

Administration of Barack Obama, 2014

Remarks Following a Meeting With Prime Minister Mariano Rajoy Brey of Spain and an Exchange With Reporters

January 13, 2014

President Obama. Well, let me say it's a great pleasure to welcome my friend, Prime Minister Rajoy, to the Oval Office. We have had occasions to work together on a wide range of international issues, and obviously, the cooperation reflects the incredible alliance and friendship between our countries that has lasted for decades.

The Prime Minister came into power during a very challenging time in Spain. Obviously, the economy had undergone some wrenching difficulties that existed throughout Europe and the euro zone, and I congratulated the Prime Minister on the progress that's been made in stabilizing the economy, moving into growth, reducing the deficit, and being able to return to the financial markets in a way that reflects sound leadership.

We also obviously focused on the future, and even as Spain has stabilized, there are still enormous challenges that lie ahead with respect to bringing down unemployment and increasing growth. And that's not unique to Spain; that's true throughout Europe. And frankly, that's true here in the United States and around the world. And so we pledge to continue to cooperate closely to promote strategies for growth and job creation. One of those strategies is to put together a transatlantic trade agreement. We both agreed that there is enormous potential for increasing trade and growth between two of the largest economic actors in the world, but it will require intensive work and serious compromise on all sides, and the Prime Minister and I agreed that it's well worth the effort.

On the security front, we discussed a wide range of challenges. I remarked that I think security cooperation between the United States and Spain has never been stronger. We thank the Prime Minister and his government as well as the opposition in Spain for the support they have for our work together, including hosting some of our military operations and facilities, which allow us, I think, to protect our Embassies and to deal with issues of counterterrorism. And we pledged to continue to try to improve and deepen what is already a very strong defense relationship.

Finally, we spoke about a wide range of international issues, including our concerns about terrorism, the situation in Syria, how that might impact security in Spain, Europe, and the United States. And we committed to working closely together on those issues, including helping countries like Libya stabilize so that they can do right by their people, but also can be effective partners with us. And we discussed the enormous opportunities that exist in places like Latin America, where we've seen continued solidification of democratic trends, free market trends. And we agreed that the United States and Spain can be effective partners on the international stage in moving towards a more prosperous and more peaceful and more stable world.

On that subject, I do want to just comment on one issue that was on the news this weekend. We

finalized an interim agreement with Iran—the P-5-plus-1, which includes the United States, entered into an agreement with Iran—that allows us to have the time and space to negotiate the more comprehensive deal that could solve diplomatically what has been the long-running concern around Iran's nuclear programs.

I just want to emphasize that this interim agreement is the result of concerted international action—including unprecedented sanctions—that brought Iran to the table and allows us now to halt their program as we enter into intensive discussions around what would be a sustainable, comprehensive, long-term deal. It's going to be difficult, it's going to be challenging, but ultimately, this is how diplomacy should work.

If Iran is willing to walk through the door of opportunity that's presented to them, then I have no doubt that it can open up extraordinary opportunities for Iran and their people. If they fail to walk through this door of opportunity, then we are in position to reverse any interim agreement and put in place additional pressure to make sure that Iran does not obtain a nuclear weapon.

My preference is for peace and diplomacy, and this is one of the reasons why I've sent a message to Congress that now is not the time for us to impose new sanctions; now is the time for us to allow the diplomats and technical experts to do their work. We will be able to monitor and verify whether or not the interim agreement is being followed through on, and if it is not, we'll be in a strong position to respond. But what we want to do is give diplomacy a chance and give peace a chance, and I am confident that I speak not just for myself, but for our P-5-plus-1 partners, that they think this is an opportunity that we should not miss.

But on this and a wide range of efforts around the world, we're fortunate to have such an outstanding partner as Spain and Prime Minister Rajoy. We're very grateful for his visit. We're grateful for the friendship between Spain and the United States.

I should note that the World Cup is coming up. Spain is the defending titleholder, but the United States is rapidly improving—[laughter]—and so perhaps if the Prime Minister has some advice for us in terms of how we can win a title at some point, it would be most welcome.

But thank you so much for the visit.

Prime Minister Rajoy. Well, good afternoon. I will be giving you that advice so that you can come in second at the World Cup. [Laughter] And I'm sure you will understand why.

And, ladies and gentlemen, thank you for attending. I would like to start by thanking the President of the United States, who has invited me in my capacity as President of the Government of Spain to discuss different issues of common interest to the United States and to Spain.

