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10 DOWNING STREET

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Cabinet / Cabinet Committee Documents

Reference	Date
CC(83) 21 st Meeting, item 2	30/06/1983
JIC(83)(N) 62	14/04/1983
CC(83) 12 th Meeting, item 2	14/04/1983
CC(83) 11 th Meeting, item 2	24/03/1983
CC(83) 10 th Meeting, item 2	17/03/1983
CC(83) 7 th Meeting, item 2	03/03/1983
CC(83) 6 th Meeting, item 2	24/02/1983
OD(83) 1 st Meeting, only item	03/03/1983
CC(83) 2 nd Meeting, item 2	27/01/1983
CC(82) 52 nd Meeting, item 3	09/12/1982
CC(82) 51 st Meeting, item 2	02/12/1982
EQO(82) 79 th Meeting, item 3	01/12/1982
OD(82) 18 th Meeting, item 2	04/11/1982
OD(82) 18 th Meeting, item 1	04/11/1982
CC(82) 47 th Meeting, item 2	04/11/1982
OD(82) 71	01/11/1982

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed J. Gray Date 24/1/2013

PREM Records Team

AIDE MEMOIRE FOR THE PRIME MINISTER The people of Gibraltar are deeply appreciative of the British Government's repeated assertions of firm support and of the Prime Minister's close and staunch personal interest. They remain as British and as loyal as ever and, conscious of Gibraltar's value to British and NATO interests, continue ready to serve these as in the past. 2. The Gibraltar Government accept that the Naval Dockyard must close and that, given the right conditions, a commercial ship-repair yard should be the aim. For a commercial yard to succeed, it is necessary to change work practices from public sector to competitive commercial standards, with a consequent reduction in the labour force; to modernise equipment which has been allowed to run down for years; to train, or re-train, the specialised workers (3) required; (4) to be in all respects ready to break into a highly competitive and depressed market; (5) to provide an adequate programme of naval work (which would itself benefit from improved work practices) during the transitional and early commercial stages. 4. These requirements cannot possibly be achieved by 31 December 1983 and it would be folly, particularly in the deep recession in ship-repair, and with probable Spanish efforts to sabotage the operation, to launch a commercial yard until they are. The requirements could be achieved in two years. .../2.

CONFIDENTIAL

RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND THE CHIEF MINISTER OF GIBRALTAR AT 1700 HOURS ON THURSDAY, 30 JUNE 1983 AT NO. 10 DOWNING STREET.

Present

Prime Minister

Prime Minister

Foreign and Commonwealth Secretary

Mr. J. Coles

Sir Joshua Hassan

Mr. Pitaluga

Sir Joshua Hassan said that he was delighted that the Prime

Minister had been returned to office and wished to convey his thanks for her robust personal support of Gibraltar. Gibraltar pledged its lovalty to Britain and to NATO. He knew that the

Sir Joshua Hassan said that he was delighted that the Prime Minister had been returned to office and wished to convey his thanks for her robust personal support of Gibraltar. Gibraltar pledged its loyalty to Britain and to NATO. He knew that the United Kingdom faced considerable economic difficulties from which Gibraltar could not be exempt. After much heart-searching, the Gibraltar Government had accepted that the dockyard must close and was prepared to take the bold step of entering into a firm commitment on commercialisation. But if this change was to be meaningful, certain considerations had to be met:

- (a) work practices had to be changed to meet the competitive standards of the private sector and the workforce had to be reduced;
- (b) neglected dockyard equipment had to be modernised;
- (c) the workforce would require specialised training and must be ready to break into a competitive and depressed market;
- (d) there would need to be a transitional programme of naval work.

These requirements could not be met by the end of 1983 but could be met in two years. Gibraltar could not be associated with the project unless it was given a period of reasonable length to prepare for it. ODA consultants had advised that it was not possible to be certain of the success of the project.

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Independent consultants employed by the Gibraltar Government had described the project as highly optimistic. Nevertheless, the Gibraltar Government would commit itself and put all its weight behind the project on the conditions he had stated, even though there would be substantial unemployment.

As regards relations with Spain, HMG had rightly insisted that the border restrictions should be lifted before Spain could enter the European Community. Closure of the dockyard in December 1983 would cripple the Gibraltar economy which had already been damaged by the economic restrictions imposed by Spain. The closure would encourage the Spanish claim and give hope that the British position on sovereignty was weakening. If the Spanish restrictions could be lifted, the economy diversified, the private sector revived and suitable arrangements made for commercialisation, Gibraltar could face the future with confidence.

The Prime Minister thanked Sir Joshua for his statement. We knew how painful the situation was because we had had to decide to close not just the Gibraltar dockyard but British dockyards as well. She was somewhat puzzled by the attitude of the Gibraltar Government because the decision to close the dockyard had been taken in November 1981 and Gibraltar had therefore had a substantial period of warning. There could be no question of delaying closure by two years. It was unlikely that the proposed commercial operator could accept such a delay. The implementation of a clear decision offered the best chance of securing a workforce with the right attitude to a commercial project. Gibraltar doubtless faced restrictive practices and over-manning of the kind with which we were familiar. Postponement would not solve these problems. The workforce would not face the situation until they had to. would like to help but could not contemplate postponement of two years or even one. If delay of a few months would help we could consider that provided that a firm date for closure was announced and that a state of redundancy was declared 7 months before that date. We could also provide a little work for the dockyard in addition to that which had already been mentioned.

/Taking up

Taking up the Prime Minister's reference to November 1981, Sir Joshua Hassan said that the June White Paper had made no mention of a firm decision to close the Gibraltar dockyard. Following the November decision, and as a result of Gibraltar's representations, a team had been sent to Gibraltar for discussions but had not made much progress. He was not asking for postponement merely to put off the evil day. It was a rational request designed to allow Gibraltar to prepare properly for the evil day. It was not possible for the Gibraltar Government to be party to commercialisation on the basis suggested. The Government could not last in those circumstances. If HMG could not agree to postponement, then that was its decision. The Gibraltar Government would not be able to support it though they would do their best to help.

The Prime Minister said that our own people had suffered from dockyard closures. The level of unemployment in some of those dockyards was much higher than in Gibraltar. Mr. Canapa said that without naval support, there would be no work at all in the dockyard in the early stages. Substantial conversion work had to be carried out and, until this was complete, no ship owner would send ships to Gibraltar for refitting. The Prime Minister said that this argument suggested that the earlier we proceeded with commercialisation the better. Deferrment of closure for six months would mean no closure for a year from now. It would be reasonable to point publicly to this 12 month period and urge rapid commercialisation.

Sir Joshua Hassan said that there would be great trade union resistance to commercialisation. Given time, the Gibraltar Government could cope with this but under present plans, it was likely that the workforce would withhold co-operation and certain people in Gibraltar would make capital out of this.

The Foreign and Commonwealth Secretary said that we were all agreed that the change would be difficult and that Britain must give as much help as it could. We had already offered £28 million for modernisation and continued orders from the Fleet for the first three years. The latter element was worth £11 million at present and we could try to provide further orders to raise it to about £14 million. Whenever commercialisation

CONFIDENTIAL /occurred

occurred, the difficult task of changing the attitudes of the workforce would still have to be undertaken. It was difficult to see that this would be any easier two years from now. The Prime Minister commented that even a deferrment of six months would cause difficulty in the United Kingdom given the other closure decisions. We had tried hard to make Gibraltar a generous offer. Sir Joshua Hassan said that he did not argue that our offer was not fair, simply that it was not workable. Britain had already set a pattern of changing labour attitudes. This would be the first time Gibraltar had tried to do so.

The Prime Minister commented that the arguments advanced by Sir Joshua would apply, whatever the date of closure. Sir Joshua Hassan disputed this. He was asking for time to change attitudes. The Foreign and Commonwealth Secretary said that if the commencement date for commercialisation receded, the offer we had made of naval orders for the first three years became less valuable.

The Prime Minister suggested that the work of refurbishing and re-equipping the dockyard might involve substantial employment. Mr. Canapa said that the civil works would require only 50 - 70 employees.

Sir Joshua Hassan said that the delay since November 1981 had been largely due to the time spent on the ODA and Appledore studies. It was not attributable to the Gibraltar Government. The Foreign and Commonwealth Secretary commented that no-one was attributing blame to the Gibraltar Government but the fact was that notice of closure had been given in November, 1981. Sir Joshua Hassan said that the British decision to go for commercialisation was taken only in February this year.

The Prime Minister reiterated that she could not envisage postponement of closure by two years. Postponement for six months would cost us £6.5 million but we could accept that. Sir Joshua Hassan said that the Gibraltar Government did not argue that the British Government should not proceed in the way outlined. But if it did so, that was its responsibility.

CONFIDENTIAL /Gibraltar

CONFIDENTIAL Gibraltar could not be party to a scheme which it believed would fail. The Prime Minister asked Sir Joshua Hassan to reflect on his position and re-consider. Sir Joshua Hassan said that he also wished to ask the Prime Minister to reflect. The Prime Minister said that she could not go beyond a six-month postponement. She hoped Sir Joshua would re-consider. Sir Joshua Hassan said that he could not commit himself. He did not think his colleagues would agree. The Foreign and Commonwealth Secretary pointed out that Appledore believed that the delay of two years would remove all prospect of commercial success. If the Gibraltar Government offered the prospect of launching a successful project a year from now that would surely be regarded as valuable by the people of Gibraltar. The project would have a much greater chance of success if launched with the support of the Gibraltar Government. The Prime Minister said that she believed that Sir Joshua could, with his great talents for persuasion, convince his colleagues. She must make it clear that no better deal would ever be offered to someone else. In response to a further request from the Prime Minister that he should reconsider his position, Sir Joshua Hassan said that the prospects were bleak. He was not himself convinced so he could not pretend to convince his colleagues. He could not start bargaining over three or six months. Gibraltar sought a reasonable period. The problem was not of his making and he had a responsibility to the people of Gibraltar. He handed over to the Prime Minister the attached memorandum which the Prime Minister promised to study. In conclusion, Sir Joshua Hassan undertook to reflect but said that the Prime Minister should not be surprised if she received an early message to the effect that the modified proposal put forward at the meeting was unacceptable. The discussion ended at 1745. A. J. C.

10 DOWNING STREET From the Private Secretary 30 June 1983 Dear brian, GIBRALTAR

The Chief Minister of Gibraltar called on the Prime Minister this afternoon. I enclose a record of the conversation.

I am copying this letter and enclosure to the Private Secretaries to Members of OD and to Richard Hatfield (Cabinet Office).

your ever fol Cola.

Brian Fall, Esq., Foreign and Commonwealth Office.

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PS/10. DOWNING STREET.

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TO PRIORITY FCO

TELEGRAM NUMBER 390 OF 30 JUNE

GIBRALTAR

1. DURING A BRIEF CONVERSATION WITH THE KING RECENTLY AT A
PARTY GIVEN AT THE PALACE, HE ADVISED ME THAT, IF AT ALL
POSSIBLE, BRITISH SHIPS SHOULD BE DISCOURAGED FROM ANCHORING
IN THE WATERS TO THE EAST OF GIBRALTAR. WITHOUT BEING
SPECIFIC, HE SEEMED TO BE CONCERNED THAT THE SPANISH GOVERNMENT
MIGHT HAVE IT IN MIND TO PROTEST OR OTHERWISE CAUSE AN INCIDENT
TO REAFFIRM THEIR STANCE ON SPANISH SOVEREIGNTY OVER THESE WATERS.

2. COMMENT. THIS WAS A FRIENDLY WARNING GIVEN IN THE HOPE OF AVOIDING FRICTION. YOU WILL RECALL THAT AT THE TIME OF THE SPRINGTRAIN EXERCISE THE MFA WERE KEEN THAT WATERS TO THE EAST OF THE ROCK SHOULD NOT BE USED (MADRID TELNO 241) AND THEY MADE A FUSS OVER THE FACT THAT HMS SPLENDID HAD ALLEGEDLY ANCHORED THERE (MADRID TELNOS 246 AND 260). BEFORE THAT THERE HAD BEEN AN INCIDENT INVOLVING A SPANISH PATROL VESSEL AND MERCHANT SHIPS ANCHORED IN THE AREA (MADRID TELNO 209). SPANISH SENSITIVITY OVER THESE WATERS SPRINGS FROM THEIR VIEW THAT THEY WERE NEVER CEDED TO THE UK UNDER THE TREATY OF UTRECHT. THEY HAVE PROTESTED ABOUT OUR USE OF THEM IN THE PAST AND THE KING'S INFORMAL COMMENT SUGGESTS THAT WE COULD BE IN FOR A PERIOD OF FURTHER PROTESTS. IT IS DIFFICULT TO KNOW AT THIS STAGE WHETHER THESE WILL MERELY BE FOR THE RECORD TO PROTECT THE SPANISH LEGAL POSITION (AS WITH THEIR RECENT NOTE ON SELF-DETERMINATION) OR SOMETHING MORE SERIOUS. AS COMMANDER IN CHIEF, THE KING IS WELL PLACED TO JUDGE OPINION WITHIN THE ARMED FORCES, INCLUDING THE SPANISH NAVY. PARSONS

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30th June 1983

A. J. C. 20

Dear Sohn

GIBRALTAR DOCKYARD

I understand that the Prime Minister requested a note on the Gibraltar Dockyard in preparation for her meeting this afternoon with Sir Joshua Hassan.

I attach a paper which covers the main issues. In particular you will wish to note that Annex C discusses the question of guaranteed work.

I am copying this and the attachment to John Holmes (FCO)

(J E RIDLEY) (MISS)

A J Coles Esq

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Gibraltar Dockyard: Closure/Commercialisation

Background

Introduction

- 1. The closure of the Royal Naval Dockyard Gibraltar by the end of 1983 was announced in November 1981. It was a consequence of the decision in the Defence Review to cut down on mid-life modernisation for surface warships. Closure should save the Defence Budget some £13M a year.
- 2. In November 1982 OD decided in principle to support the proposals from A & P Appledore to set up a commercial ship repair yard when the Naval dockyard closes. Support for commercialisation would include financial aid of some £28M from the ODA, together with a package of assistance from the MOD. The overall aid package, of which the Gibraltar Government is aware, is summarised at Annex A.
- 3. Since the proposed commercial yard will be owned by the GOG it is up to them to approve the proposal and ask ODA for funding. So far the GOG has not been prepared to give its support to commercialisation, but their position now is that they will accept commercialisation in two years' time. They argue that this long transition period will reduce the damaging economic effects of closure and allow a smooth transition to commercial ship repair rather than closure of the naval dockyard followed by the opening of a commercial successor.

 Sir J Hassan has indicated that he may resign if these demands are refused and closure goes ahead.

Deferment of Closure

- 4. The MOD view, supported by the FCO, is that a two year deferment is unacceptable. To offer such a delay now risks sending the wrong signals to Gibraltar by indicating lack of resolve to close. However, a 3 (or even 6) month delay could be accepted administratively by MOD on certain terms. A full programme of work for this extra period could be devised, given that the Home Dockyards cannot currently handle all the RFA work.
- The terms would relate to implementation of rundown procedures. Up to now the Chief Minister has prevailed upon us not to implement the various steps relating to rundown and redundancies at the stages appropriate to an end 1983 closure date, arguing that such overt moves would prejudice an already extremely delicate situation. If we were to stick to an end 1983 closure, the period of notice would (because of the necessary preliminaries) be significantly less than the usual 6 months. Although it is management's right to pay in lieu of notice, such a truncation of the usual period would be regarded locally as provocative and would do nothing to help general MOD and PSA labour relations on the Rock. A delay would enable us to obtain a full 6 months' work from the work force, and should also give more time for the refurbishment of the dockyard which will be necessary before it can accept all commercial work. If we were now to agree to a short deferment of closure, we would need to avoid any risk of delay over redundancy notices arising again. We should therefore make it a clear condition (a) that a firm date for closure is announced and (b) that we would declare a state of redundancy seven months before the revised closure date, and issue individual notices six months before. (The effects of a short deferment are described in detail at Annex B).

- 6. However, a six month deferment would solve few problems for Sir Joshua since it would still require declaration of a state of redundancy at end November and the issue of notices at end December. The impact on the Gibraltar General Election would therefore remain, although it could be argued that the continued uncertainty is in itself a handicap to Sir Joshua.
- 7. <u>Guaranteed Work</u>. Rather than defering closure another form of assistance which might be attractive to Sir Joshua Hassan would be an increase in the work at the dockyard guaranteed by MOD (see Annex C).
- 8. Other MOD Assistance is detailed at Annex D.

A & P Appledore's Views

9. The Governor of Gibraltar reports that Appledore are opposed to the 2 year delay sought by the GOG. However, they could accept a 3/4 month delay and indeed would see some advantages in it. But they remain adamant that an abrupt handover is desirable to change worker attitudes. They do not wish to see the gradual transition favoured by the Gibraltar Government

ANNEX A SUPPORT MEASURES RELATING TO COMMERCIAL DOCKYARD IN GIBRALTAR Provision, through ODA, of funds limited to a total of £28 million to support the setting up of a dockyard if the Gibraltar Government confirms that they wish for such aid. Since the project's success depends crucially on improved productivity ODA will need to be sure that Appledores are fully satisfied that they have agreement with the work force to efficient working practices which will provide the basis for a commercially viable operation. 2. Free transfer of dockyard land and buildings. 3. Work to be made available on Royal Fleet Auxiliary vessels over a 3 year period to the value of about £11 million. (Over and above the RFA work, there would be work worth about £0.75 -£1.0 million per year on naval harbour craft tenders). Provision by MOD on a three year leave to Appledores of 46 houses/apartments for use by staff of the new commercial dockyard in order not to encroach on limited housing market. MOD works programmes which are expected to provide significant new work for local contractors. Expected to include resurfacing of Airfield and provision of new water supply. 6. HMG will be prepared to review the land and houses required for defence purposes in Gibraltar and investigate the possible release of property not essential for defence. This will be related to a land use survey by the Gibraltar Government. IN CONFIDENCE

IN CONFIDENCE

IN CONFIDENCE

- 7. £13 million of development aid offered by ODA in December 1982 is now being committed to specific projects.
- 8. Generous redundancy payments and pensions on the same lines as those given to UK Public Service employees.
- 9. A new agreement on the transfer of defence lands.

ANNEX B

DEFERMENT OF CLOSURE OF GIBRALTAR FROM 31ST DECEMBER 1983 TO 30TH JUNE 1984

REDUNDANCY

Entitlement to Redundancy unaffected

1. A short deferment of closure, like six months, would still leave the Gibraltar workforce entitled to redundancy compensation as well as the chance of re-employment in a new commercial yard. (In other words they would not be deprived of redundancy payments as it is proposed Royal Ordnance Factory workers will be when the ROFs are privatised). What the situation on this would be in two years time could not be predicted with certainty.

