



THE QUOTA CASE

CONFIDENTIAL INSTRUCTIONS FOR THE DEPUTY VICE-MINISTER FOR NORTH AMERICAN AFFAIRS ZAPATAN MINISTRY OF DEFENSE

You serve as a Deputy Vice-Minister in the Zapatan Ministry of Defense. Your responsibilities center around Zapata's military relationship with North American countries, particularly the United States. You recently received the following from your supervisor, the Vice-Minister:

"As you may have heard, the U.S. recently reversed its refusal to discuss the request for an increase in our fishing quota. Apparently the Americans are nervous that the quota issue will interfere with the speedy conclusion of our military base agreement. The upcoming meeting gives us an opportunity to put the fisheries issue behind us and to move ahead with a swift conclusion of the base agreements. The Ministry of Industry and Trade (MIT) was foolish to press the issue and put the Prime Minister in a difficult position. I am certain that if the fisheries controversy had not arisen, the base agreements would be concluded in a couple of weeks."

"Fortunately, the Prime Minister has taken the matter out of the hands of MIT and has asked the Ministry of Foreign Affairs to lead the negotiations. Your task is to work with the Deputy Vice-Ministry of Foreign Affairs to develop and implement a common approach to the negotiations and to see that our interests are adequately represented in the upcoming meeting with the U.S. I am concerned that the Ministry of Foreign Affairs will succumb to pressure from MIT; thus, I prefer you to be at the meeting with the U.S. or, at the very least, get an explicit commitment from MFA that no agreement will be reached without prior consultation with MOD."

"By recklessly pressing the quota issue at such a sensitive time, the Ministry of Industry and Trade has caused us a major embarrassment. The last meeting between the Vice Minister of Industry and Trade and a U.S. representative was a disaster and precipitated the recent press attacks by opposition politicians. 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." With elections looming around the corner, the Prime Minister cannot afford to do anything that might strengthen the position of the opposition. There are many members of the press and of the Prime Minister's own party who want to link agreement on renewal of the base agreement to concessions by the Americans on the fisheries issue. It is true that the Prime Minister has agreed to ask for a delay in concluding the base agreement in order to allow the current intense attacks on the U.S. and the Prime Minister to die down. However, he did this only reluctantly. The Prime Minister is very aware of the importance of relationship with the U.S. and the military base, and opposes linking the two negotiations."

"The Ministry of Industry and Trade is likely to try to influence the Ministry of Foreign Affairs

to push hard for the quota increase now that the U.S. has re-opened the issue. I think that strategy would be a mistake. The break in the talks has also caused us to lose credibility with the U.S. and perhaps with the European Union, with which, after all, we are trying to negotiate favorable conditions of entry. It has made our government appear to be in disarray. Reversing this situation should be our first priority. Thus, in order to prevent Zapata's credibility from sinking any lower, we believe we should drop the quota request, or at least agree to postpone it until the base agreement is finalized. Maintaining a good relationship with the U.S. and the positive economic impact the base has on our economy are more important than being able to fish extra squid from U.S. waters."

"The MIT has a plan for a state-of-the-art fish processing plant to be built in the province of Pescadilla and has asked for the quota increase to attract investments. Without the quota increase, they claim, they cannot build the facility. They apparently believe that the facility will be a big boost for Pescadilla's sagging economy -- this would be particularly good politically for the Minister with elections coming up soon. The MIT, however, was naive and foolish to press the issue as they did, knowing that it was unacceptable to the U.S., and knowing that we were on the verge of concluding a new base agreement. The politicians responsible for the press attacks are using an old issue to serve their selfish political goals. Open resentment of the bases and the U.S. is an issue that has not surfaced much in the last several years. Without the controversy over the quota request, it would not have surfaced in a significant way this time. I hope that the Ministry of Industry and Trade is not using this issue as a way of increasing its position in the government. They have for a long time been trying to assert their influence more and more."

"One way for us to save face on this issue, is to withdraw or delay the request voluntarily, thus avoiding looking like we backed down to the U.S. This is not an ideal position, but it is better than pushing a demand we know will be rejected. The U.S. is concerned about the effect a quota increase would have on its domestic industry which already lags behind our fleet. If nothing else can be worked out, withdrawing the request may be a better alternative than being denied another time and escalating a confrontation with the U.S."

"If we are unable to reach a consensus with the Ministries of Foreign Affairs and Industry and Trade on how to instruct our negotiating team, then we will have no choice but to make a direct appeal to the Prime Minister. While the Foreign Minister and the Prime Minister are very close, the Prime Minister has repeatedly assured us that he places a high priority on our relationship with the U.S. However, we cannot ask the Prime Minister to do anything that further jeopardizes his domestic political standing. Thus, we should recommend that we use the meeting with the U.S. to inform them that we are dropping the issue and then work on a positive political statement that will help defuse the current level of anti-American sentiment."

"The number one issue is time. It is imperative to end the controversy over the fisheries question. You should insist that we produce a positive joint statement with the Americans at this meeting, one that will allow the Prime Minister to proceed swiftly with the base agreement. We can be flexible as to the kind of statement, as long as we do not further aggravate our relationship with the U.S. by pressing unacceptable demands."