There are a lot of things that unite us: democracy, freedom, human rights, the quest for progress, and also that we're Hispanic and 17 percent of the U.S. population is also Hispanic. And we have noted here that our relations are excellent.

Well, President Obama has summed up very well the issues that we have talked about, so I'm going to be extremely brief, and I'm going to give you my vision on four points. First of all, the economy—the euro zone economy and the Spanish economy—I talked to the President about the fact that a little more than a year ago, we used to talk on the phone about the situation. Back then, there were doubts on the existence of the euro. It was difficult for countries in the euro zone to fund themselves because—for some countries—because the risk premium was very high. There was talk about some countries needing to be bailed out, among them Spain. Growth was low, unemployment was high, and there were competitiveness problems.

But today, the situation is completely different. There are no longer doubts on the existence of the euro. There is no longer talk about a bailout, risk premiums are down, and some euro zone countries are starting to grow. And we're starting to see some sort of solution to the problem of unemployment.

Well, we also talked with the U.S. President on the reforms that have been undertaken in Spain over the past 2 years, which were essential for recovery to take place. We've said that these reforms required a huge effort on the part of citizens and also that the EU is taking steps in the right direction. So we now have a more optimistic vision of the situation in Spain, although, a lot remains to be done still.

After 11 straight quarters of negative growth, we saw growth during the third quarter of 2013—0.1 percent—and we have the latest figures from today from the Ministry of the Economy. During the fourth quarter, the economy improved by 0.3 percent. And unemployment, however, remains the main problem. But the latest figures both on unemployment and on social security enrollment are very encouraging. Next year, Spain will grow, and jobs will be created, but we will still have to work with determination, perseverance, and courage. And I'm sure that the vast majority of Spaniards understand that this effort was necessary and it will have an impact on the future.

And I'm going to be very brief on my second point. I would like to mention the bilateral relations—the economic bilateral relations between the United States and Spain. The United States is the first investor in Spain, and Spain also invests heavily in the United States; it's the third country Spain invests in. So now is an excellent time for U.S. investors to see the potential that Spain offers.

We've also talked about trade between our two countries; it has increased. Spain's exports have increased. And I would like to mention the free trade agreement that is currently being negotiated between the United States and the European Union. It's extremely important. Both our territories make up 50 percent of GDP. It's probably the freest, the largest trade area, and it can set trade rules for the future. So I'd like to say that Spain is going to fully support that trade agreement between the United States and the European Union.

Now I would like to make also a comment on our security and defense relations, which are going through very good times, and I'm sure that will continue to be the case. On foreign policy, I think that we see things in the same way—what's happening in North Africa and in the Middle

East—and we will cooperate with the international bodies where these issues were dealt with in a quick and intelligent way.

And lastly, I would like to speak about Latin America. It's very important for us. It's a continent that—where we're seeing more democracy, more freedom, more human rights, and progress; although, still a lot remains to be done. For us, it will continue to be a foreign policy priority. A lot of South—Latin Americans go to Spain, and vice versa. And we will work together to help our brothers there.

President Obama. We have time for a couple questions.

Stephen [Stephen Collinson, Agence France-Presse].

Former Secretary of Defense Robert M. Gates/U.S. Military Operations in Afghanistan

Q. Thank you, Mr. President. Could I ask you to respond to Secretary Gates's statement, where by the end of 2011, you had lost faith in the Afghan surge strategy and its commander? And are you at all irked that this book came out during your Presidency and while American troops are still at war? And if I may briefly ask the Prime Minister, does Spain remain concerned about NSA operations in your country?

President Obama. Secretary Gates did an outstanding job for me as Secretary of Defense. As he notes, he and I and the rest of my national security team came up with a strategy for Afghanistan that was the right strategy and we are continuing to execute. And I think that what's important is that we got the policy right, but that this is hard and it always has been. Whenever you've got men and women that you are sending into harm's way after having already made enormous investments in blood and treasure in another country, then part of your job as Commander in Chief is to sweat the details on it and to recognize that there is enormous sacrifices that are being made, and you're constantly asking yourselves questions about how you can improve the strategy.

The good news is, is that because of that strategy that we came up with, by the end of this year, we will have completed combat operations in Afghanistan. We are in a position to continue to assist the Afghan people in making sure that they have a stable country that is working on behalf of the Afghan people and that it is a good partner with us.