Redundancy Terms for Gibraltar Workers as good as Chatham Workers

2. Those who 'opted in' to a special Gibraltar Pension Scheme (UKDGPS) receive immediate compensation and a pension and gratuity on reaching age 60. For example a craftsman with 10 years service would receive about £3,400 now and at age 60 a gratuity of £1900 plus pension of £630 pa, the latter both indexed. A similar man who 'opted out' would get nothing at 60 but a higher immediate payment of about £4,900. Non industrial workers would receive more than industrial workers. The highest cash in hand payment for a PTO IV - of whom there are 80 - would be about £14,000. 40 or so staff in higher grades would receive more than this.

COST OF SIX MONTH DEFERMENT OF CLOSURE

3. The total running costs of Gibraltar Dockyard including manpower, maintenance, power supplies, stores etc is £13M per annum. There would therefore be direct extra Dockyard costs of £6.5M in keeping it on for another six months.

- 4. Assuming that the Dockyard labour force worked co-operatively at its present level of productivity on Royal Fleet Auxiliary Ships the Dockyard's facilities are of course currently designed for the refit of warships rather than store ships the value of the ships they would refit from 1st January 1984 to 30th June 1984 would be about £3M at estimated commercial contract prices. In this assumption the net cost of deferment of closure by six months would be some £3.5M. If this favourable condition of labour co-operation did not obtain as indeed it might not, in the circumstances envisaged, the cost could of course be as high as £6.5M. The Chatham men worked loyally after a state of redundancy had been declared. It remains to be seen what the position will be in Gibraltar.
- 5. By postponing the closure date a small number of the workforce will retire on normal age grounds, will not be replaced, and will marginally reduce the ultimate cost of redundancy. This factor is not however significant. (The once-for-all cost of redundancy whether in January or June 1984 is about £5M with small continuing payments in later years).
- 6. The extra cost would be £3.5M to £6.5M depending on the degree of labour co-operation.

ANNEX C

MOD ASSISTANCE FOR COMMERCIALISATION

Guaranteed Work Programme

- 1. MOD has agreed that, if commercialisation goes ahead, a number of Royal Fleet Auxiliary refits will be allocated to the yard in its first 3 years. APA's initial proposal sought work worth £8M at 1983 prices. The independent consultants who initially assessed the proposal for the GOG considered the necessary load to be nearer £14M at the same price base. In the event we have reached agreement on the basis of a programme of 9 refits (4 in year 1, 3 in year 2 and 2 in year 3) which we consider represents a prospective income of some £8M, but have also agreed to increase the value of the package up to £11M, by allocating additional ships, should this prove necessary.
- 2. In addition, we have agreed that Royal Maritime Auxiliary Service (RMAS) vessels and other MOD craft based at Gibraltar should be refitted and repaired by the commercial operation. This continuing task represents a prospective average income of some $\mathfrak{t}\frac{3}{4}M$ a year. Over 3 years this adds about $\mathfrak{t}2\frac{1}{4}M$ to the RFA work package.
- 3. It would be possible to offer some additional RFA work over the next 3 years if this would help the Gibraltar Government accept commercialisation. The total value of RFA work offered could be raised to, perhaps, £14M. Beyond a certain point too great an injection of guaranteed naval work could discourage entrepreneurial zeal and hamper labour discipline. It would also somewhat increase

the unpopularity with the UK shiprepair industry of any allocation of contract work to Gibraltar; although it has been publicly stated that this is being contemplated, industry has so far been too preoccupied to register it and react. More work is unlikely to act as a big inducement to Hassan but it is one of his stated requests and could be made if it helped to secure his willingness to live with closure in June 1984.

4. It is difficult to represent the possible year by year spread of this work in terms of ships because the additional ships would have to include larger classes of RFA ships than the basic programme. In terms of spread of expenditure it could be on the following lines:

3 Year Contract Value	Year 1	Year 2	Year 3
£M	£M	£M	£M
8	3.5	2.5	2
11	4.5	3.5	3
14	5.5	4.5	4

On this basis at the highest workload level the yard would be almost completely full of naval work and little tapering is possible.

Requests to extend the 3 year period of the guarantee would present a particular difficulty. The guarantee will only be presentable to British industry (and then with difficulty) if it can be assured that the guarantee is definitely limited in time and that afterwards Gibraltar would only win work on an open tender basis. The longer the period the harder to explain.

OTHER MOD ASSISTANCE

DOCKYARD LAND AND ASSETS

- 1. Free transfer to the GOG of all surplus dockyard land and assets necessary for commercial operation is fundamental to the scheme. Under present rules the MOD is obliged to offer surplus land and buildings to the GOG. Natural land is transferred free, but a charge is made for reclaimed land and for buildings of continuing use to the GOG. The Dockyard is built on reclaimed land, so the offer of free transfer was a significant concession. In addition, MOD has agreed to the free transfer of a substantial amount of surplus equipment (ranging from workshop tools to dockside cranes) and the sale to the GOG on preferential terms of a range of non-surplus equipment.
- 2. In the course of negotiations MOD has gone out of its way to be helpful. This has extended to making significant concessions over the berthing arrangements for the Gibraltar Naval Base. We have also agreed to reprovide a number of buildings offered to the GOG.

Housing for A & P Appledore

3. Closure of the Naval Dockyard will release over 100 houses and apartments. It had been intended that these would be used to ease the hardship of servicemen and their families stationed on Gibraltar. The main aims were to phase out the use of mobile homes and substandard quarters, to reduce waiting lists and to establish military enclaves out of the town.

CONFIDENTIAL Lands Agreement The main aspects of a new lands agreement have been agreed at official level and Gibraltar Ministers are understood to find it acceptable. Surplus reclaimed land to be transferred free of charge: The term 'reclaimed land' include tunnels and galleries. Surplus defence buildings for which the Gibraltar Government have a continuing use to be transferred free of charge if over 60 years of age. Buildings under 60 years of age to be paid for, the payment being calculated on the basis of capital replacement cost, depreciated according to their age at a fixed rate $1\frac{2}{3}$ % per annum. (The term 'buildings' to include pipelines and services, and installations and structures on the sea-bed or foreshore). The Gibraltar Government would, as now, be the sole judge of whether buildings were of continuing value to them; and there would be no obligation on the Ministry of Defence to remove surplus defence buildings which were of no continuing value to the Gibraltar Government. An Arbitrator would be appointed to resolve any disagreement of value under b. above. The Gibraltar Government would, if it wished, be able to seek a certificate from the Secretary of State for Defence that a particular piece of land or a building was still required for defence purposes. D-2

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Listo-Amendo - Normalis n. John. Nov. 1981 DRAFT MESSAGE FROM THE PRIME MINISTER TO SIR JOSHUA HASSAN

1. We discussed yesterday the problem of the Gibraltar dockyard. I realise how concerned you are about the implications for the Gibraltar economy of the decision to close the naval dockyard by the end of this year. Nevertheless, we both agree, however reluctantly, that, because of changed defence requirements, the naval dockyard will have to close. I believe we are also agreed that setting up a commercial operation in its place is the only realistic alternative, although you attach certain conditions to your acceptance of the point.

- 2. Our contribution to the launching of this new venture would be a very substantial package of support measures. My colleague gave you details during your discussions here. I am attaching a full list. They apply of course only if the naval dockyard is closed and a commercial yard set up on a time scale acceptable to us both. Your contribution would be to put the full weight of the Government behind the proposals to commercialise the dockyard; to persuade the work force and public opinion to accept these new arrangements; and to persuade the work force to accept working practices and manning levels necessary to compete in world markets and make the commercial dockyard a success.
- 3. You asked for a two year deferment to closure of the naval dockyard and a transitional period before the start of a fully commercial operation. Having listened carefully to your arguments yesterday, and since studied your memorandum, I must repeat what I said to you about a two year deferement being unacceptable. There could be no

take up the management of the yard after that period; there can be no guarantee that after two years conditions in the world ship repair market will be any different from now; and the two year period would simply defer the moment at which the dockyard work force had to adapt to the new environment. Nor do I believe that a transitional arrangement with some commercial work being undertaken would work satisfactorily. There must be a clear break between naval and commercial management. Furthermore, we must face the fact that the naval dockyard is not required for that further period; dockyards elsewhere are also being closed.

- 4. As a result of our discussions, I was however prepared to offer you deferment of the closure of the naval dockyard for a maximum of six months, ie to 30 June 1984. In addition to the measures of support already outlined to you and attached to this letter, I was also prepared to offer some £3m of extra work for the new commercial yard on Royal Naval vessels. In making these offers I went as far as I could to meet your needs and take account of your problems. These are offers of course conditional on a satisfactory agreement on the setting up of a commercial operation and the announcement of a firm date for closure of the naval dockyard.
- 5. I believe that the combination of measures which we have now put forward offers a real opportunity for Gibraltar to create a viable alternative to the naval dockyard. No better alternatives are in prospect. I hope that you and your colleagues will now look seriously and positively at what is

on offer and let me have your response as soon as possible.

IN CONFIDENCE SUPPORT MEASURES RELATING TO COMMERCIAL DOCKYARD IN GIBRALTAR Provision, through ODA, of funds limited to a total of £28 million to support the setting up of a dockyard if the Gibraltar Government confirm that they wish for such aid. Since the project's success depends crucially on improved productivity ODA will need to be sure that Appledores are fully satisfied that they have agreement with the workforce to efficient working practices which will provide the basis for a commercially viable operation. 2. Free transfer of dockyard land and buildings. 3. Work to be made available on Royal Fleet Auxiliary vessels over a three year period to the value of about fll million. (Over and above the RFA work, there would be work worth about £0.75 -£1.0 million per year on naval harbour craft tenders). 4. Provision by MOD on a three year lease to Appledores of 46 houses/apartments for use by staff of the new commercial dockyard in order not to encroach on limited housing market. 5. MOD works programmes which are expected to provide significant new work for local contractors. 6. HMG will be prepared to review the land and houses required for defence purposes in Gibraltar and investigate the possible release of property not essential for defence. This will be related to a land use survey by the Gibraltar Government. 7. £13 million of development aid offered by ODA in December 1982 is now being committed to specific projects. 8. Generous redundancy payments and pensions on the same lines as those given to UK Public Service employees. (See attached examples of immediate cash payments ranging from £1,200 to over £12,000; in many cases pensions will be payable in addition to these lump sums). IN CONFIDENCE

IN CONFIDENCE

(张美)

9. A new agreement on the transfer of defence lands.

Industrials

Example 1

Croftsman aged 45 with 10 years service who asted to remain in old (pre UKDGPS) protuity scheme. Receives, anleaving, a gratuity of:

5 x 1 weeks pay of £97 = £485 5 x 2 weeks pay of £97 = £970 £1455

If leaving on redundancy, also receives compensation of:

5 x 2 weeks pay of £97 = £970 5 x 3 weeks pay of £97 = £1455 5 x 2 weeks pay of £97 = £970 (for service ofter 40th birthday)

Total £4850

Example 2

Croftsman aged 45 with 10 years service who joined the UKDGPS. Receives at age of

Annual pension of 10 x 1/80 x (£97 x 52) = £630 Gratuity of 10 x 3/80 x (£97 x 52) =£1890 both will be adjusted for inflation when payment is due.

If leaving on redundancy, also receives compensation of £3395 as in Example

Example 3

Band 2 Labourer aged 36 with 12 years service who opted to remain in old (are UKD)

5 x 1 weeks pay of £76 = £380 5 x 2 weeks pay of £76 = £760 2 x 4 weeks pay of £76 = £608 £1748

If leaving on redundancy, also receives compensation of:

5 x 2 weeks ppy of £76 = £760 5 x 3 weeks ppy of £76 = £1140 2 x 4 weeks ppy of £76 = £608 £2508

Total £4256

roft Coerative aged 44 with 6 years service who joined th

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6 x 3/80 x (£92 x 52) = £1076

If leaving on redundancy, also receives compensation of:

5 x 2 weeks poy of £92 = £920 1 x 3 weeks poy of £92 = £276 4 x 2 weeks poy of £92 = £736 (for service ofter 40th £1932 birthopy)

Total £3008

Non-Industrials

Example 6

PTO IV aged 50 with 32 years service on maximum of pay scale (£7194pa - £137 pw) v joined the UKDGPS. Receives at one 60:

Annual pension of 32 x 1/80 x £7194 = £2878

Gretuity of 32 x 3/80 x £7194 = £8634

both will be adjusted for inflation when payment is due.

If leaving on redundancy, also receives compensation of:

5 x 2 weeks pay of £137 = £1370 5 x 3 weeks pay of £137 = £2055 22 : weeks pay of £137 = £12056

£15481

Maximum redundancy compensation payment is limited to 2 years pay therei compensation will be £14,388

Example 7

Clerical Assistant aged 22 with 4 years service who joined the UKDGPS. Receives, leaving, a short service gratuity of:

 $4 \times 3/80 \times £78 \times 52 = £608$

If leaving on redundancy, also receives compensation of:

4 x 2 weeks pay of £78 = £624

Total £1232

NB. The above examples are based on current (July 1982) pay rates (to the nearest pound).



Foreign and Commonwealth Office London SW1A 2AH

29 June, 1983

Jew John,

Gibraltar: Discussions with Sir Joshua Hassan about the Dockyard

The Chief Minister of Gibraltar, Sir Joshua Hassan, called today on the Foreign and Commonwealth Secretary and later had detailed discussions about the naval dockyard with Baroness Young, Mr Raison (ODA) and Mr Stewart (MOD).

As expected Sir J Hassan said that he could not agree with the present arrangements for closing the naval dockyard by the end of this year and the setting up of a commercial operation to take its place. He said that the Gibraltar Government would, however, be prepared to give its backing to the establishment of a commercial dockyard (and try to persuade the work force to accept the idea) providing that the closure of the naval yard was deferred for two years. During this period the dockyard would be adapted to commercial work; the work force would be trained to undertake new tasks; and efforts would be made to secure the necessary improvements in productivity. Even with a two year delay, Gibraltar Government support for a commercial yard would be dependent on a satisfactory package of measures to get the yard off to a good start, including improvements on the amount of work on naval vessels at present on offer.

On our side, Ministers emphasised that a firm decision had been taken in 1981 to close the naval dockyard by the end of 1983. They held out no hope that this decision could be changed. They argued against deferment for two years. Delay would merely prolong the period of uncertainty. There was no guarantee that conditions for a commercial yard would be any better after two years; nor could there be any certainty that a commercial operator would then be prepared to take up the task of managing the yard. Ministers outlined the package of support measures which would be available if the Gibraltar Government decided to go for the establishment of a commercial dockyard at the end of this year. (Details attached). The main points are free transfer of dockyard land and buildings; £28 million to refurbish the dockyard and help with initial costs; and a continuing programme of work on naval vessels over a period of three years.

/Sir Joshua Hassan's



Sir Joshua Hassan's final position on closure of the naval dockyard and setting up a commercial operation remains unclear. Nevertheless, in light of today's discussions, it looks as though Sir Joshua will stick to the position that the proposals in their present form (ie closure on 31 December 1983) are politically unacceptable. He spoke of the possibility of resignation and of calling an election on the issue. He is undoubtedly under strong pressure from his Ministerial colleagues (and from the opposition in the House of Assembly) to insist on deferment for at least two years. But he himself probably realises that full attainment of this objective is impossible.

Sir Geoffrey Howe considers that there can be no question of accepting a two year deferment to the closure of the naval dockyard. To do so would merely postpone the moment at which Gibraltarians have to face reality. Conditions will be no better then; nor can there be any certainty that a commercial operator would then be prepared to take on the dockyard. Transitional arrangements, with some commercial work being undertaken by a naval yard, would not work efficiently. There would be a strong risk that, after two years, further demands for postponement would be made. In addition there would be political implications in going back on a firmly announced decision when dockyards in this country are being closed or run down.

Nevertheless, Sir Geoffrey believes that, in light of today's discussions, there may be a case for looking at the possibility of a short postponement of the closure date, both to take account of Sir J Hassan's political difficulties and for commercial and operational reasons. (There has already been some slippage in preparatory work). Such deferment would however have to be strictly limited (eg not less than three months and not more than six) and should be accompanied by a firm and precise date for closure and a commitment by the Gibraltar Government to the commercial project. As agreed, Sir Geoffrey will raise this matter in Cabinet tomorrow in advance of Sir Joshua Hassan's call on the Prime Minister tomorrow afternoon. We have also commissioned, in consultation with MOD, some work overnight on the illustrative cost of postponement of the closure by six months.

I am copying this letter to the Private Secretaries of members of OD and to PS/Sir Robert Armstrong.

(R B Bone)

Private Secretary

A J Coles Esq 10 Downing Street CONFIDENTIAL

IN CONFIDENCE SUPPORT MEASURES RELATING TO COMMERCIAL DOCKYARD IN GIBRALTAR 1. Provision, through ODA, of funds limited to a total of £28 million to support the setting up of a dockyard if the Gibraltar Government confirm that they wish for such aid. Since the project's success depends crucially on improved productivity ODA will need to be sure that Appledores are fully satisfied that they have agreement with the workforce to efficient working practices which will provide the basis for a commercially viable operation. 2. Free transfer of dockyard land and buildings. Work to be made available on Royal Fleet Auxiliary vessels over a three year period to the value of about £11 million. (Over and above the RFA work, there would be work worth about £0.75 -£1.0 million per year on naval harbour craft tenders). 4. Provision by MOD on a three year lease to Appledores of 46 houses/apartments for use by staff of the new commercial dockyard in order not to encroach on limited housing market. 5. MOD works programmes which are expected to provide significant new work for local contractors. 6. HMG will be prepared to review the land and houses required for defence purposes in Gibraltar and investigate the possible release of property not essential for defence. This will be related to a land use survey by the Gibraltar Government. 7. £13 million of development aid offered by ODA in December 1982 is now being committed to specific projects. Generous redundancy payments and pensions on the same lines as those given to UK Public Service employees. (See attached examples of immediate cash payments ranging from £1,200 to over £12,000; in many cases pensions will be payable in addition to these lump sums). IN CONFIDENCE

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NB. The above examplesare based on current (July 1982) pay rates (to the nearest pound).



10 DOWNING STREET

From the Private Secretary

28 June 1983

GIBRALTAR

Thank you for your letter of 27 June.

The Prime Minister has noted that the talks with the Chief Minister of Gibraltar may well be difficult. She would be grateful if the Foreign and Commonwealth Secretary would brief Cabinet on Thursday about his round of talks with Sir Joshua Hassan on Wednesday. She has herself agreed to see the Chief Minister at 5 o'clock on Thursday (Gibraltar's unnumbered telegram of 27 June refers) and would like to consider the situation with her colleagues before she does so.

In a preliminary reaction to the contents of your letter, the Prime Minister wondered whether it might not be possible to extend the date of closure of the naval dockyard for six months beyond the end of 1983.

I am copying this letter to the Private Secretaries to other members of OD and to Sir Robert Armstrong.

a)C

Brian Fall, Esq., Foreign and Commonwealth Office.

