a couple of weeks. If attaining that goal means giving in on the fisheries issue, then we should give in. In terms of national importance, security is more important than squid."

"The major resistance to this will come from the Department of Commerce (DoC). The DoC administers the fishing quotas in adherence with the Magnuson Act and the Department is very sensitive to actions that might hurt the domestic fishing industry. I do not follow fishery issues, but I am aware that the U.S. fishing fleet lags behind the advanced technology of fishing fleets from other countries. DoC and the domestic industry have some fairly vocal allies in Congress. Up to this point, the DoC has resisted attempts to increase fishing quotas. However, this is an issue on which the Commerce Department should look beyond its selfish interest and let Zapata have its increase. In addition, we should do what we can to retain Zapata as an ally, especially as it prepares to enter the EU."

"The importance of our base agreement with Zapata goes beyond its role in our national security policy. Congressional hearings on the military budget start in less than three weeks. With domestic pressure mounting to "spend more at home," Congress is looking to cut deeply into the military budget. If the status of our base in Zapata is up in the air when the hearings start, there may be a move to eliminate the base altogether and cut further into our budget. As it has done with bases in other parts of the world, Congress may decide these bases are more trouble than they are worth. Many politicians are tired of seeing the U.S. "protecting" other countries and being attacked for it by citizens of the recipient country. Members of Congress are expecting the base agreement to be concluded any day now and if the current delay drags on much longer, they will begin to suspect we have a serious problem and it may become an embarrassment for the Defense Department at a time that we can ill afford one."

"Thus, it is important that this issue get resolved and that it be resolved quickly. We do not want negotiations on this issue to drag on for weeks and have our funding jeopardized in Congress. Therefore, we should ensure that the U.S. team is instructed to give in on the quota issue in return for a statement from Zapata that they are willing to swiftly conclude the base agreement. We are less concerned with the mechanics of working out this kind of a deal, we can leave that up to the State Department. However, it will be necessary to secure the State Department's support for this approach to the upcoming negotiations if we are going to prevail over the objections of the Commerce Department."

"We cannot, however, ignore the Commerce Department. Because DoC has the legal authority to deny the quota increase, we would rather secure their agreement to do so in advance of making a deal with Zapata. This way we can reduce the likelihood, however remote, that the Commerce Department might upset a fisheries deal with Zapata. The DoC has strong allies in the domestic industry and in Congress and may try to use them to lobby for their position if we are not able to reach agreement on how to deal with Zapata."

"We may have to appeal to the White House to resolve the issue if we cannot reach agreement

amongst ourselves. The President is anxious to conclude a base agreement before Congress begins hearings on the military budget in three weeks. The Defense Department also still has strong allies in the White House who would be favorable to our point of view. In yesterday's Cabinet meeting, however, the President was quite displeased that we have not been about to work this issue out amongst ourselves, and I think we would use up a lot of political capital and strain our strong friendships in the White House if we appeal to the President for a decision."

"The bottom line is that we need a positive statement to come out of the meeting with the representative from Zapata, one that will tone down the anti-American sentiment and allow the base negotiations to reach a successful conclusion. The worst situation is if the Zapatans walk away from the meeting angry or the issue is allowed to drag on and thus to further delay our base agreement. The Secretary of Defense believes that despite the current uproar, the Zapatans cannot afford to back out of the base agreement after this much political investment. I believe the Secretary of State agrees with this assessment. The political cost the Zapatans would pay would be much more severe than any potential gains they might obtain in the fisheries area. Thus, you should remain firm on having this issue resolved cleanly and quickly so we can prepare for the Congressional budget hearings."