But war is never easy, and I think that all of us who have been involved in that process understand that. But I want to emphasize that during his tenure here, Secretary Gates was an outstanding Secretary of Defense, a good friend of mine, and I'll always be grateful for his service.

One last thing I want to say about this, though, Steve, just as I have continued to have faith in our mission, most importantly, I've had unwavering confidence in our troops and their performance in some of the most difficult situations imaginable. That job is not yet done. And I do think it's important for Americans to recognize that we still have young men and women in harm's way, along with coalition partners who are continuing to make sacrifices, and we need to

see this job all the way through. And that is going to be the case through the end of this year, and we're going to continue to have significant interest in the region for years to come.

Prime Minister Rajoy. Well, regarding the question of the NSA and whether we're concerned by it, the Government of Spain has had a fluid contact with the U.S. diplomatic representation in Spain and also at other levels and has deemed that the explanations were satisfactory.

Global Economy/Stabilization Efforts/Euro Zone Economies

[At this point, a reporter asked a question in Spanish, and no translation was provided.]

President Obama. Mariano.

Prime Minister Rajoy. Now, actually, that was two questions in one. For Spain, unemployment is still the most serious problem, as it is also for other European countries. And the goal of my policy over the last 2 years has been to lay the foundations to resolve the problem of unemployment. If we hadn't used the policy of fiscal consolidation and structural reform and we hadn't reformed our financial sector and brought our public accounts back to health, it would be—would have been impossible to create jobs. So you first have to do that to create jobs.

And the figures that we have, well, no, they're not satisfactory, but they are a change. It's the best figure over the past 5 or 6 years. At the end of 2013, there were fewer people unemployed than there were at the end of 2012. And I'm sure that in 2014, jobs will be created in Spain and in the rest of the EU as well.

Now, the question on succession and whether it's an obstacle to growth, well, let me be frank: Political instability doesn't help. Division doesn't help. Uncertainty doesn't help. But that's something that we all—we will overcome, because it will be very bad for everyone if something like that took place, especially for the smallest of the units. But I'm sure that we are going to act with common sense, because in today's world, bigger is better: Bigger is better for having better public services, for being able to pay debts, and so on. And smaller is worse.

President Obama. Well, I think Mariano captured the challenges that we've all faced in the wake of the original crisis back in 2007, 2008. The first step is to stabilize the economy, and that means making sure that the banking sectors, the financial systems, are stable. And different countries were in different positions. For Spain, that was a greater challenge to settle down the markets, to make sure that they had access to those markets. And so the steps that had been taken for structural reform and fiscal consolidation were necessary predicates for growth.

And by the way, those are never the most politically popular steps to take, but they're often necessary. I think we also agree that at this stage, the most important thing is growth and to bring down an unemployment rate that is too high around the world and has especially hit countries like Spain hard.

And my view is, is that Europe as a whole has the ability to grow faster. For countries that are still engaged in necessary fiscal consolidation, they may not be able to drive demand in Europe,

but there are also surplus countries that can be doing more to increase demand the continent as a whole. And when you combine those with the structural reforms that are taking place, as well as potential trade agreements that can expand markets for businesses, small and large, on either side of the Atlantic, then you have a potential recipe for increased growth and a virtuous cycle that can lead ultimately to greater prosperity, lower unemployment, higher wages. And I think that's the objective of any government's economic policies, is how does it translate into improved living standards and improved opportunities for ordinary people? I know that that's the goal of the President of Spain, and that's my goal as President of the United States, and hopefully, we can work together to accomplish that.

I do think that the work that's been done on strengthening banking union and banking regulations, financial sector regulations across the continent can also make significant contribution not just in giving markets assurance, but also continuing to guard against some future vulnerabilities that may arise in the euro zone area. And so I want to continue to encourage the work that's been done on that front.

But we feel much more optimistic about Europe's prospects this year than we were last year, and we're very optimistic about the prospects for Spain not just next year, but in the years to come. All right?

Thank you very much, everybody.

NOTE: The President spoke at 3:17 p.m. in the Oval Office at the White House. A reporter referred to Gen. Stanley A. McChrystal, USA, former commander, NATO International Security Assistance Force, Afghanistan. Prime Minister Rajoy spoke in Spanish, and his remarks were translated by an interpreter.

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