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PRIME MINISTER CALL BY THE FOREIGN AND COMMONWEALTH SECRETARY I have agreed the following agenda: (a) Gibraltar He will give you an account of his talks with the Chief Minister. The matter is to be raised in Cabinet on Thursday. Multi-National Force in the Lebanon - British (b) Contingent I think he has reached the view that we should extend the British contingent beyond 6 August. OECD Secretary-General He has a candidate in mind (I have asked Sir Robert Armstrong for comments on your suggestion that Alan Walters might be a candidate). Would you also like to tell the Foreign Secretary that on Sunday, 24 July Laurens van der Post and Dr. Koornhof will be having a private lunch with you at Chequers? A. J. C. 28 June 1983

0

PRIME MINISTER

GIBRALTAR M

The visit of the Chief Minister on 29 June is important.

Sir Joshua Hassan will seek a deferment of closure of the naval dockyard for two years, in return for which he would commit the Gibraltar Government to support the establishment of a commercial yard at the end of this period.

The Governor advises that there is a risk of Hassan resigning if his proposal is rejected. This could lead either to early elections or, at worst, to direct rule by the Governor. It remains to be seen whether this is an exaggerated assessment of the situation.

In the attached letter, which I suggest you read in full, the Foreign Secretary takes the view that we cannot accept the Gibraltar proposal. He sets out substantial reasons for this.

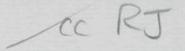
Sir Geoffrey Howe will see Hassan on 29 June. I understand that Hassan may seek to call on you on 30 June. There will thus be time to digest the results of the first round before taking a final position. The matter could be discussed in Cabinet or OD on Thursday. Would you like me to reply to the FCO letter saying that you would be grateful if the Foreign Secretary would report to Cabinet on Thursday so that Ministers can consider the position collectively?

Please us also the foreneis telegram attached

A. J C. 28/6.

27 June 1983





Foreign and Commonwealth Office London SW1A 2AH

27 June 1983

Den John

Gibraltar

The Chief Minister of Gibraltar, Sir Joshua Hassan, is coming here on 29 June for discussions about the Gibraltar dockyard with Ministers from both wings of the FCO and from the Ministry of Defence. They could be difficult meetings.

Following the 1981 Defence Review and an OD decision in October of that year, it was announced that the naval dockyard at Gibraltar would be closed during 1983. That decision has been reaffirmed many times since. The projected date for closure is now 31 December 1983, although that precise date has not been announced publicly and redundancy notices have not yet been issued.

The naval dockyard plays a very significant role in Gibraltar's economic life. A detailed study showed that the only alternative which stood a reasonable chance of taking its place, particularly with Spanish restrictions preventing the development of tourism, would be the establishment of a commercial yard. In November 1982 OD decided that HMG should support the establishment of a commercial yard which should be managed initially by the British firm A&P Appledore International Ltd. A generous package has been worked out to accompany the establishment of a commercial yard. Its main features are the handing over, free of charge, of the dockyard land and assets; a guaranteed programme of work on Royal Navy vessels for the first three years; and the provision of some £28 million, through the ODA, to help refurbish the yard and get it off to a good start.

The Gibraltar Government have long been concerned about the decision to close the naval yard and have tried without success to get it reversed. Sir Joshua Hassan himself appeared, until recently, to have accepted that closure of the naval dockyard was inevitable and to be concentrating on getting the best possible deal to take its place. Now,

/however,



- 2 -

however, the Gibraltar Government have requested a deferment of closure for two years against a commitment by them to support the establishment of a commercial yard at the end of this period, ie in 1986. They appear to envisage some sort of transitional period in the interim, with the naval yard undertaking some commercial work. This is the case which Sir Joshua Hassan has said that he will press when he comes to London next Wednesday.

It is not yet clear whether the latest move by the Gibraltar Government represents more than an initial bargaining position. The Governor has advised that the decision by Gibraltar Ministers is unanimous; that it should be taken seriously; and that there is a risk of Sir Joshua Hassan resigning if his proposal is rejected. This could lead either to early elections or, at worst, to direct rule by the Governor.

The reluctance of Gibraltar Ministers to contemplate major decisions affecting the economic well-being of Gibraltar is understandable. Sir Joshua Hassan's problems are compounded by the need to hold elections before March/April next year. If he waits until near that time he risks having elections at a moment when unemployment resulting from dockyard closure will be at its height.

We need to take full account of Gibraltarian problems and anxieties. Nevertheless, the Foreign and Commonwealth Secretary believes that there can be no question of accepting the Gibraltar proposals for a two year deferment of closure. The Ministry of Defence do not need the naval dockyard at Gibraltar, which is no longer capable of refitting modern warships. Postponing the decision to close it for a further two years would only lead to a period of continuing uncertainty in Gibraltar. There would be grave doubts as to whether a commercial operation could be set up at all after that time. The Gibraltarians must grasp the nettle some time. There is no advantage in delaying the point at which they must exert their own efforts to the maximum in order to sustain their economy. Furthermore, the Defence Review led not only to a decision to close the 1981 naval dockyard at Gibraltar, but also to close Chatham and run down Portsmouth. It would be unacceptable politically in this country if Gibraltar were reprieved while yards in the UK were being closed.

When Sir Joshua Hassan comes here next week, therefore, Sir Geoffrey Howe proposes that Ministers should listen with care to the case he will make. Sir Joshua must be able to say on his return that he has deployed his case before UK Ministers and been listened to attentively. But

/Sir Geoffrey



- 3 -

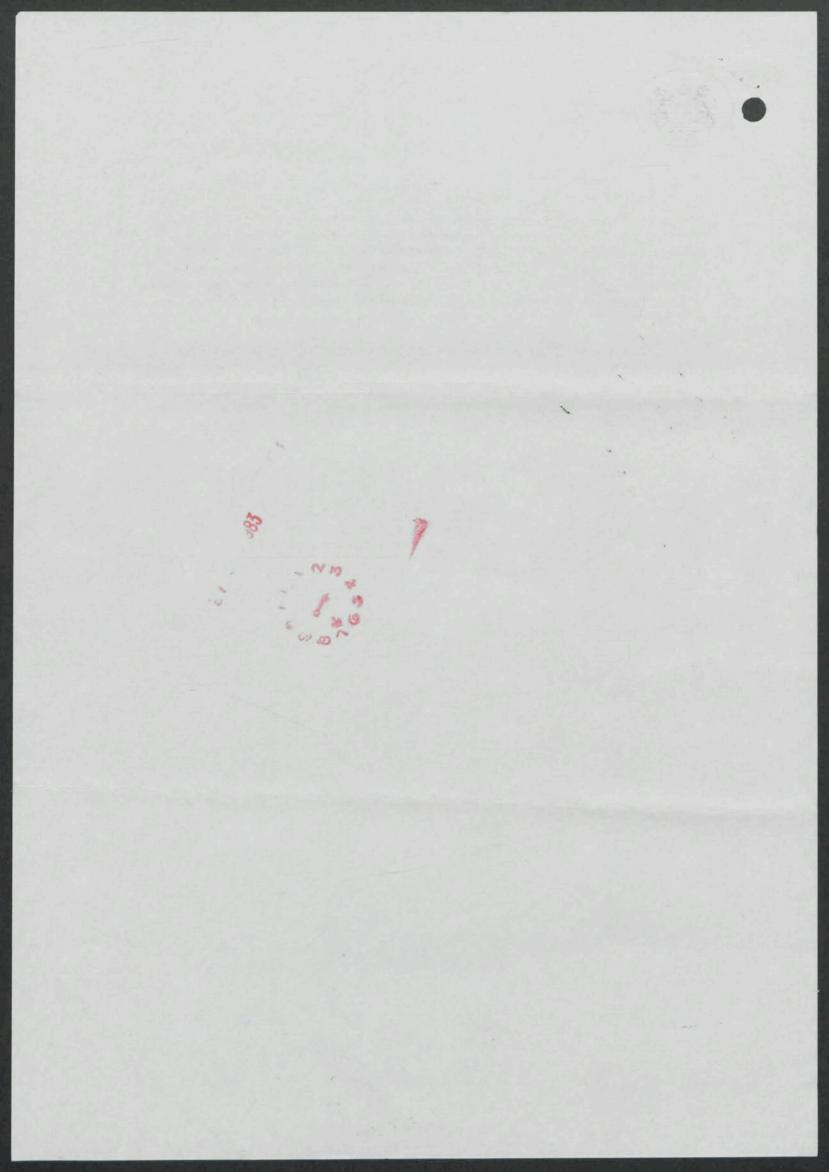
Sir Geoffrey believes that we should also make it clear that there can be no change in the decision to, close the naval dockyard in Gibraltar before the end of 1983. The most that would be possible to meet Sir Joshua Hassan's concerns would be some minor improvements in the package of assistance to set up a commercial yard which is now on offer.

I am sending copies of this letter to the Private Secretaries of other members of OD and to Sir Robert Armstrong.

Thus ever

(B J P Fall) Private Secretary

A J Coles Esq Number 10 Downing Street



CONF H DENT H A L 'UK COMMS ONLY

SIC

CONFIDENTIAL

DESKBY 270800Z JUN

FROM GABRALTAR 261105Z JUN

TO HAMMEDHATE FCO TEL NO PERSONNAL 76 OF 26 JUN 83

INFO IMMEDIATE MODUK

IMMEDIATE ODA

YOUR TEL NO P43: GUBRALTAR DOCKYARD

SUMMARY. THE PROSPECT OF DIRECT RULE AN GIBRALTAR AS SUFFICIENTLY REAL TO REQUIRE VERY CAREFUL HANDLING OF MEETING ON 29 JUN.

HASSAN'S REQUEST FOR A TWO YEAR DEFERRMENT CANNOT BE DISMISSED AS A MERE BARGAINING COUNTER. SOME DEFERRMENT MAY PROVE DESIRABLE.

PAGE 2 RBDWCR 5014 C O N F HI D E N T SI A L UK COMMS ONLY DETAIL

- THE RUSK OF BEING FORCED MINTO DIRECT RULE SUTUATION NON
 GIBRALTAR US SUFFICIENTLY REAL TO REQUIRE THE MOST CAREFUL
 PREPARATION FOR THE MEETING WITH SIR J HASSAN ON 29 JUN. IN WELCOME
 YOUR RECOGNISTION OF THE DIFFRICULTUES FACING GIBRALTAR MINISTERS
 AND NI HAVE SPOKEN AS MINSTRUCTED TO HASSAN. HE REACTED CALMLY BUT
 MAINTAINED HIS LONG HELD VIEW THAT THE DECHISIONS TO BE TAKEN WERE
 ESSENTIMALLY POLITICAL ONES.
- 2. HAS PRESENT THANKING HIS CLOSELY AND TUNE WATH THE ALL PARTY MEMORADUM OF 17 MAR 82 AND REFLECTS HAS CONCERN TO ACHIEVE AGREEMENT WHICH WALL FAIND SUPPORT ON GIBRALTAR BEYOND THE CONFINES OF A SANGLE POLITICAL PARTY. HASSAN HAS ALWAYS BELIEVED THAT AT UK MINISTERMAL LEVEL THE WALL EXHISTS TO FAIND AN AGREEMENT WHICH WALL ENABLE HMG AND GABRALTAR TO GO FORWARD ON PARTNERSHAP RATHER THAN ON DISARRAY AND CONFLUCT. HE REGARDS CMD 8288'S PROMASE OF CONSULTATION AS STALL ALOVE AND THE TALKS OF 29 JUN TO REPRESENT A PART RATHER THAN THE FAINALE OF THE PROCESS.
- 3. IN BELNEVE THAT HASSAN HAS TRNED BUT HAS GENUMBELY FAMLED TO BRING HIS COLLEAGUES TO ACCEPT COMMERCINAL HASATHON ON THE PRESENT BASHS. HOWEVER THE GUBRALTAR STATEMENT (PARA 8 OF MY TEL NO

PAGE 3 RBDWCR 5014 C O N F N D E N T N A L UK COMMS ONLY
PERSONNEL 74) NS AN AMPORTANT STEP FORWARD AS COMMERCIALISATION NS
ACCEPTED IN PRINCIPLE. THE TWO YEAR DEFFERENCENT PROPOSAL REPRESENTS
A SOLID BLOCK OF GIBRALTAR OPINION WINICH HASSAN CANNOT GAINSAY.

HT NS NOT (REPEAT NOT) A PERSONALLY DEVISED NEGOTIATING PLOY.

RM HASSAN AND HIS COLLEAGUES HAVE PLAYED THEM CARDS CLOSE TO
THEM CHESTS IN RECENT DAYS AND NOT ITS DIFFICULT TO DECIDE WHAT
ELEMENT OF BLUFF OR GIVE THERE IS IN THEM POSITION. HOW EVER
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LONGER TRANSITIONAL PHASE IN THINK ONE CAN ONLY ACCEPT HASSANS!
VIEW OF POLITICAL CONSEQUENCE AT FACE VALUE. HE US FUGHTING FOR HIS
POLITICAL LIFE AND IN MY VIEW REMAINS OUR BEST BET AS CHIEF
MINISTER FOR GIBRALTAR. AGAINST THE BACKGROUND OF THE DOCKYARD

CONFIDENTIAL

CLOUSURE

CLOUSURE BOSSANO WOULD BE THE MOST LIKELY EVENTUAL REPLACEMENT INF HASSAN WERE TO FAIL. THE PROSPECT OF MAKING ANY PROGRESS IN RELATION TO SPAIN WITH BOSSANO AS CHIEF MINISTER WOULD BE VERY SLINGHT.

5. IN ACKNOWLEDGE THAT TWO YEARS DELAY IN REGARDED AS UNACCEPTABLE BUT FEEL BOUND TO SUGGEST THAT CONSIDERATION BE GIVEN TO DELAYING FOR 6 MONTHS. THIS WOULD ENABLE TH APA PROGRAMME, WHICH HIS ALREADY BEHIND HAND AND THE RELOCATION OF THE NAVAL BASE TO BE COMPLETED HAN

PAGE 4 RBDWCR 5014 C O N F IN D E N T IN A L UK COMMS ONLY
BETTER ORDER WHALST WE ENCOURAGE HASSAN TO ACCEPT THE ECOMOMIC
PACKAGE ALREADY OFFERED AS SOMETHING WHACH HE COULD DEMONSTRATE TO
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THE ECONOMIC EFFECTS OF CLOUSURE. BY DOING SO WE WOULD NOT ONLY
ASSIST IN THIDING HASSAN OVER THE ELECTION PERIOD BUT WOULD AVOID
SENDING THE WRONG SHIGHAL TO SPAIN AND MINIMARISE THE RISK OF A
CONSTITUTIONAL CRUSES.

WILLHAMS

GIBRALMAR

LIMITED

SED
DEF D
NEWS D
PUSD
ECD (E)
PLANNING STAFF

PS/LADY YOUNG
PS/MR WHITNEY
PS/FUS
SIR J BULLARD
MR JAMES
MR GILLMORE
MR HANNAY
MR WRIGHT

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ADDITIONAL DISTRIBUTION

GIBRALTAR

CONFIDENTIAL FM WASHINGTON 242305Z JUN 83 TO IMMEDIATE FCO TELEGRAM NUMBER 1760 OF 24 JUNE INFO IMMEDIATE MADRID GOVERNOR GIBRALTAR UKDEL NATO MODUK

MADRID TELNO 383 TO YOU: GONZALEZ' VISIT TO WASHINGTON: GIBRALTAR

- 1. THE STATE DEPARTMENT (PECK, DIRECTOR FOR WESTERN EUROPE) HAS GIVEN US THE FOLLOWING ACCOUNT OF EXCHANGES ON GIBRALTAR DURING GONZALEZ' VISIT. HE DESCRIBED IT AS A VERBATIM ACCOUNT. AND WAS READING DIRECTLY FROM MANUSCRIPT NOTES.
- 2. IN THE MEETING WITH THE PRESIDENT, GONZALEZ REFERRED TO GIBRALTAR BRIEFLY IN THE CONTEXT OF NATO, AS HE HAD DONE IN PUBLIC. SAYING THAT PROGRESS TOWARDS RESOLUTION OF SPAIN'S DEMAND ON SOVEREIGNTY (AND ON EC MEMBERSHIP) WOULD BE AN ELEMENT IN THE PUBLIC'S APPRAISAL OF THE BENEFITS OF FULL INTEGRATION INTO EUROPE. IT WOULD NOT BE POSSIBLE FOR A SPANISH ADMIRAL TO BE SUBORDINATE TO A BRITISH ADMIRAL ON SPANISH TERRITORY: HOWEVER HE WANTED TO HAVE GOOD RELATIONS WITH GREAT BRITAIN AND SOLVE OUTSTANDING PROBLEMS IN AN AMICABLE WAY. THE PRESIDENT DID NOT RESPOND ON THE GIBRALTAR POINT. (WE ARE REPORTING SEPARATELY OTHER ASPECTS OF THE EXCHANGES).
- 3. GIBRALTAR WAS THE MAIN TOPIC IN A FINAL MEETING BETWEEN MORAN AND SHULTZ ON 22 JUNE. THE MEETING WAS SOUGHT BY MORAN BECAUSE GONZALEZ FELT THAT DISCUSSION ON GIBRALTAR AND NORTH AFRICA HAD BEEN INADEQUATE. PECK COMMENTED THAT MORAN HAD SPOKEN ELLIPTICALLY AND IT HAD BEEN HARD TO UNDERSTAND HIS POINT AT TIMES.
- 4. MORAN BEGAN BY SAYING THAT SPAIN WANTED GIBRALTAR BACK IN CONDITIONS WHICH WOULD RESPECT THE DESIRES OF THE PEOPLE OF GIBRALTAR: THEY HAD NEVER SAID THAT THEY WANTED GIBRALTARIANS TO BE SPANISH. HE REFERRED SUBSEQUENTLY TO SPANISH PREPAREDNESS TO CONSIDER A SPECIAL STATUS FOR GIBRALTARIANS AND TO GIVE GUARANTEES OF THEIR RIGHTS TO THE UNITED NATIONS ETC. HE REFERRED TO THE LISBON AGREEMENT, AND SAID THE SPANISH GOVERNMENT AT THE TIME HAD PUT FAITH IN LORD CARRINGTON'S INCLINATION, WHICH THEY HAD THOUGHT GENUINE, TO FIND A SOLUTION TO THE PROBLEM. BUT AFTER THE INVASION OF THE FALKLANDS. MORAN CLAIMED, THE BRITISH ATTITUDE HAD CHANGED. HE THOUGHT. HOWEVER, THAT THE BRITISH PRIME MINISTER, WITH HER GREATLY INCREASED MAJORITY, WOULD NOW BE IN A POSITION TO BE MORE FLEXIBLE TO HITHERTO. MORAN REFERRED TO HIS MEETING WITH MR PYM IN BRUSSELS IN APRIL, AND SAID THAT THEY HAD DISCUSSED THE QUESTION IN ALL ITS ASPECTS. BUT THE BRITISH WERE SELECTIVE. THEY HAD FORGOTTEN ABOUT EQUALITY IN THE AGREEMENT: SPAIN HAD OPENED THE FRONTIER, WITH BENEFICIAL EFFECT ON THE POPULATION OF BOTH SIDES. SPAIN WAS PREPARED TO BEGIN TALKS ABOUT THE IMPLEMENTATION OF THE AGREEMENT, BUT IT MUST INCLUDE THE WHOLE AGREEMENT. CONFIDENTIAL

- 5. MORAN THEN SAID THAT BRITAIN CLAIMED IT COULD DO NO MORE ON THE QUESTION OF EQUALITY BECAUSE THAT WAS THE PROVINCE OF THE GIBRALTAR LEGISLATURE. BUT IT WAS IN THE POWER OF THE BRITISH GOVERNMENT TO PROPOSE LEGISLATION IN THE GIBRALTAR PARLIAMENT, WHICH, EVEN IF REJECTED, WOULD SHOW THAT THE BRITISH GOVERNMENT HAD MADE AN EFFORT. IT WAS DIFFICULT TO EXPLAIN TO PUBLIC OPINION THAT SPAIN SHOULD BE IN THE ALLIANCE WHILE THERE WAS A FOREIGN BASE ON SPANISH SOIL. THE MILITARY VALUE OF GIBRALTAR WOULD INCREASE IF SPAIN JOINED THE ALLIANCE. IN CONSIDERING ITS ATTITUDE TOWARDS NATO, IT WAS VERY IMPORTANT TO SPAIN TO KNOW WHAT THE FUTURE OF GIBRALTAR WOULD BE.
- 6. SHULTZ SAID THAT THE UNITED STATES' POSITION WAS THAT IT SHOULD NOT GET INTO THE MIDDLE OF THIS ISSUE, WHICH CONCERNED NATO, AND WAS BETWEEN TWO GOOD FRIENDS AND ALLIES. MORAN ASKED IF SHULTZ WOULD BE SEEING THE SECRETARY OF STATE. SHULTZ REFERRED TO THE TWO PLANNED MEETINGS IN JULY, AND REITERATED THAT THE UNITED STATES WOULD NOT MEDIATE, BUT SAID THAT IF THE OCCASION AROSE, HE WOULD KEEP WHAT MORAN HAD SAID IN MIND.
- 7. MORAN THEN REFERRED TO NATO EXERCISES INVOLVING GIBRALTAR,
 AND SAID THAT SPAIN WOULD AT LEAST HAVE TO MAKE FORMAL PROTESTS
 ABOUT THESE. SHULTZ SAID THAT AS A MEMBER OF AN INTEGRATED
 MILITARY COMMAND, SPAIN WOULD HAVE A VOICE IN PLANNING SUCH
 EXERCISES. MORAN ASKED IF SPAIN WOULD HAVE A VETO. WHEN SHULTZ
 REPLIED THAT SHE WOULD NOT, MORAN SAID THAT THIS WAS NOT GOOD
 ENOUGH. MORAN CONCLUDED BY SAYING THAT HE WISHED TO DISCUSS THE
 ISSUE PRIVATELY WITH THE SECRETARY OF STATE AND TRY TO MAKE
 THINGS SMOOTHER BETWEEN BRITAIN AND GIBRALTAR. BILATERAL RELATIONS
 SHOULD NOT CENTRE EXCLUSIVELY ON THE ROCK.

8. COMMENT

THE LAST TWO SENTENCES OF PARA 1 OF MADRID TELEGRAM UNDER REFERENCE SUGGEST THAT MORAN USED SOME LICENCE IN CLAIMING THAT SHULTZ HAD QUOTE UNDERSTOOD UNQUOTE THE SPANISH POSITION AND PROMISED TO SUGGEST THAT WE SHOULD BE MORE FLEXIBLE. WE SHALL BE COMMENTING FURTHER ON US VIEWS ON GIBRALTAR, BEFORE YOUR MEETINGS.

WRIGHT

GIBRALTAR

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FM MADRID 241516Z JUNE 83

TO PRIORITY FCO

TELEGRAM NUMBER 384 OF 24 JUNE

INFO PRIORITY WASHINGTON, UKDEL NATO, GOVERNOR GIBRALTAR(PERSONAL), MODUK.

MY TELNO 383: GIBRALTAR

- 1. THESE REMARKS IN THE UNITED STATES ON GIBRALTAR AND NATO
 BY THE SPANISH PRIME MINISTER AND FOREIGN MINISTER CONTAIN NO
 SURPRISES. ALLOWING FOR CERTAIN DIFFERENCES OF NUANCE ON THE VARIOUS
 OCCASIONS, THEY CONSTITUTE FURTHER PUBLIC PROOF THAT THE
 SPANISH GOVERNMENT INTEND TO TRY TO LINK THE PROPOSED REFERENDUM
 ON NATO BOTH WITH EC ACCESSION AND WITH PROGRESS OVER THE
 GIBRALTAR ISSUE.
- 2. IN STRICT LOGIC THIS POLICY IS NOT NECESSARILY INCOMPATIBLE
 WITH BRITISH INTERESTS. IF THERE HAS TO BE A REFERENDUM,
 AS GONZALEZ PROMISED BEFORE TAKING OFFICE, THEN WE NEED TO SEE
 THE ALLIANCE MADE AS ATTRACTIVE AS POSSIBLE TO THE SPANISH
 PEOPLE. WE HAVE REPEATEDLY COME OUT IN SUPPORT OF EARLY SPANISH
 ENTRY INTO THE COMMUNITY. AS REGARDS GIBRALTAR, THE SPANISH
 GOVERNMENT KNOW PERFECTLY WELL THAT THEY CANNOT HAVE
 NEGOTIATIONS WITH US ABOUT ALL OUTSTANDING PROBLEMS
 WITHOUT FULL IMPLEMENTATION OF THE LISBON AGREEMENT. THE FOREIGN
 MINISTRY ASSURED ME ONLY YESTERDAY OF THEIR REALIZATION THAT
 NEGOTIATIONS WOULD TAKE A VERY LONG TIME AND THEMSELVES MENTIONED
 A PERIOD OF TWENTY YEARS (MY TELNO 382).
- 3. NEVERTHELESS IN PRACTICE THINGS DO NOT USUALLY GO SO SMOOTHLY, ESPECIALLY AS GONZALEZ IS COMMITTING HIMSELF TO A REFERENDUM DURING 1985. SPANISH POLICY THEREFORE CARRIES CONSIDERABLE POTENTIAL SNAGS FOR US. FOR THE MOMENT WE CAN PRESUMABLY RELY ON THE US AND OTHER ALLIANCE GOVERNMENTS TO STICK TO THEIR PRESENT TACTIC AND REFUSE TO TAKE SIDES OVER GIBRALTAR. BUT, AS SEEN FROM HERE, WE MIGHT LACK SUPPORT EVEN FROM OUR BEST FRIENDS IF GONZALEZ, ON THE POINT OF CALLING A REFERENDUM ABOUT NATO MEMBERSHIP, WERE TO SEEK A CARROT OVER GIBRALTAR (OBVIOUSLY FALLING SHORT OF A TRANSFER OF SOVEREIGNTY) AS A MEANS OF SWINGING SPANISH PUBLIC OPINION IN FAVOUR. THIS SITUATION WOULD ON BALANCE MORE EASILY BE AVOIDED IF THE LISBON AGREEMENT HAD BEEN IMPLEMENTED WELL IN ADVANCE OF THE REFERENDUM. PARSONS

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FM MADRID 231522Z JUN 83

TO PRIORITY FCO

GRS 610

TELEGRAM NUMBER 382 OF 23 JUNE

INFO PRIORITY GIBRALTAR (PERSONAL FOR GOVERNOR). WASHINGTON. UKDEL NATO AND MODUK

head in full.

MY TELEGRAMS NUMBERS 379 AND 380 : GHBRALTAR AND NATO

- 1. I CALLED THIS MORNING ON BERDEJO (DIRECTOR FOR EUROPEAN AFFAIRS IN THE FOREIGN MINISTRY) PRIMARILY TO THANK HIM FOR THE HELP GIVEN BY THE SPANISH GOVERNMENT OVER THE RETURN OF OUR HARRIER.
- 2. I TOOK THE OPPORTUNITY TO REFER TO THE ALLEGED REMARKS BY MORAN WAN BONN ABOUT NOT ACCEPTANG THE EXCHANGE OF LETTERS OF JANUARY 1982. BERDEJO SAID HE DID NOT KNOW WHETHER MORAN HAD ACTUALLY SAID THIS. HE WOULD FIND OUT FOR ME. I SAID THAT MORAN HAD MADE CLEAR IN LONDON HIS OBJECTHON TO ONE ASPECT OF THE EXCHANGE OF LETTERS NAMELY THAT, ON AMPLEMENTATION OF THE LISBON AGREEMENT. SPANIARDS WOULD NOT HAVE IN GIBRALTAR STATUS EQUIVALENT TO THAT OF COMMUNITY CITIZENS. BUT . AS BERDEJO HIMSELF HAD POINTED OUT TO ME AT THE TIME, MORAN HAD BEEN AT PAINS NOT TO APPEAR TO ABROGATE UNILATERALLY THE EXCHANGES SIGNED WITH THE CALVO SOTELO GOVERNMENT. IF HE WERE NOW TO DO SO, THAT WOULD BE A STEP BACKWARDS. THE EFFECT ON BRITISH MINISTERS AND PUBLIC OPINION IN BRITAIN AND GIBRALTAR WOULD BE HARMFUL TO BOTH SIDES.
- 3. BERDEJO REPLIED THAT HE ACCEPTED THIS POINT. MORAN'S TACTICAL DIFFICULTY IN LONDON HAD BEEN THAT HE SOUGHT TO EXPRESS OBJECTION TO ONE ASPECT OF THE EXCHANGE OF LETTERS WITHOUT ACTUALLY REJECTING THEM IN TERMS. THAT IS WHY HE HAD FELT NON-PLUSSED WHEN BRITTISH MINISTERS HAD KEPT REFERRING TO THE EXCHANGE. IF IN FUTURE MINISTERIAL CONTACTS WE COULD SOFT PEDAL ON THIS POINT. HT WOULD BE EASIER FOR MORAN TO AVOID BEING DRIVEN INTO A CORNER WHERE HE FELT OBLIGED TO REPUDIATE THE EXCHANGE OF LETTERS. WE SHOULD TRY TO STICK TO THE GENERAL POSITION THAT BOTH GOVERNMENTS REMAIN ON COURSE TO IMPLEMENT THE LUSBON DECLARATION EVEN THOUGH THE SPANISH GOVERNMENT MIGHT SEEK CLARIFICATION ABOUT ITS IMPLICATIONS IN PRACTICE.
- 4. IF THEN TOOK UP THE SCENARIO APPARENTLY ENVISAGED BY FELIPE GONZALEZ IN WHICH A REFERENDUM ON NATO MEMBERSHIP WITHIN TWO YEARS WOULD BE COLOURED FOR THE SPANISH PEOPLE BY ASSURANCE OF EC MEMBERSHIP AND SOME PROGRESS ON THE ISSUE OF SOVEREIGNTY OVER GIBRALTAR. BERDEJO COMMENTED THAT HE HAD NO DOUBT THAT GONZALEZ HAD SPOKEN IN THESE TERMS. HE HAD TAKEN THIS LINE FREQUENTLY BOTH IN PUBLIC AND IN PRIVATE. I POINTED OUT THAT THE REMOVAL OF ALL RESTRICTIONS ON COMMUNICATION WITH GIBRALTAR WAS AN IMPORTANT PRE-ESSENTIAL FOR PROGRESS ON ALL FRONTS. NEGOTIATIONS COULD THEN BEGIN ON ALL OUTSTANDING GIBRALTAR ISSUES INDLUDING SOVEREIGNTY: A COMMAND STRUCTURE FOR THE AREA COULD BE DISCUSSED: AND HMG WOULD BE LEFT WITH NO OBSTACLE TO THEIR FULL SUPPORT FOR SPANISH ENTRY INTO THE COMMUNITY, REAFFIRMED YESTERDAY IN THE QUEEN'S SPEECH. BUT THERE CONFIDENTIAL POINT WAS ONE

POINT TO BE WATCHED CAREFULLY. THE NEGOTIATIONS ENVISAGED

COULD WELL BE STARTED WITHIN TWO YEARS, OR INDEED MUCH BEFORE, IF

SPAIN WERE WILLING TO IMPLEMENT THE LISBON AGREEMENT. BUT IT

WOULD BE QUITE MISLEADING FOR GONZALEZ TO THINK THAT ANY SUBSTANTIVE

PROGRESS OVER RECOVERY OF SOVEREIGNTY COULD BE ACHIEVED WITHIN THAT

PERIOD. THIS WOULD INVOLVE A CHANGE OF HEART AMONG THE GIBRALTAR

PEOPLE WHICH IN TURN DEPENDED ON A MORE ATTRACTIVE PUBLIC ATTITUDE

ON THE PART OF THE SPANISH GOVERNMENT. BERDEJO SAID THAT HE

THOUGHT GONZALEZ WAS UNDER NO MISSUNDERSTANDING ON THIS POINT. THE

NEGOTIATIONS THEMSELVES MIGHT WELL TAKE TWENTY YEARS. WHAT
GONZALEZ NEEDED BEFORE THE REFERENDUM WAS SOME INDICATION OF PROGRESS

ALONG A LONG ROAD.

- 5. BERDEJO SAID THAT MORAN WAS VERY CONSCIOUS OF THE ESSENTIAL PART PLAYED BY THE GIBRALTAR QUESTION IN THESE ISSUES CENTRAL TO SPANISH FOREIGN POLICY. HE WOULD LIKE TO MEET YOU SOON BUT HOPED THERE COULD FIRST BE PREPARATION AT OFFICIAL LEVEL.
- 6. BERDEJO ADDED THAT HE THOUGHT IT ALSO IMPORTANT TO TRY TO THICKEN UP OTHER MINISTERIAL CONTACTS BETWEEN OUR TWO GOVERNMENTS. IT WAS ABSURD FOR ANGLO-SPANISH RELATIONS TO BE DOMINATED SOLELY BY THE GIBRALTAR ISSUE. HE LIKED THE IDEA OF AN EXCHANGE OF VISITS BY MINISTERS DEALING WITH OTHER FIELDS SUCH AND EDUCATION AND CULTURE (HERVEY'S TELELETTER OF 21 JUNE TO HEAD OF SED).

PARSONS

GIBRALTAR

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GIBRALTAR

FM MADRID 221601Z JUN 83 TO PRIORITY FCO TELEGRAM NUMBER 380 OF 22 JUNE head in fell. INFO GIBRALTAR, WASHINGTON, UKDEL NATO AND MODUK GIBRALTAR AND NATO 1. EL PAIS OF 21 JUNE REPORTS MORAN AS HAVING SAID AT A WORKING BREAKFAST WITH THE PRESS IN BONN YESTERDAY THAT HE WOULD TALK TO SCHULTZ ABOUT GIBRALTAR TO AVOID ANY MISUNDERSTANDINGS AND SO THAT "MRS THATCHER CANNOT PRESENT US AS PEOPLE WHO PUT STABILITY IN DANGER .. HE SAID THAT HE HAD WRITTEN TO SCHULTZ ABOUT THIS MATTER "IT IS NOT TRUE THAT WE DO NOT ACCEPT THE LISBON AGREEMENT AS A BASIS FOR NEGOTIATION, ONLY HTS HNTERPRETATION: WE DO NOT ACCEPT THE EXCHANGE OF LETTERS OF 10 (SIC) JANUARY 1982 IN WHICH CALVO SOTELO'S GOVERNMENT GAVE HIN TO THE BRITISH''. 2. SPEAKING ON NATO HE REJECTED THE POSSIBILITY OF THE NEUTRAL-**SATHON OF SPAIN ' WHICH WOULD BE UNACCEPTABLE TO THE WEST''. HE SAID HE PERSONALLY PREFERRED THE PARTICIPATION OF SPAIN IN WESTERN DEFENCE. HE SAND THAT THE DATE OF A REFERENDUM ON NATO WAS NOT A QUESTION OF MONTHS NOR OF A YEAR AND A HALF OR TWO YEARS. HT SHOULD BE LINKED TO THE DEPLOYMENT OF THE EUROMISSILES. HE SAID THERE WAS NO DIPLOMATIC PRESSURE ON SPAIN BY NATO, BUT THEY WANTED AN ANSWER IN A REASONABLE PERIOD. THE PRESS SHOULD REALISE THAT UNDUE PRESSURE COULD LEAD TO A NEGATIVE RESULT. HE ALSO REFERRED TO PRESSURE FROM SPANISH PUBLIC OPINION WHICH HE SAID COULD INCREASE IN THE NEXT YEAR OR SO. PARSONS REPEATED AS REQUESTED! GIBRATTAR ADDITIONAL DISTRIBUTION LIMITED GIBRALTAR PS/LADY YOUNG SED PS/MR WHITNEY DEF D PS/PUS NEWS D SIR J BULLARD PUSD MR JAMES ECD (E) MR GILLMORE PLANNING STAFF MR HANNAY MR WRIGHT

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Songaley of war to be making a liel between Special monderly of NATO and Februla.

What the are only pers GRS 120 UNCLASS IF LED FM MADRID 221035Z JUN 83 TO PRIORITY FCO TELEGRAM NUMBER 379 OF 22 JUNE INFO WASHINGTON, UKDEL NATO, GIBRALTAR AND MODUKregard. I chall use F.C.O. VISIT OF GONZALEZ TO WASHINGTON: NATO AND GIBRALTAR 1. ALL THE SPANISH MEDIA HAVE PUBLISHED EXTENSIVE REPORTS ON THE MEETING BETWEEN REAGAN AND GONZALEZ. THEY HAVE ALSO HIGHLIGHTED THE REPLIES BY GONZALEZ ON US TV TO QUESTIONS ON NATO. HE IS REPORTED TO HAVE SAID THAT THE SPANISH PUBLIC WOULD BE LIKELY TO TAKE A DIFFERENT VIEW OF NATO MEMBERSHIP IN A REFERENDUM HELD IN A YEAR AND 8-10 MONTHS TIME, OF SPAIN WERE BY THEN ASSURED OF EC MEMBERSHIP AND THE SPANISH PUBLIC BELIEVED OF COULD RECOVER SOVEREIGNTY OVER GIBRALTAR. HE ADDED THAT NO ONE IN SPAIN COULD CONTEMPLATE THE POSSIBILITY OF A SPANISH ADMIRAL BEING UNDER THE ORDERS OF A BRITISH ADMIRAL ON SPANISH TERRITORY. THIS WOULD NOT OCCUR WHILE HE WAS PRIME MINISTER. EL PAIS (MIDDLE OF THE ROAD, INFLUENTHAL) REPORTS THAT GONZALEZ SOUGHT ROOM FOR MANDEUVRE BY SUGGESTING THAT IN THE EVENT THAT SPAIN LEFT NATO, SHE COULD CONTRIBUTE TO WESTERN DEFENCE VIA THE US/SPAIN DEFENCE AGREEMENT. THE US REACTION IS REPORTED TO HAVE BEEN UNRECEPTIVE: WASHINGTON WILL NO DOUBT BE COMMENTING. PARSONS GIBRALTAR ADDITIONAL DISTRIBUTION TIMITED GIBRALTAR DEF D NAD PS/LADY YOUNG PS/MR WHITNEY PS/PUS NEWS D SIR J BULLARD MR JAMES PUSD ECD (E) MR GILLMORE PLANNING STAFF MR HANNAY MR WRIGHT

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FM FCO 220913Z JUN 83
TO PRIORITY GIBRALTAR
TELEGRAM-NUMBER PERSONAL 40 OF 22 JUNE
INFO MADRID

VISIT BY THE CHIEF MINISTER OF GIBRALTAR

- 1. PLEASE CONVEY AN INVITATION TO SIR JOSHUA HASSAN TO COME TO LONDON FOR DISCUSSIONS ON 29 JUNE WITH ME AND OTHER MINISTERS ABOUT THE FUTURE OF THE GIBRALTAR DOCKYARD.
- 2. WE HAVE IN MIND THAT THE DISCUSSIONS SHOULD INCLUDE A MEETING WITH MYSELF (FOR ABOUT HALF AN HOUR) FOLLOWED BY MORE DETAILED DISCUSSIONS (AT WHICH I WOULD NOT BE PRESENT) WITH BARONESS YOUNG AND MINISTERS FROM ODA AND THE MOD. LADY YOUNG WILL HOST A LUNCH FOR SIR J HASSAN.
- 3. WE ASSUME THAT YOU WILL WISH EITHER TO ACCOMPANY HASSAN YOURSELF OR TO SEND NEILSON, AND THAT HE WILL WISH TO HAVE PITALUGA WITH HIM. WE LEAVE IT TO HIS DISCRETION WHETHER TO BRING CANEPA AND/OR ISOLA.

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FROM

GHBRALTAR 221300Z JUN 83

TO

HAMMEDHATE FCO TEL NO PERSONAL 72 OF 22 JUN 83

INFO

MMEDHATE MODUK

LIMMED HATE ODA

MY TELEGRAM PERSONAL NO 70 : GHBRALTAR DOCKYARD

- THE CHIEF MINHISTER HAS NOW FORMALLY GIVEN ME THE FINAL AND UNANIMOUS CONSENSUS OF HIS MINISTERS FOLLOWING THE MEETINGS OF COUNCIL OF MINUSTERS ON 20 AND 21 JUNE. THE UPSHOT AS A PROPOSAL TO DEFER THE CLOSURE OF THE DOCKYARD FOR TWO YEARS AGAINST A COMMITMENT BY THE GIBRALTAR GOVERNMENT TO AGREE TO COMMERCHALISATION AT THAT TIME. HASSAN'S PROPOSALS ARE GIVEN IN FULL IN MY THREE HETS.
- WENT THROUGH HASSAN'S PROPOSALS WINTH HIM TODAY. THERE IS NO DOUBT THAT HE IS DEEPLY ANXHOUS ABOUT THE ABILITY OF GIBRALTAR TO SURVEWE ECONOMICALLY AND POLINTAICALLY WITH THE COMMERCHALISATION PROPOSALS PRESENTLY BEING CONSIDERED. HE REHEARSED THE COMMITMENT IN 1981 FOR CONSULTATION BETWEEN THE BRITISH AND THE GIBRALTAR GOVERNMENTS TO FIND A VIABLE ALTERNATIVE TO THE DOCKYARD. IT IS HIS VINEW THAT THIS PROCESS OF CONSULTATION IS STILL IN PROGRESS AND THAT GIBRALTAR MINISTERS REQUIRE MORE TIME AND UNDERSTANDING FROM BRITAIN IN ORDER TO REACH THE RIGHT DECESSIONS TO SAFEGUARD GIBRALTAR'S LONG TERM FUTURE. HE DOES NOT ACCEPT THAT THE THE FOR NEGOTIATION HS PAST.
- WE DISCUSSED HAN SOME DETAIL THE STATEMENT OF GOVERNMENT VIEWS (MY SECOND HFT). IN SAID THAT THE DOUBTS ABOUT APA'S MARKETING AND PRODUCT: WATY FORECASTS MIGHT BE JUSTAFAED ALTHOUGH THE VIEWS OF THE INDEPENDENT CONSULTANTS COULD EQUALLY BE QUESTIONED. HT IS BECOMING INCREASINGLY CLEAR THAT THE APA PROGRAMME. PARTICULARLY OF THE DEVELOPMENT OF THE YARD, PRESENTLY ENVISAGED IS EXTREMELY THIGHT AND WILL PROBABLY NOT BE MET. FURTHERMORE, OF APA FAILED TO ACHIEVE THE NECESSARY INCREASE IN PRODUCTIVITY (WHICH IS AMBITIOUS), THE LONGER TERM EMPLOYMENT PROSPECTS WILL BE AFFECTED.
- 4. ON THE OTHER HAND I SAID THAT I WAS NOT IMPRESSED BY THE IMPRECISE UNDERTAKING OF PROGRESS DURING THE TWO YEAR INTERIM PERIOD ESPECIALLY ON THE REDUCTION OF THE WORKFORCE (PARA 12 OF MY SECOND IFT). HASSAN CONCEDED THAT HE COULD GIVE NO GUARANTEES BUT WAS DETERMINED TO PRESS BOSSANO AND THE UNIONS TO AGREE. ALSO SAID THAT II WAS FAR FROM SATISFIED THAT THE HYBRID OF A CONTINUING BUT TAPERING NAVAL MANAGEMENT WITH A DEVELOPING COMMERCIFAL YARD WAS WORKABLE. 15. CONFIDENTIAL

- BRINTISH AND GIBRALTAR GOVERNMENTS WAS WIDE. HE STILL CONSIDERS INT ESSENTIAL TO LEAD A DELEGATION TO LONDON THOUGH THE PURPOSE OF SUCH A VISIT WOULD CLEARLY NOW BE QUITE DIFFERENT. HASSAN SEES INT AS AN OPPORTUNITY TO DISCUSS AND TO NEGOTIMATE ON THE BASHS OF HIS DEFERMENT PROPOSALS. HE WOULD WISH TO BRING WITH HIM CANEPA, WALLACE, MONTADO (ECONOMIC ADVISER) AND CASEY (INDEPENDENT CONSULTANT WHOSE REPORT FOLLOWS BY BAG TO SED). HE EXPECTS HOWEVER THAT THE NEGOTIMATIONS ON THE WHITEHALL SIDE WILL BE CONDUCTED INSTITUALLY BY TOP OFFICIALS RATHER THAN MINISTERS. ALTHOUGH THIS SEEMS SENSIBLE, IN RECOMMEND THAT HASSAN BE GIVEN THE OPPORTUNITY TO SET OUT HIS POLINITICAL ARGUMENTS BEFORE MINISTERS. FROM A GIBRALTAR VIEWPOINT, 29 JUNE AS STULL A CONVENIENT DATE FOR SUCH MEETINGS IN LONDON.
- ARE FULLY UNDERSTOOD IN LONDON. HE IS DEEPLY CONCERNED THAT THE ECONOMY WILL BE UNABLE TO WHITHSTAND THE PRESENT PLANS FOR TRANSITION OF THE NAVAL DOCKYARD TO A COMMERCIAL ONE: THUS THE POLITICAL STABILLIATY OF THE TERRITORY WHILL BE GRAVELY JEOPARDISED. HE IS CONVENCED THAT ANY SUGGESTION OF WEAKENING OF BRUTISH UNTEREST IN AND SUPPORT FOR GUBRALTAR, E.G., BY A REJECTION OF HIS PROPOSALS FOR DEFERMENT, WILL DRAW FROM SPANN A REACTION OF POLITICAL AGGRESSION HE ILLUSTRATED THIS WINTH A REPORT THAT FELLIPE GONZALEZ HAD SAND IN WASHINGTON THAT SPANN WOULD ONLY ENTER THE EEC OF SPANN RECOVERED SOVERELIGNTY OVER GUBRALTAR
- THERE ARE ALSO CRUCHAL DOMESTIC POLITICAL IMPLICATIONS FOR HASSAN AND HAS GOVERNMENT. UNLESS HE CALLS ONE PREMATURELY. THE NEXT ELECTION WHILL BE IN MARCH/APRIL 1984, PRECISELY WHEN U UNEMPLOYMENT CAUSED BY REDUNDANCIES IN THE DOCKYARD WILL BE AT HITS HIGHEST - SOME 700 FROM THE DOCKYARD CLOSURE ALONE. THIS WOULD CLEARLY WENGH THE ELECTION CAMPAIGN AGAINST HASSAN AND PLAY INTO BOSSANO'S HANDS. MINNISTERS MAY FEEL THAT IF THEIR CONSIDERED AND UNANIMOUS RECOMMENDATION FOR DEFERMENT IS TURNED DOWN, THEY WILL HAVE NO CHOICE BUT TO RESIGN AS MINISTERS. THEY MAY HOWEVER REMAIN AS MEMBERS OF THE HOUSE IN ORDER TO FORCE A GENERAL ELECTION IN ONE WAY OR ANOTHER. IN MAY HAVE TO DISSOLVE THE HOUSE AND CALL AN ELECTION. THERE IN THE DANGER, OF WHICH HASSAN IS AWARE. THAT THIS MAIGHT LEAD TO DIRECT RULE BUT HE SEEMS CONFIDENT THAT THE THREAT OF INTERNATIONAL ODIUM WHICH THE BRITISH GOVERNMENT WOULD ATTRACT BY THAS WOULD BE ENOUGH TO PREVENT IT. 18. CONFIDENTIAL -2-

- BE ESSENTINAL, HIF WE ARE TO NEGOTHATE A MUTUALLY SATHISFACTORY
 SOLUTION, THAT HIS PROPOSALS SHOULD BE CAREFULLY CONSIDERED, EVEN
 THIS OCCASIONS DELAY, AND SHOULD NOT BE REJECTED OUT OF HAND.
 HE SHOULD BE GIVEN THE OPPORTUNINTY TO STATE HIS CASE HIN LONDON TO
 MINISTERS
- 9. SEE MY 3 MIFTS. FCO PLEASE PASS.

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GIBRALTAR



OD(EM): HO

Chancellor FCO

CDL

10 DOWNING STREET

From the Private Secretary

10 May, 1983

GIBRALTAR

The Prime Minister has seen your Secretary of State's minute of 5 May recording his conclusion that, in view of the present strained Anglo/Spanish relations over Gibraltar, we should not at present withdraw any of our forces from the Rock.

The Prime Minister has commented that she entirely agrees and is pleased with this decision.

I am sending a copy of this letter to the Private Secretaries to the other members of OD(EM) and to Richard Hatfield (Cabinet Office).

TO COLES

R. Mottram, Esq., Ministry of Defence

SECRET

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MO 5/16

Irine Minister

MO 5/16

PRIME MINISTER

You will recall that our forces on Gibraltar were reinforced

You will recall that our forces on Gibraltar were reinforced temporarily last autumn to cover the period of tension around the Spanish general election. When you were briefed in December on our arrangements for defending the Rock you were told that for planning purposes we were assuming that all the temporary reinforcements would remain until 1st June, but that this would be reviewed regularly. I wrote to you on 11th March explaining that the UK-based BLOWPIPE troop was leaving the Rock because the Gibraltar Regiment had been provided with BLOWPIPE and trained to use it.

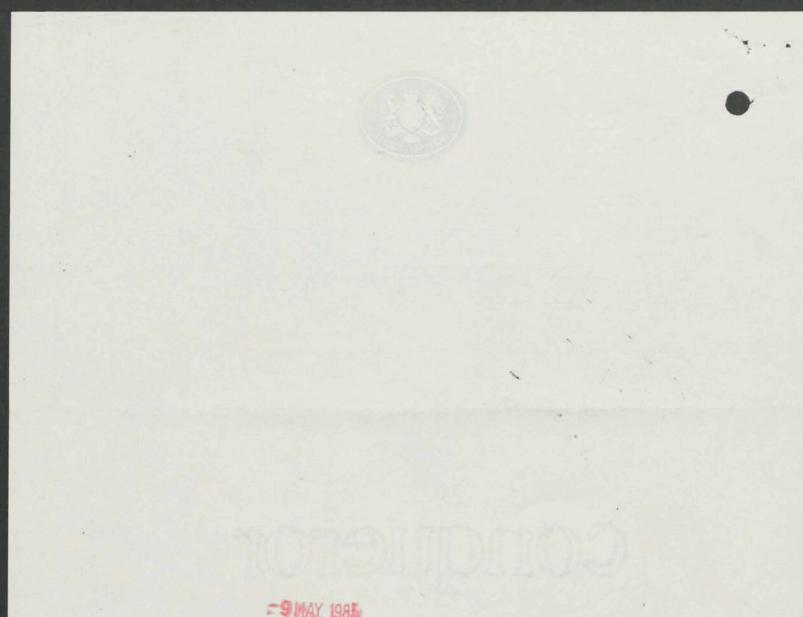
- 2. I have now been considering whether it would be right to withdraw the other temporary enhancements. They comprise 2 Jaguar aircraft, a Royal Navy Lynx helicopter, small contingents of RAF police and Naval personnel and the stationing of the Guardship on reduced notice. Certain intelligence units among the temporary reinforcements have already been established on the Rock.
- 3. Whilst the most recent JIC assessment judges that the Spanish threat to Gibraltar always remote has if anything diminished, I have concluded that in view of the present strained Anglo-Spanish relations over Gibraltar, including Spain's intemperate reaction to Exercises Springtrain and Locked Gate and a series of minor infringements of Gibraltar's waters, we should not at present withdraw any of our forces from the Rock. In reaching this decision I have also noted

the Governor of Gibraltar's views that a withdrawal could be viewed by the Spanish as a sign of weakness and by the Gibraltarians as indicating lack of will or lack of sympathy. I intend to review the situation again in three months.

Copies of this minute go to other members of OD(EM) and to Sir Robert Armstrong.

Ministry of Defence

5th May 1983



-9 MAY, 1985



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head in full

PP MADRID

GRS 399

CONFIDENTIAL

FM FCO 041738Z MAY 83

TO PRIORITY MADRID

TELEGRAM NUMBER 156 OF 4 MAY

INFO GOVERNOR GIBRALTAR (PERSONAL)

SPAIN/GIBRALTAR

1. THE NEW SPANISH AMBASSADOR PAID HIS INITIAL CALL THIS AFTERNOON. I TOLD HIM WE WISHED TO HAVE GOOD RELATIONS WITH SPAIN. I GREATLY ADMIRED WHAT HAD BEEN ACHIEVED SINCE FRANCO'S DEATH. WE WERE GIVING FULL SUPPORT TO SPANISH ENTRY TO THE EC. I ALSO HOPED TO BE ABLE TO MAKE PROGRESS OVER GIBRALTAR. RECENT EVENTS WERE DIFFICULT TO UNDERSTAND. IN DECEMBER MORAN HAD BEEN ENTHUSIASTIC ABOUT IMPLEMENTING LISBON. WHEN HE CAME HERE IN MARCH IT WAS CLEAR THAT HE HAD CHANGED HIS MIND. HE SEEMED ALSO TO HAVE RENEGED ON THE JANUARY 1982 EXCHANGE OF LETTERS. SINCE THEN THERE HAD BEEN MANY PROVOCATIVE STATEMENTS FROM MADRID ABOUT PERFECTLY NORMAL NAVAL VISITS. IN RESPONSE I HAD BEEN DELIBERATELY RESTRAINED. IT WOULD BE USEFUL TO SEE SOME RESTRAINT FROM THE SPANISH SIDE. THE LISBON AGREEMENT SEEMED TO PROVIDE THE ONLY SENSIBLE WAY FORWARD. IT WAS INEVITABLY A LONG COURSE. WHAT WAS NEEDED NOW WAS A PERIOD OF CALMNESS. GONZALES HAD SAID THAT HE WOULD CONSIDER THE SPANISH POSITION. I HOPED THAT, AS A RESULT, THE SPANISH GOVERNMENT WOULD TAKE A DIFFERENT ATTITUDE TO THE LISBON

> 1 CONFIDENTIAL

AGREEMENT FROM THAT ADOPTED BY MORAN IN MARCH. IN REPLY
TO A COMMENT BY PUIG THAT EQUALITY OF RIGHTS FOR SPANIARDS
SEEMED AN IMPORTANT POINT, I SAID THAT THE LISBON AGREEMENT
CATERED FOR THIS. IT HAD BEEN AGREED THAT THE MATTER COULD
BE DISCUSSED FURTHER FOLLOWING IMPLEMENTATION, BUT MORAN
SEEMED TO BE SEEKING FOR FURTHER CONCESSIONS BEFORE

IMPLEMENTATION. IN ADDITION, I HAD SAID IN PUBLIC THAT THE SPANIARDS COULD RAISE THE SOVEREIGNTY ISSUE IF THEY

WISHED: THE LISBON AGREEMENT PROVIDED FOR ANY SUBJECT TO BE RAISED.

2. THE AMBASSADOR SAID HE WAS DISTRESSED TO SEE
RELATIONS AT THE LOWEST EBB HE COULD RECALL. PERSONALLY
HE AGREED THAT THE LISBON AGREEMENT PROVIDED THE ONLY
REASONABLE WAY FORWARD. HE HAD BEEN CLOSELY INVOLVED IN
ITS CONCEPTION. HE ALSO AGREED THAT RECENT PUBLIC
STATEMENTS HAD BEEN UNFORTUNATE. HE WAS RETURNING TO
MADRID AND WOULD BE SEEING MORAN ON FRIDAY. THAT WOULD
GIVE HIM A CLEARER PICTURE OF HIS MINISTER'S VIEWS. HE WOULD
VISIT MADRID AGAIN IN ABOUT THREE WEEKS TO SEE GONZALEZ AND
OTHER MINISTERS. HE HOPED THAT HE COULD PLAY A HELPFUL
ROLE DURING HIS APPOINTMENT TO LONDON, AND VERY MUCH APPRECIATED
THE FACT THAT HE HAD BEEN RECEIVED SO QUICKLY BY ME.

PYM

GIBRALTAR

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FM UKDEL NATO 261445Z APR 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 114 OF -26 APRIL

INFO IMMEDIATE MODUK (DS12 AND DS 5) MADRID PRIORITY GOVERNOR GIBRALTAR (PERSONAL)

m

YOUR TELNO 136: SPAIN AND GIBRALTAR

- 1. THE SPANISH PERMANENT REPRESENTATIVE DULY MADE HIS PROTEST AT TODAY'S PERMANENT REPRESENTATIVE LUNCH. HE SAID THAT SPANISH PUBLIC OPINION WAS EXERCISED ABOUT THE VISIT OF THE NATO FLEET PLANNED DURING LOCKED GATE. COMING AS IT DID AFTER THE VISIT OF THE BRITISH FLEET WHICH SPANISH PUBLIC OPINION HAD SEEN AS A SHOW OF STRENGTH, THIS VISIT WAS BEING TAKEN BY SPANIARDS AS A SIGN THAT NATO STATES WERE TAKING SIDES IN THE DISPUTE BETWEEN SPAIN AND BRITAIN. THIS COULD HAVE SERIOUS IMPLICATIONS FOR SPAIN'S RELATIONS WITH NATO AND FOR THE PROSPECTS OF SPANISH INTEGRATION INTO THE MILITARY STRUCTURE. EXERCISE LOCKED GATE HAD ONLY RECENTLY COME TO THE ATTENTION OF THE SPANISH GOVERNMENT. THEY WERE AWARE (HOW) THAT IT WAS AN ANNUAL EVENT. HE HAD TOLD THEM THAT IT WAS NOT THE INTENTION OF THE BRITISH GOVERNMENT TO MAKE A SHOW OF STRENGTH NOR OF NATO MEMBERS TO TAKE SIDES. NEVERTHELESS, HE HAD BEEN INSTRUCTED TO RAISE THE MATTER AND TO SEND A MESSAGE TO THE MAJOR NATO COMMANDERS. HE WAS SORRY BUT HE HAD TO LET MEMBER STATES KNOW OF SPANISH SENSIBILITIES. 2. IN LUNS' ABSENCE. THE DEPUTY SECRETARY GENERAL SAID THAT EXERCISE LOCKED GATE WAS A ROUTINE EXERCISE UNDER THE COMMAND OF CINCIBERLANT AND INVOLVING COMGIBMED. IT WOULD INCLUDE THE PARTICIPATION OF THE CUSTOMARY LEVEL, NAMELY 24 SURFACE WARSHIPS AND 5 SUBMARINES, DRAWN FROM A NUMBER OF NATO STATES INCLUDING THE US, THE NETHERLANDS, PORTUGAL AND THE UK, AS WELL AS MARITIME AIRCRAFT AND HELICOPTERS. AS IN PREVIOUS YEARS, THE VISIT OF NATO WARSHIPS TO GIBRALTAR WOULD HAVE NO BEARING ON THE POSITIONS OF BRITAIN AND SPAIN ON THE MATTER OF GIBRALTAR.
- 3. OJEDA (SPAIN) THANKED DA RIN AND ASKED IF THE NATO SPOKESMAN COULD BE INSTRUCTED TO QUOTE DA RIN'S REPLY IF A SPANISH JOURNALIST WERE TO ASK HIM.
- 4. DA RIN SAID THAT HE SAW NO OBJECTION TO THIS BUT AT MY PROMPTING ADDED THAT THE SPOKESMAN WOULD PREFACE IT BY SAYING (WHAT DA RIN HAD OMITTED FROM HIS REPLY) THAT THE DISPUTE BETWEEN SPAIN AND BRITAIN WAS NOTHING TO DO WITH THE ALLIANCE. THIS WAS AGREED.

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FM GOVERNOR GIBRALTAR 231435Z APR 83 TEL NO PERSONAL 55

TO IMMEDIATE FCO

IMMEDIATE MADRID DESKBY 250800Z APR 83

IMMEDIATE MODUK FOR DS5

MY TELNO 58 (NOT TO MODUK): INCURSIONS IN THE GIBRALTAR HARBOUR

- 1. FOGIB SIGNAL 221720Z TO MODUK NAVY CONTAINS DETAILS OF INCURSIONS FROM 7 FEBRUARY TO 22 APRIL.
- 2. THESE VESSELS ARE CLEARLY MAFRINGING INTERNATIONAL AND DOMESTIC GI-BRALTAR LAW TO THE EXTENT THAT:
- A. FISHING IS NOT REPEAT NOT A PREROGATIVE OF INNOCENT PASSAGE. IN ANY CASE, WE UNDERSTAND THE WATERS WITHIN THE MOLES ARE INLAND WATERS, NOT INTERNATIONAL SEA.
- B. IT IS AN OFENCE UNDER THE GIBRALTAR PORT ORDINANCE TO COME INTO GIBRALTAR WITHOUT PRODUCING TO THE CAPTAIN OF THE PORT SHIP'S PAPERS (PENALTY £500). THERE IS A FURTHER SPECIFIC DUTY UNDER THE PORT RULES TO REPORT TO THE CAPTAIN OF THE PORT (PENALTY £250).
- C. IT IS AN OFFENCE NOT TO PROVIDE DETAILS TO A POLICE OFFICER OF THE SHIP AND HTS CREW (PENALTY £200).
- D. IT IS AN OFFENCE AGAINST THE PORT RULES TO FISH IN ANY FAIRWAY OR APPROACH TO A BERTH (PENALTY £250).
- 3. IN ADMIRALTY WATERS WHICH FORM THE GREAT BULK OF THE HARBOUR ALL MOVEMENTS ARE SUBJECT TO THE CONTROL OF THE FLAG OFFICER WHO HAS POWERS TO PHYSICALLY MOVE BOATS NOT COMPLYING WITH HIS DIRECTIONS. VESSELS REQUIRE THE PERMISSION OF THE QUEEN'S HARBOUR MASTER. FISHING BY NET OR TRAWLING IN ADMIRALTY WATERS IS PROHIBITED WITHOUT THE PERMISSION OF THE QUEEN'S HARBOUR MASTER.
- 4. CHARTS OF THE GIBRALTAR HARBOUR AREA ARE MARKED WITH THE NOTE "MERCHANT VESELS MUST NOT PASS EASTWARDS OF THE DETACHED OR SOUTH MOLES INTO THE HRBOUR WITHOUT THE PERMISSION OF THE QUEEN'S HARBOUR MASTER' ! (SEE CHART NO 144).
- 5. PORT WATERS ARE INCLUDED WITHIN ADMIRALTY WATERS. SUBJECT TO THE OVERALL CONTROL OF THE QUEEN'S HARBOUR MASTER, CAPTAIN OF THE PORT EXERCISES CONTROL OVER PRIVATE VESELS PASSING THROUGH ADMIRALTY WATERS INTO PORT WATERS AND RULES AT (B) TO (D) APPLY TO PRIVATE VESSELS WITHIN ADMIRALTY WATERS.
- 6. ALL OF THE ABOVE OFFENCES ARE NOT IMMEDIATELY ARRESTABLE OFFENCES. THEY ARE SUBJECT TO THE SERVING OF SUMMONSES. THUS SUBJECT TO YOUR INSTRUCTIONS I WOULD PROPOSE THAT WE SHOULD PROCEED AS FOLLOWS:

- A. DELIVER WRITTEN WARNING IN SPANISH STATING ''YOU HAVE ENTERED

 (OR HAVE BEEN FISHING) IN BRITISH WATERS FOR WHICH YOU DO NOT

 HAVE PERMISSION. IF YOU DO THIS AGAIN YOU WILL RECEIVE A SUMMONS
 TO APPEAR IN THE GIBRALTAR COURT TO ANSWER CHARGES''.
- BE ISSUED AS A PRELIMINARY TO COURT ACTION (WHICH IN THE MAGISTRATES COURT MIGHT TAKE TWO WEEKS).
- C. IF A PENALTY IS IMPOSED BY THE COURT AND IS NOT PAID AND AS A RESULT A WARRANT FOR ARREST IS ISSUED IN WOULD BE MADE WHEN THE VESSEL IS NEXT SIGHTED IN OUR WATERS. THE CAPTAIN OF THE PORT WOULD ALSO HAVE POWER TO SEIZE A VESSEL AGAINST PAYMENT OF THE FINE.
- 7. IF THESE MEASURES PROVE INEFFECTIVE WE WOULD THEN NEED TO CONSIDER PHYSICAL MEANS OF RESTRAINT EG BOOMS AND GRAPNELS BUT I WOULD NOT REPEAT NOT WISH TO MOVE IN THAT DIRECTION FOR THE MOMENT.
- 8. SPECIAL FURTHER PROVISIONS EXIST FOR THE CONTROL OF ADMIRALTY WATERS IN LINE DRAWN EASTWARDS FORM THE NORTHERN TIP OF THE SOUTH MOLE TO ORDNANCE WHARF. IT IS AN ARRESTABLE OFFENCE TO ENTER OR LOITER IN THE VICINITY OF THIS AREA WITHOUT THE WRITTEN PERMISSION OF

THE GOVERNOR OR ANY OTHER LAWFUL AUTHORITY (EG FOGIB OR HIS DELEGATE) NO WARRANT IS REQUIRED TO ARREST. THE OFFENCE EXTENDS TO LOITERING IN THE VICINITY OF SOUTH MOLE GENERALLY, NO 3 JETTY, AND THE EAST SIDE OF COALING ISLAND. WE WOULD IN THE EVENT OF CONTRAVENTIONS OF THESE PROVISIONS PROPOSE TO PROCEED FIRST AS IN 6(A) AND SUBSEQUENTLY IF NECESSARY BY ARREST. FOR SECURITY REASONS IT MAY BE NECESSARY ALSO, AT ONCE, TO EXERCISE IN EVERY CASE THE POWERS OF PHYSICAL REMOVAL AT 3.

9. I CONSIDER IT IMPORTANT THAT LAW BE UPHELD BUT ENFORCEMENT AUTHOR-ITIES WILL HOLD THEIR HAND UNTIL 1800B TUESDAY 26 APRIL TO GIVE SPANIARDS CHANCE TO ADVISE NATIONALS.

WILLIAMS BT

GIBRALTAR

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GIBRALTAR

TO

PRIORITY FCO LONDON TEL NO 58 OF 22 APRIL 83

INFO

PRIORITY MADRID



MY TEL NO 53: INCURSIONS IN THE GIBRALTAR HARBOUR

INCURSIONS BY THE THREE FISHING VESSELS PIRRI, DIOS TE SALVE AND ESPERANZA ARE NOW A MIGHTLY OCCURRENCE. THEY WERE ACTIVE ON THE NIGHTS OF 19/20, 20/21, 21/22 APRIL. ROYAL NAVY AND POLICE VESSELS ARE HEAVILY ENGAGED IN CONTROLLING THEM AND ESCORTING THEM FROM THE HARBOUR. THESE VESSELS CONTINUE ON MY INSTRUCTIONS TO LIMIT THEIR ACTIVITIES TO PERSUASION BUT I AM CONCERNED THAT THEY SHOULD NOT BE MADE TO SEEM RIDICULOUS. I AM CONSIDERING POSSIBLE LEGAL STEPS WHICH COULD RESULT IN THEIR ARREST (UNDER EXISTING LAW) AND WILL TELEGRAPH FURTHER WITH PROPOSALS.

FCO PLEASE PASS

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FM MADRID 211815Z APR 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 270 OF 21 APRIL

INFO PRIORITY GOVERNOR GIBRALTAR (PERSONAL), MODUK (DS5, DS8, DS12),

UKDEL NATO, RABAT, WASHINGTON

YOUR TELNO 138 : NAVAL VISITS TO GIBRALTAR.

- 1. ACTION TAKEN WITH BOTH SPANISH NAVY AND MFA YESTERDAY. INITIAL REACTION WAS CALM.
- 2. MFA ASKED WHETHER EXERCISE 'LOCKED GATE' WOULD CARRY ANY
 IMPLICATIONS FOR CIVIL AVIATION. WE REPLIED THAT EXERCISE
 WAS ORGANISED BY NATO AND THAT EMBASSY HAD NO (REPEAT NO) INFORMATION
 ON THE DETAILS.

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FM FCO 201639Z APR 83

TO IMMEDIATE MADRID

TELEGRAM NUMBER 138 OF 20 APRIL

INFO PRIORITY GOVERNOR GIBRALTAR (PERSONAL), MODUK (DS5, DS12, DS8), UKDEL NATO, RABAT, WASHINGTON

YOUR TELNO 258 AND GIBRALTAR PERSONAL 52: NAVAL VISITS TO GIBRALTAR.

- 1. SPANISH MOD REPRESENTATIVES ATTENDED CINCSOUTH'S PLANNING CONFERENCE IN JANUARY AT WHICH EXERCISE LOCKED GATE AND OTHER NATO EXERCISES WERE DISCUSSED. THEY WERE SUBSEQUENTLY SENT COPIES OF THE MINUTES OF THE MEETING DATED 31 JANUARY. UNITS FROM 8 NATO COUNTRIES (UK, ITALY, FRG, NETHERLANDS, CANADA, USA, PORTUGAL AND FRANCE) WILL TAKE PART.
- 2. UP TO 7 BRITISH WARSHIPS AND 1 RFA INVOLVED IN LOCKED GATE WILL CALL IN AT GIBRALTAR BEFORE AND AFTER THE EXERCISE BETWEEN 26 APRIL AND 12 MAY. NONE OF THESE WILL BE IN HARBOUR DURING THE EXERCISE ITSELF WHICH TAKES PLACE BETWEEN 3-10 MAY. FIVE OTHER BRITISH WARSHIPS ON ROUTINE PASSAGE UNCONNECTED WITH LOCKED GATE WILL ALSO BE AT GIBRALTAR FROM 29 APRIL TO 2 MAY. IN ADDITION FOUR AMERICAN WARSHIPS (INCLUDING USS ARKANSAS) ARE DUE TO VISIT GIBRALTAR IN MAY. THREE OF THOSE ARRIVE FOR SHORT VISIT ON 8 MAY.
- 3. YOUR NAVAL ATTACHE SHOULD TELL THE SPANISH NAVY THAT, AS A MATTER OF COURTESY, WE WISH TO REMIND THEM THAT BRITISH SHIPS WILL BE TAKING PART IN EXERCISE LOCKED GATE AND TO TELL THEM THAT THEY AND OTHER NATO SHIPS WILL CALL IN AT GIBRALTAR. HE SHOULD AVOID BEING DRAWN INTO DETAILS AND SHOULD NOT GIVE THE NATIONALITY OF OTHER SHIPS INVOLVED. IF ASKED SPECIFICALLY IF ANY OF THE SHIPS TAKING PART IN LOCKED GATE

 WERE INVOLVED IN THE SOUTH ATLANTIC CAMPAIGN HE MAY SAY THAT NATO EXERCISES INVOLVING CONCENTRATIONS OF BRITISH SHIPS ALMOST INEVITABLY INCLUDE SUCH VESSELS. FOR YOUR OWN INFORMATION, ON THIS OCCASION ONLY ONE SUCH SHIP IS INCLUDED, HMS ALACRITY.

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- 4. IF THE SPANIARDS REFER AGAIN TO EXERCISE SPRINGTRAIN, THE NAVAL ATTACHE SHOULD RAISE THE USE OF FIRE-CONTROL RADAR REPORTED IN GIBRALTAR TUR. WE UNDERSTAND THAT THIS SORT OF ACTION IS REGARDED IN NAVAL CIRCLES AS AT BEST IMPOLITE AND MOST FREQUENTLY FOUND IN ENCOUNTERS WITH WARSAW PACT WARSHIPS. IT SEEMS INCONSISTENT WITH THE EXPRESSED WISH OF BOTH SIDES TO AVOID INCIDENTS.
- 5. YOU HAVE DISCRETION TO SPEAK IN A LOW KEY TO THE MFA ALONG THE LINES OF PARAS 3 AND 4 IF A SUITABLE OCCASION ARISES.

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Spain/Gibraltar

The Prime Minister has seen your minute of 15 April and the accompanying JIC assessment.

AJC

18 April 1983

SW



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FM MADRID 140845Z APR 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 247 OF 14 APRIL

INFO IMMEDIATE GIBRALTAR, MODUK AND UKDEL NATO



GIBRALTAR: VISIT OF RN SHIPS

- 1. A NUMBER OF STATEMENTS WERE MADE BY SPANISH POLITICAL LEADERS ON 13 APRIL OF WHICH THE FOLLOWING ARE THE MOST IMPORTANT:
- A) GONZALEZ SAID THAT SPAIN WAS MAINTAINING A BALANCE BETWEEN PRUDENCE AND FIRMNESS, EXPLAINING IN INTERNATIONAL FORA THAT THE BRITISH ATTITUDE SEEMED TO BE DISPROPORTIONATE COMPARED WITH THE BEHAVIOUR OF SPAIN.
- B) SPEAKING AT THE AIRPORT BEFORE TRAVELLING TO MEXICO, MORAN
 SAID THAT THE EXERCISE AND THE VISIT TO GIBRALTAR WERE INOPPORTUNE
 AND IGNORED SPANISH SENSITIVITIES. IN ANSWER TO A QUESTION HE SAID
 THERE WOULD BE NO INCIDENTS. THE UK WOULD ALSO TAKE MEASURES TO
 AVOID INCIDENTS. HE ADDED THAT SPAIN WAS DISPOSED TOWARDS
 DIALOGUE AND NEGOTIATIONS AS A MEANS OF RECOVERING SOVEREIGNTY OVER
 GIBRALTAR IN ACCORDANCE WITH UN RESOLUTIONS. HE STRESSED THAT THE
 SOCIALIST GOVERNMENT HAD 'ENDED THE SEIGE OF GIBRALTAR'. NATO
 HAD BEEN INFORMED THAT ACTS SUCH AS THIS DID NOT IMPROVE THE
 RITITUDE OF SPANISH PUBLIC OPINION TOWARDS COOPERATION IN
 WESTERN-DEFENCE.
- C) FRAGA, THE LEADER OF THE OPPOSITION, SAID THAT IF HE WERE THE PRIME MINISTER HE WOULD 'BREAK OFF OR DENOUNCE' THE LISBON AGREEMENT. HIS PARTY WOULD NOT NEGOTIATE IN CURRENT CONDITIONS: HE WOULD STRICTLY APPLY THE TREATY OF UTRECHT (HE CLOSING THE BORDER AGAIN). HE ADDED THAT HE WOULD SEND THE FLEET TO OCCUPY SPANISH WATERS IN THE AREA IN ORDER TO DEMONSTRATE SPANISH SOVEREIGNTY.
- D) THE SENATE PASSED A UNANIMOUS RESOLUTION EXPRESSING AGREEMENT WITH THE SPANISH STATEMENT OF 11 APRIL AND PROTESTING STRONGLY AGAINST THE NAVAL VISIT WHICH ''COULD CAUSE A DETERIORATION IN RELATIONS BETWEEN TWO DEMOCRACIES AND AT THE SAME TIME MAKE MORE DIFFICULT THE NEGOTIATIONS FOR A SOLUTION TO THE PROBLEM OF GIBRALTAR.''

E) FOLLOWING THEIR WEEKLY MEETING, THE REGIONAL GOVERNMENT OF ANDALUCIA ISSUED A STATEMENT PROTESTING AGAINST THE VISIT TO GIBRALTAR AND SUPPORTING THE STATEMENT OF 11 APRIL.

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FROM

GIBRALTAR 130940Z APR 83

TO

FLASH FCO TEL NO PERSONAL 51 OF 13 APR 83

INFO

FLASH MODUK (DS5)

AND

FLASH MADRID

YOUR TELNO 122 TO MADRID: GIBRALTAR: VISIT OF RN SHIPS

CATALUNA ENTERED GIBRALTAR BAY IN THE EARLY HOURS OF THIS MORNING.
THEIR TRACK LAY OUTSIDE GIBRALTAR WATERS AND THEY HAVE TAKEN UP
POSITION AT ANCHOR NEAR TO THE RUNWAY BUT HAVE KEPT JUST WITHIN
SPANISH WATERS, EXCEPT FOR THE CATALUNA WHICH, ON OCCASIONS,
HAS ENTERED THE LOOP. IN VIEW OF SENSITIVITIES WE HAVE NOT, REPEAT
NOT, CARRIED OUT ROUTINE LAST USED ON 9 APR 1981 OF CALLING
CATALUNA'S ATTENTION TO THESE INCURSIONS. LATEST INFORMATION IS
THAT SHE NOW APPEARS TO BE JUST IN SPANISH WATERS. SPANISH PATROL
CRAFT HAVE BEEN MUCH IN EVIDENCE BUT THEIR OPERATIONS HAVE NOT,
REPEAT NOT, IMPEDED THE ARRIVAL OF THE FLEET, WHICH IS NOW, FOR
THE MOST PART, SECURED IN GIBRALTAR HARBOUR. THE FLEET TOOK CARE TO
AVOID ANY INFRINGEMENTS OF SPANISH WATERS.

2. THE PRESENCE OF A SPANISH FORCE SO CLOSE TO GIBRALTAR IS
UNUSUAL AND WILL NO DOUBT BE REGARDED LOCALLY AS SOMETHING OF A
PROVOCATION. AT THE MOMENT THERE SEEM TO BE NO GROUNDS FOR PROTESTS
ON EITHER SIDE BUT THE SITUATION IS ONE WHICH WILL CONTINUE TO
REQUIRE PRUDENCE BY ALL CONCERNED, AND WILL BE WATCHED AND REPORTED

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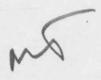
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FROM GIBRALTAR

TO IMMEDIATE FCO LONDON TEL NO 45 OF 13 APR 83

AND IMMEDIATE MODUK

INFO PRIORITY MADRID

MIPT: FLEET VISIT TO GIBRALTAR

FOLLOWING IS TEXT OF CHIEF MINISTER'S STATEMENT ISSUED AT 1530Z
BEGINS

THE GIBRALTAR TRADES COUNCIL ANNOUNCED EARLIER TODAY THAT IT IS 'BLACKING' THE ROYAL NAVY SHIPS IN HARBOUR.

- 2. MY COLLEAGUES AND I WISH TO MAKE IT CLEAR THAT, IN OUR VIEW, THIS ILL-TIMED ACTION IS BOUND TO MILITATE AGAINST GIBRALTAR'S INTERESTS.
- 3. THE ROYAL NAVY HAS BEEN ASSOCIATED WITH GIBRALTAR FOR 280
 YEARS. IT IS THE VERY SYMBOL OF OUR BRITISHNESS. TO TAKE ACTION
 AGAINST THE ROYAL NAVY IN EXERCISE SPRINGTRAIN AS PROPOSED WILL
 INEVITABLY HAVE THE FOLLOWING CONSEQUENCES:
- (1) IT WILL RAISE THE QUESTION IN PEOPLE'S MINDS, IN THE UNITED KINGDOM AND ELSEWHERE, WHETHER WE REALLY WANT TO BE AS BRITISH AS WE SAY WE DO,
- (2) IT WILL CAUSE SERIOUS DISMAY TO OUR FRIENDS IN BRITAIN-THE BRITISH PUBLIC, THE BRITISH PRESS AND, ABOVE ALL, OUR FRIENDS IN PARLIAMENT, AND
- (3) IT WILL PLAY INTO THE HANDS OF OUR ENEMIES.

PAGE 3 RBTJC 127 R E S T R I C T E D

4. THERE HAS BEEN NO PUBLIC ANNOUNCEMENT OF THE FACT THAT BLACKING ACTION IS ALSO BEING TAKEN - SINCE 9 APR - AGAINST RFA OLMEDA NOW IN DOCK. THAT ACTION COULD LEAD TO FUTURE RFA WORK FOR GIBRALTAR BEING DIVERTED TO DOCKYARDS IN BRITAIN WHICH BADLY WANT THE WORK.

5. WE CALL ON THE GIBRALTAR TRADES COUNCIL TO RECONSIDER, AS A

MATTER OF THE UTMOST URGENCY, THE DECISION IT HAS TAKEN.

6. THE CLOSURE OF THE DOCKYARD IS A MATTER ON WHICH THE GIBRALTAR GOVERNMENT, ONCE IT RECEIVES THE REPORT OF THE STUDY TEAM WHICH IS CONSIDERING THE POSSIBILITIES OF COMMERCIALISATION, WILL TAKE ITS OWN DECISION NEXT MONTH. INDUSTRIAL ACTION OF THIS NATURE CAN ONLY ACCELERATE THE CLOSURE.

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7. THE GIBRALTAR TRADES COUNCIL STATES THAT IT IS IN 'FUNDAMENTAL OPOSITION TO THE SPANISH VIEW THAT BRITISH NAVAL SHIPS SHOULD STOP CALLING AT GIBRALTAR' WE RESPECT AND AGREE WITH THAT STATEMENT BUT FEEL IT NECESSARY TO POINT OUT THAT THE INDUSTRIAL ACTION TAKEN, PARTICULARLY AGAINST THE BACKGROUND OF THE VIOLENT SPANISH REACTION TO THE FLEET'S VISIT, MAY WELL HAVE THE EFFECT WHICH THE SPANIARDS WANT TO ACHIEVE - NOT ONLY IN RESPECT OF CALLS AT GIBRALTAR BY SHIPS OF THE ROYAL NAVY BUT ALSO IN RESPECT OF OUR CONTINUING CLOSE TIES WITH BRITAIN.

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FM MADRID 121055Z APRIL B3

TO IMMEDIATE FCO

TELEGRAM NUMBER 237 OF 12 APRIL

INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL), MODUK.

MY TELNOS 232 AND 233: NAVAL VISIT TO GIBRALTAR.

1. THE SPANISH FOREIGN MINISTER SUMMONED ME THIS MORNING.

HE WAS IN A STATE OF HIGH EXCITEMENT BUT CALMED DOWN DURING

OUR CONVERSATION. HE BEGAN BY EXPRESSING, AS BERDEJO HAD ALREADY

DONE, THE STRONG PREOCCUPATION AND DEEP CONCERN OF THE SPANISH

GOVERNMENT AT THE VISIT TO GIBRALTAR THIS WEEK BY A BRITISH

FLOTILLA. HE SEEMED LESS CONCERNED AT THE PRESENCE OF PRINCE

ANDREW THAN AT THE CONNECTION IN THE POPULAR MIND OF

INVINCIBLE AND OTHER SHIPS WITH THE FALKLANDS CONFLICT.

MORAN ADDED THAT THERE WAS A GRAVE RISK OF INCIDENTS. IT WAS

THEREFORE ESSENTIAL THAT THE BRITISH SHIPS SHOULD NAVIGATE

AND THE UP IN WATERS ROUND THE ROCK ALREADY CLAIMED BY BRITAIN

AND AVOID ENTERING SPANISH TERRITORIAL WATERS TO WHICH BRITAIN

HAD NEVER LAID CLAIM.

2. MORAN WENT ON TO TRY TO JUSTIFY HIS PUBLIC STATEMENT. IT HAD BEEN MADE NECESSARY BY THE ANTICIPATED POPULAR REACTION IN SPAIN ESPECIALLY BECAUSE OF THE CONNECTION WITH THE FALKLANDS CONFLICT. WE SHOULD NOTE THAT MORAN HAD DELIBERATELY AVOIDED ANY REFERENCE EITHER TO INVINCIBLE OR TO PRINCE ANDREW. I WOULD REMEMBER THAT, IN RESPONSE TO STRONG ADVICE GIVEN HIM IN LONDON BY THE PRIME MINISTER AND YOURSELF, HE HAD THEN DELIBERATELY FAILED TO CLARIFY HIS POSITION PUBLICLY REGARDING THE AMBIGUITIES IN THE LISBON AGREEMENT. NOW, BECAUSE OF THE PUBLIC PRESSURE ANTICIPATED FROM THE FLEET VISIT, HE HAD THOUGHT IT ESSENTIAL TO DO SO. EARLY IMPLEMENTATION OF THE LISBON AGREEMENT WOULD NOW BE MORE DIFFICULT THAN EVER.

3. I EXPLAINED ONCE AGAIN THAT A FLOTILLA VISIT WAS MADE EVERY
YEAR TO GIBRALTAR AT ABOUT THIS TIME. THIS WAS NO MORE
THAN THE USUAL SPRING EXERCISE. HIS STATEMENT WAS A NEW
DEVELOPMENT. DURING THE WHOLE OF MY TIME IN SPAIN THE TWO
GOVERNMENTS HAD TRIED TO AIR THEIR DIFFERENCES IN PRIVATE
RATHER THAN IN PUBLIC. HIS TEXT WOULD BE STUDIED IN LONDON.
BRITISH MINISTERS MIGHT WELL CONSIDER IT NECESSARY TO PUT
OUT ONE OF THEIR OWN. THERE WERE OF COURSE ASSERTIONS IN THE SPANISH
STATEMENT ABOUT HMG'S POSITION WHICH WE COULD BY NO MEANS
ACCEPT. MORAN SAID THAT HE NATURALLY UNDERSTOOD THIS.

4. I CONTINUED THAT I AGREED WITH MORAN ABOUT THE NEED TO AVOID INCIDENTS. IT WAS MOST IMPORTANT NOT TO INFLAME PUBLIC OPINION. THE TOURIST SEASON WAS JUST BEGINNING AND MILLIONS OF BRITISH PEOPLE WERE EXPECTED TO VISIT SPAIN. MORAN CHIPPED IN HASTILY THAT THEY WOULD OF COURSE BE MOST WELCOME. HE ALSO AGREED THAT IT WAS IMPORTANT TO AVOID ANY UNCONTROLLED

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LOCAL INCIDENT, PARTICULARLY IN VIEW OF THE LIMITATIONS ON THE MANOEUVREABILITY OF LARGE SHIPS. WE AGREED THAT MY NAVAL ATTACHE WOULD ESTABLISH CONTACT ON THIS POINT FORTHWITH WITH THE SPANISH FOREIGN MINISTRY AS WELL AS WITH THE MINISTRY OF DEFENCE.

- J. MORAN COMPLAINED THAT WE HAD NOT WARNED HIM ABOUT THIS VISIT IN ADVANCE. HE IMPLIED THAT HE FELT LET DOWN. IT WAS NEWS TO HIM WHEN I POINTED OUT THAT MY NAVAL ATTACHE HAD IN FACT INFORMED THE SPANISH NAVY OF THE FLOTILLA VISIT BEFORE EASTER.
- O. SPEAKING OFF THE RECORD, MORAN ASKED QUITE SERIOUSLY, AND NOT AS A DEBATING POINT, FOR MY PERSONAL OPINION AS TO WHETHER THE FLOTILLA VISIT HAD BEEN DELIBERATELY ARRANGED IN ORDER TO AVOID NEGOTIATIONS OVER THE SOVERIEGATY OF GIBRALTAR. I EXPLAINED THAT THIS WAS OF COURSE NOT THE CASE. THESE EXERCISES WERE PLANNED MONTHS AHEAD ON A GLOBAL BASIS. I COULD ASSURE HIM THAT THE PRIME MINISTER AND YOU WERE ENTIRELY GENUINE IN PRESSING FOR THE EARLY IMPLEMENTATION OF THE LISBON AGREEMENT, WHICH WOULD BE TO THE ADVANTAGE OF ALL PARTIES.
- 7. FINALLY, AND MAINLY FOR THE PURPOSE OF ESTABLISHING A CALMER RELATIONSHIP, I ASKED MORAN FOR HIS VIEWS ON THE MIDDLE EAST.

 I POINTED OUT THAT YOU WERE THERE TODAY. HE SAID THAT IT WAS OBVIOUS THAT THE REAGAN INITIATIVE WAS DEAD IN THE SENSE OF HOPING FOR THE INCORPORATION OF THE PALESTINIANS IN AN EXTENDED JORDANIAN STATE. NEVERTHELESS HE THOUGHT YOU WERE RIGHT TO ENCOURAGE THE AMERICANS NOT TO GIVE UP. THERE MIGHT STILL BE SOME SLIM CHANCE OF INVOLVING KING HUSSEIN IN THE PEACE PROCESS.
- 3. THE POINT IN PARAGRAPH 1 ABOVE ABOUT SPANISH WATERS IS CLEARLY IMPORTANT. I UNDERSTAND FROM MY NAVAL ATTACHE THAT IT WILL NOT (NOT) BE DIFFICULT TO MEET IN PRACTICE. WE SHOULD AVOID PROVIDING A PRETEXT FOR CHALLENGES FROM SPANISH PATROL BOATS STATIONED IN ALGECIRAS. MORAN DID NOT (NOT) 4REFER TO SPANISH AIR SPACE. BUT TO-DAY'S PRESS HERE, POSSIBLY ON OFFICIAL BRIEFING, INDICATES THAT A SIMILAR STANCE WILL BE ADOPTED REGARDING ANY VIOLATIONS OF AIR SPACE.

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GIBRALTAR

GRS 300 CONFIDENTIAL DESKBY 121300Z FM MADRID 121212Z APR 83 TO IMMEDIATE FCO TELEGRAM NUMBER 238 OF 12 APRIL INFO IMMEDIATE MODUK AND GOVERNOR GIBRALTAR (PERSONAL)

MY TELNO 236 : GIBRALTAR : VISIT OF RN SHIPS

- 1. IN THE LIGHT OF RECENT DEVELOPMENTS, RELATIONS BETWEEN SPAIN AND THE UK MUST NOW FOR THE TIME BEING BE REGARDED AS IN A HEIGHT-ENED STATE OF TENSION. MY ASSESSMENT REMAINS THAT THE LIKELIHOOD OF THE SPANISH GOVERNMENT AUTHORISING DELIBERATE ACTION OF SOME KIND AGAINST GIBRALTAR CAN BE DISCOUNTED. NEVERTHELESS THE TONE AND CONTENT OF MORAN'S REMARKS TO ME SUGGEST THAT, IF HE HAD HIS WAY, SPAIN WOULD NOT BE BACKWARD IN EXPLOITING ANY OPPORTUNITY WHICH MIGHT ARISE FOR PUBLIC CHALLENGES EG, IN THE EVENT OF ALLEGED INFRINGEMENTS OF SPANISH TERRITORIAL WATERS OR AIR SPACE. THERE ALSO REMAINS THE POSSIBILITY OF UNAUTHORISED ACTION BY AN OVER ZEALOUS LOCAL COMMANDER OR OF SOME MINOR INCIDENT DEVELOPING INTO A CONFRONTATION.
- 2. THE GOVERNOR OF GIBRALTAR WILL HAVE THE POINT WELL IN MIND. IT SEEMS DESIRABLE, AGAINST THE BACKGROUND ABOVE, THAT CROSSING OF THE FRONTIER BY OUR SERVICEMEN SHOULD BE KEPT TO THE MINIMUM FOR THE TIME BEING. UNDER THE EXISTING ARRANGEMENTS, THE CREWS OF THE VISITING ROYAL NAVAL SHIPS WOULD NOT BE ENTITLED TO CROSS. THE IMPORTANCE OF RESPECTING THESE ARRANGEMENTS NEEDS NO EMPHASIS. 1 ALSO UNDERSTAND THAT A NUMBER OF ADDITIONAL AIRCRAFT ARE TEMPORARILY STATIONED IN GIBRALTAR IN CONNECTION WITH EXERCISE SPRINGTRAIN. HOPE THAT ANY FLIGHTS THEY UNDERTAKE IN CONNECTION WITH THE FLOTILLA'S VISIT WILL TAKE PARTICULAR CARE NOT TO GIVE THE SPANIARDS ANY GROUND FOR ALLEGING THAT THERE HAVE BEEN INFRINGEMENTS OF SPANISH AIR SPACE.
- 3. THE GOVERNOR WILL ALSO NO DOUBT HAVE IN MIND THE POSSIBILITY OF INCIDENTS BEING FOMENTED BY SPANISH PEDESTRIANS CROSSING INTO THE COLONY.

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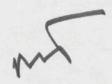
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TO IMMEDIATE FCO
TELEGRAM NUMBER 235 OF 12 APRIL
INFO IMMEDIATE GIBRALTAR AND MODUK



GIBRALTAR: VISHT OF ROYAL NAVY SHIPS: PRESS COVERAGE

- 1. ALL THE SPANISH MEDIA REPORTED TODAY THE FORTHCOMING VISIT TO GIBRALTAR OF RN SHIPS TOGETHER WITH THE COMMUNIQUE ISSUED BY THE MFA ON 11 APRIL (MY TELNO 232). COVERAGE VARIES FROM A ONE COLUMN REPORT ON PAGE 12 OF EL PAIS AND A FAIRLY BRIEF REPORT IN THE RIGHT WING YA TO FRONT PAGE HEADLINES IN THE CONSERVATIVE ABC AND A BANNER HEADLINE IN THE POPULAR DIARIO 16. THE RADIO STATIONS COVER THE NEWS EXTENSIVELY, AS DID LAST NIGHT'S TV NEWS.
- 2. BOTH DIARIO 16 AND THE MOST IMPORTANT PRIVATELY OWNED RADIO STATION (CADENA SER) GIVE SENSATIONALIST TREATMENT TO THE STORY. THEY SUGGEST THAT THE BRITISH FLEET IS PRACTISING FOR THE DEFENCE OF GIBRALTAR AGAINST A POSSIBLE SPANISH INVASION. CADENA SER HAS ALSO SPECULATED THAT EXERCISE SPRINGTRAIN IS A REHEARSAL FOR A BRITISH INVASION OF SPAIN (SIC).
- 3. ALL THE PRESS REPRODUCE THE TEXT OF THE MFA STATEMENT IN WHOLE OR IN PART. ALL ALSO REPORT THAT THE INVINCIBLE TOOK PART IN THE FALKLANDS WAR. PRINCE ANDREW'S PRESENCE ABOARD THE INVINCIBLE IS NOTED IN ALL REPORTS, BUT IS GIVEN LESS PROMINENCE.

 NEVERTHELESS DIARIO 16 SUGGESTS THAT THE GIBRALTARIANS INTEND TO EXPLOIT HIS PRESENCE THERE TO THE UTMOST. ALL THE PRESS QUOTE THE EMBASSY AS STRESSING THAT SPRINGTRAIN IS A NORMAL EXERCISE WHICH TAKES PLACE EVERY YEAR ABOUT THIS TIME. THE VISIT TO GIBRALTAR IS ALSO ROUTINE.
- 3. ABC AND THE MAIN RADIO STATIONS REPORT STATEMENTS BY THE SOCIALIST AND OPPOSITION PARTIES CRITICISING THE VISIT (MY TELNO 233). QUOTING THE GIBRALTAR CHRONICLE, ABC OUTLINES THE SOCIAL PROGRAMME IN WHICH PRINCE ANDREW WILL TAKE PART. IT RECALLS THAT THIS IS THE SECOND OCCASION IN RECENT YEARS IN WHICH THE PRESENCE OF A MEMBER OF THE ROYAL FAMILY IN GIBRALTAR HAS CAUSED DIPLOMATIC PROBLEMS. ABC AND DIARIO 16 ALLEGE THAT THERE HAS BEEN AN INCREASE IN INCURSIONS INTO SPANISH WATERS AND AIR SPACE DURING THE LAST FEW WEEKS, PARTICULARLY SINCE THE VISIT BY MORAN TO LONDON. THEY ALLEGE THAT THERE HAVE BEEN SPANISH PROTESTS OVER THE VIOLATION OF SPANISH WATERS. DIARIO 16 ADDS THAT SPAIN WILL INCREASE ITS VIGILANCE OVER SPANISH TERRITORIAL WATERS AND AIRSPACE IN THE NEXT FEW DAYS.

4. DIARIO 16 DEVOTES TWO WHOLE PAGES INCLUDING THE FRONT PAGE TO THE STORY AND CARRIES AN EDITORIAL. IT GIVES DETAILS OF THE SHIPS INVOLVED IN THE VISIT TO GIBRALTAR OBTAINED FROM THE MOD AND REFERS TO SOURCES IN GIBRALTAR AND THE CAMPO. IT QUOTES SPANISH DIPLOMATIC SOURCES TO THE EFFECT THAT HAVING THE BRITISH FLEET IN GIBRALTAR ''WAS LIKE HAVING THEM IN ONE'S OWN BACK YARD''. THE SAME SOURCES ARE REPORTED AS DESCRIBING THE VISIT ''AS AN ACT OF FORCE BY MRS THATCHER'S CONSERVATIVE GOVERNMENT. !! IT SPECULATES THAT THE EXERCISE IS A TACTICAL PREPARATION IN THE EVENT OF A NEED TO DEFEND THE ROCK. THE EDITORIAL SUGGESTS THAT THE · ''SIMPLE ARRIVAL AT GIBRALTAR OF A LARGE NUMBER OF THE VICTORIOUS BRITISH FLEET FROM THE SHAMEFUL FALKLANDS WAR WOULD BY ITSELF BE AN UNNECESSARY AFFRONT TO SPAIN. BUT THE FLEET HAS NOT COME ONLY TO SATISFY THE EXAGGERATED PATRIOTISM OF MRS THATCHER'S VOTERS.....JUST ON THE EVE OF DIPLOMATIC NEGOTIATIONS BETWEEN SPAIN AND BRITIAN ON THE FUTURE OF THE ROCK THE BRITISH ARMY HAVE COME TO REHEARSE THE MILITARY DEFENCE OF GIBRALTAR IN THE EVENT OF A HYPOTHETICAL SPANISH MILITARY INTERVENTION .. THERE ARE STILL COUNTRIES IN THE WEST WHO HAVE NOT UNDERSTOOD THE CATASTROPHIC STRATEGY OF THE FALKLANDS WAR. A PROVOCATION OF THIS KIND IS AN ACT OF DIPLOMATIC TRRESPONSIBILITY. THE VIOLATION OF SPANISH AIR AND SEA SPACE COULD LEAD TO AN ESCALATION OF TENSION WHICH AS WELL AS SERIOUSLY AFFECTING THE GIBRALTARIANS ... ''

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TO IMMEDIATE FCO TEL NO PERSONAL 50 OF 12 APR 83

IMMEDIATE MODUK

INFO IMMEDIATE MADRID

AND PRIORITY FOGIB, TPS GIBRALTAR, RAF GIBRALTAR.

GIBRALTAR - RESPONSES TO SPANISH PROTESTS CONCERNING EX SPRINGTRAIN

ACTIVITY IN GIBRALTAR.

- THE GIBRALTAR SECURITY ALERT STATE WAS RE-EXAMINED THIS AFTERNOON BY GLIC. IN THE LIGHT OF INFORMATION AVAILABLE NO SPECIFIC CHANGE TO THE EXISTING THREAT TO GIBRALTAR WAS IDENTIFIED AND FORCES IN GIBRALTAR THEREFORE REMAIN AT SECURITY STATE TWO WITH SOME ADDITIONAL MEASURES BEING ORDERED BY THE SERVICE. COMMANDERS, THE COMMISSIONER OF POLICE AND THE IMMIGRATION AUTHORITIES.
- 2. FOLLOWING MEETING WITH MY DEPUTY GOVERNOR, COMMISSIONER OF POLICE AND THREE SERVICE COMMANDERS, AT WHICH THE DIFFICULTIES POSED FOR US BY THE SPANISH PROTESTS WERE IDENTIFIED, THE FOLLOWING PRECAUTIONARY MEASURES HAVE BEEN ORDERED:
 - A. IF GIBRALTAR DOCKYARD INDUSTRIAL SITUATION PREVENTS
 PLANNED ALONGSIDE BERTHING OF SHIPS, THEY SHOULD NOT, REPEAT
 NOT, ANCHOR OFF IN GIBRALTAR WATERS BUT SHOULD REMAIN AT
 SEA TO AVOID PROVOCATION.
 - B. DETAILED SECURITY AND SURVEILLANCE PRECAUTIONS AGREED BETWEEN FOGIB AND FOF2 WILL BE IMPLEMENTED DURING HARBOUR PHASE.
 - C. GIBRALTAR GUARDBOAT WILL REMAIN ON STATION IN THE HARBOUR AREA DURING DARKNESS AND WILL BE ALONGS DE AT IMMEDIATE NOTICE DURING DAYLIGHT.
 - D. ALL SHIPS HAVE BEEN ORDERED TO REMAIN IN GIBRALTAR TERRITORIAL WATERS ON THEIR APPROACH/DEPARTURE.
 - E. VISITING AIRCRAFT WILL BE CLEARLY BRIEFED ON IMPERATIVE TO REMAIN OUTSIDE SPANISH PROHIBITED AIRSPACE.
 - F. ONE RAF MCU TTL IS AT 15 MINUTES NOTICE FOR SEA TO DEAL WITH AIR EMERGENCIES AND MAY BE TASKED TO ASSIST IN TERRITORIAL WATER AND/OR HARBOUR SURVEILLANCE.
 - G. POLICE LEAVE HAD ALREADY BEEN CANCELLED DURING EX SPRINGTRAIN.
 - H. EXISTING GUARD AND SECURITY FORCES, IE RESIDENT BATTALION BORDER PLATOON, GSP AND FARRINGDOM'S OP, WILL BE ON THE ALERT AS USUAL.

3. SERVICE COMMANDERS WILL WARN ALL MEN UNDER THE IR COMMAND OF THE DANGER OF INCIDENTS IN BARS ETC, WHEN VISITING SPAIN, ADDITIONALLY, STEPS HAD ALREADY BEEN TAKEN TO FULLY BRIEF VISITING SERVICEMEN THAT THEY CANNOT VISIT SPAIN.

WILLIAMS

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TO IMMEDIATE MADRID

TELEGRAM NUMBER 122 OF 12 APRIL

INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL) AND MODUK (DS5)

YOUR TELNO 237: GIBRALTAR: VISIT OF RN SHIPS

- 1. WE SHARE THE SPANISH WISH TO AVOID INCIDENTS IN AND AROUND GIBRALTAR WATERS AND HAVE NO INTENTION OF PROVIDING PRETEXTS FOR CHALLENGES FROM SPANISH PATROL BOATS STATIONED IN ALGECIRAS (PARAGRAPH 4 AND 8 OF TUR).
- 2. MOD WILL BE SIGNALLING SEPARATELY TO THE NAVAL UNITS
 CONCERNED AND TO YOURSELF ABOUT SHIP MOVEMENTS DURING THE VISIT.
 WE UNDERSTAND THAT NO (NO) UNITS WILL ENTER SPANISH TERRITORIAL
 WATERS NEAR GIBRALTAR, AND THAT THEY WILL ALSO NOT (NOT) ENTER
 OR ANCHOR IN THE LOOP. THEY WILL REMAIN ON THE GIBRALTAR SIDE
 OF THE MEDIAN LINE. THEY WILL HOWEVER HAVE TO TRANSIT THROUGH
 SPANISH WATERS NEAR CEUTA. WE ALSO UNDERSTAND THAT ALL THE
 WARSHIPS INVOLVED, WITH THE EXCEPTION OF ONE ROYAL FLEET AUXILIARY,
 WILL BERTH ALONGSIDE IN GIBRALTAR.
- 3. YOU MAY TELL THE SPANIARDS THAT WE SHARE THEIR WISH TO AVOID INCIDENTS. FOR OUR PART WE SHALL BE TAKING EXTRA CARE AND WE WOULD EXPECT THE SPANIARDS TO DO LIKEWISE. WE WOULD NOT HOWEVER WISH YOU TO INFORM THE SPANIARDS THAT ON THIS OCCASION WE DO NOT INTEND TO EXERCISE OUR RIGHT OF INNOCENT PASSAGE IN SPANISH WATERS NEAR GIBRALTAR.

PYM

GIBRATITAR

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CIBRALTAR: SPANISH PROTESTS ABOUT FLEET VISIT

LINE TO TAKE

1. We have taken note of the statement issue (inistry of Foreign Affairs yesterday)

The control of the statement issue (inistry of Foreign Affairs yesterday)

Oringtrain, minimum to the control of the statement issue (inistry of Foreign Affairs yesterday) HM Ambassador at Madrid has made this clear to the Spanish Ministry of Foreign Affairs, and the Spanish Ministry of Defence were informed of the visit beforehand as a matter of courtesy. The interpretation of the Lisbon agreement which is set out in the Spanish Ministry of Foreign Affairs' statement is not one to which Her Majesty's Government would subscribe. The agreement was clearly understood by both sides at the time and was subsequently clarified further in an exchange of letters during the visit of the then Spanish Prime Minister, Sr Calvo Sotelo, to London on 8 January 1982. As I explained to the Spanish Foreign Minister during his visit to London on 17 March, it remains Her Majesty's Government's wish to implement this agreement, as it stands, as soon as possible.

BACKGROUND

- 1. Our Ambassador at Madrid was summoned to the Spanish MFA on 9 April to be informed of their concern at the visit to Gibraltar (13-18 April) of warships participating in Exercise Springtrain, particularly the involvement of HMS Invincible and of Prince Andrew. Sir R Parsons made clear the routine nature of this annual exercise visit to Gibraltar. The Naval Attaché at Madrid had already informed the Spanish Ministry of Defence in general terms of the visit, as a matter of courtesy, and Sir R Parsons had separately informed the King.
- 2. On 11 April the Spanish Ministry of Foreign Affairs issued a strongly worded statement (copy attached), deploring the visit and stating that 'appropriate diplomatic and political measures' would be taken to ensure that Spanish 'national rights concerning its waters will not be impaired'. It also rehearsed the history of the Lisbon process.
- 3. The phraseology appears intended to rule out military action in connection with the Gibraltar waters.
- 4. The account of the Lisbon process is inaccurate on several points and, by adopting a one-sided interpretation of the Lisbon agreement, attempts to place the blame for delay in implementation on the United Kingdom.
- 5. The Foreign and Commonwealth Secretary has a question on the Lisbon agreement down for oral answer tomorrow.

DO MODUK DO GIBRALTAR GRS 650 UNCLASSIFIED FM MADRID 120727Z APRIL 83 TO FLASH FCO TELEGRAM NUMBER 232 OF 12 APRIL INFO IMMEDIATE MODUK, GIBRALTAR. GIBRALTAR: VISIT OF ROYAL NAVY SHIPS 1. FOLLOWING IS A TRANSLATION OF THE TEXT OF A STATEMENT ISSUED BY THE HEA LATE ON THE EVENING OF 11 APRIL: . ''GIBRALTAR TY HAS ANNOUNCED THAT A VERY LARGE FLEET WILL VISIT THE ROCK IN THE NEXT FEW DAYS. THIS INFORMATION HAS BEEN CONFIRMED THROUGH DIPLOMATIC SOURCES. IN THE FACE OF THIS: SITUATION THE GOVERNMENT WISHES TO MAKE THE FOLLOWING POINTS! 1) THAT IT IS READY AS IT HAS REPEATEDLY HADE KNOWN TO THE BRITISH SIDE, TO FULFIL THE LISBON DECLARATION IN ITS TOTALITY AND ACCORDING TO ITS CORRECT MEANING WHICH OBVIOUSLY INCLUDES THE QUESTION OF SOVEREIGNTY AND THE EQUALITY OF RIGHTS BETWEEN SPANIARDS AND GIBRALTARIAN AS WELL AS FULL RECOPPOCITY. 11) THAT IT REPEATS ITS WILLINGNESS TO ATTEND TO THE LEGITIMATE INTERESTS OF THE POPULATION OF THE ROCK. !__ 111) THAT IN THE FACE OF THE VISIT OF THE BRITISH FLEET IT EXPRESSES ITS PROFOUND CONCERN AND DISPLEASURE AT THE EFFECTS ON SPANISH PUBLIC OPINION. IN THE PRESENT CIRCUMSTANCES AND GIVEN THE ANTECEDENTS WHICH ARE SET OUT BELOW, THE GOVERNMENT WILL TAKE CARE IN ANY CASE THAT ITS MATTONAL RIGHTS CONCERNING ITS WATERS WILL NOT BE IMPAIRED AND TO THIS EFFECT WILL TAKE THE APPROPRIATE DIPLOMATIC AND POLITICAL MEASURES. IT WARNS THE ERITISH SIDE THAT SUCH ACTION CANNOT DO LESS THAN PLACE THE ISSUE IN A DIMENSION WHICH THE SPANISH GOVERNMENT DOES NOT DESIRE AND THOSE WHOSE HAVE PLANNED AND TAKEN THIS ACTION ARE SOLELY RESPONSIBLE FOR ITS EFFECTS ON THE SPANISH NATIONAL OPINION AND PUBLIC OPINION IN GENERAL. IN EFFECT: 1) ON 10 APRIL 1980 THE BRITISH AND SPANISH FOREIGN MINISTERS SIGNED IN LISZON A STATEMENT WHICH FORESAW NEGOTIATIONS BETWEEN THE UNITED KINGDOM AND SPAIN ON THE OUESTION OF GUERALTAR. THE STATEMENT CONTAINS SIX PARAGRAPHS AND ITS TEXT AND SCOPE MUST NATURALLY BE INTERPRETED AND APPLIED AS A WHOLE. FROM THAT DATE AND UP TO THE ANGLO-ARGENTINE CONFLICT IN THE SOUTH ATLANTIC IN APRIL 1982, THE SPANISH SIDE ENCOUNTERED THE DIFFICULTY IN APPLYING THE STATEMENT THAT THE BRITISH AUTHORITIES INTERPRETED THE TEXT PARTIALLY AND UNHATERALLY CONCENTRATION

INTERPRETED THE TEXT PARTIALLY AND UNILATERALLY, CONCENTRATING ALMOST EXCLUSIVELY ON THE QUESTION OF THE MEASURES ON COMMUNICATIONS BETWEEN GIBRALTAR AND ITS SURROUNDING TERRITORY. IN PARTICULAR, THE SPANISH SIDE DID NOT OBTAIN ITS EXPECTATIONS ON THE ESTABLISHMENT OF THE EQUALITY OF RIGHTS FOR SPANIARDS IN GIBRALTAR AND IN - RESPECT OF THE - FULL RECIPROCITY WHICH THE STATEMENT ESTABLISHES. THE CONFLICT OF THE MALVINES CREATED IN GREAT BRITAIN A CLIMATE. OF WATIONALISM WHICH IS WELL KNOWN AND WHICH HAS NOT FAVOURED. THE CONVERSATIONS. 2. THE SPANISH GOVERNMENT, FORMED ON THE 4TH DECEMBER, HAS MAINTAINED AS AN ESSENTIAL POINT OF ITS FOREIGN POLICY THE .. REINCORPORATION OF GIBRALTAR INTO THE NATIONAL TERRITORY. AT THE SAME TIME, IT HAS TRIED NOT TO PENALISE THE POPULATION WHOSE INTERESTS AND CULTURE INT RECOGNISES AND ESTEEMS. IN THIS SENSE, ON THE 15TH DECEMBER 1982 IT RE-ESTABLISHED PEDESTRIAN PASSAGE THROUGH THE POST AT LA LINEA, A MEASURE WHICH HAS HAD BENEFICIAL EFFECTS FOR THE AREA OF THE CAMPO OF GIBRALTAR-AND FOR THE . . POPULATION UN THE ROCK TITSELF ..

3. ON 9 PERMER THE FOREIGN MINISTERS OF SPAIN AND GREAT BRITAIN, SENCE MORAN AND HR PYM, MET IN BRUSSELS AND DECIDED TO TALK.

IN THE SPRING ABOUT THE SUBJECT OF GIERALTAR. AFTERVARDS, THROUGH DIPLOMATIC CHANNELS, THE BRITISH SIDE TRIED TO CENTRE THE THEME OF FUTURE CONVERSATIONS ON THE LIFTING OF THE MEASURES.

RELATIVE TO MOVEMENT. IT WAS MADE CLEAR BY THE SPANISH SIDE THAT THE APPLICATION OF THE LISBON STATEMENT HAD TO BE OF THE WHOLE TEXT AND PRINCIPLES, INCLUDING THE CUESTION OF SOVEREIGNTY AND THAT OF THE EDUALITY OF RIGHTS BETWEEN SPANIAPDS AND GIBRALTARIANS.

4. ON 16 AND 17 MARCH, THE SPANISH MINISTER OF FOREIGN AFFAIRS
MADE A VISIT TO LONDON WHICH HAD THE SAME SCOPE AND PURPOSE AS THOSE
MADE TO OTHER EUROPEAN CAPITALS. IT WAS AGREED BEFOREHAND THAT

7 THIS VISIT DID NOT HAVE ON THE ACENDA THE IMPLEMENTATION OF THE
LISBON STATEMENT, SINCE THE ATTITUDES TO IT OF BOTH SIDES STILL
DID NOT COINCIDE.

SENOR MORAN HAD HEETINGS WITH MR PYM AND THE PRIME MINISTER,
MRS THATCHER, TO WHOM HE EXPRESSED CLEARLY THE SPANISH POSITION.

THE-PRIME MINISTER-PROPOSED TO SENOR MORAN FURTHER INTERVIEWS
WITH HIS BRITISH COLLEAGUES IN THE SPACE OF ONE OR TWO MONTHS.

5. THE BRITISH AMBASSADOR IN MADRID HAS BEEN CALLED TO THE MINISTRY OF FOREIGN AFFAIRS FOR THIS PURPOSE. THE GOVERNMENT REITTSATES ITS DETERMINATION TO RESOLVE THE QUESTION OF GIERALTAR BY THE PATH OF NEGOTIATION IN ACCORDANCE WITH THE RELEVANT RESOLUTIONS OF THE UNITED NATIONS SO THAT AT THE END OF THE PROCESS SPANISH TERRITORIAL INTEGRITY IS ACHIEVED, WITH RESPECT FOR THE INTERESTS OF THE POPULATION, AND IT EXPRESSES ONCE MORE, TOGETHER WITH ITS GRAVE PREOCCUPATION FOR THE SYMPTOMS OF THE BRITISH ATTITUDE, THE DESIRE TO MAINTAIN THE BEST OF RELATIONS WITH THE UNITED X-MIGDON

GRS 130
DESKBY 120915Z
UNCLASSIFIED
FM MADRID 120837Z APRIL 83
TO IMMEDIATE FCO

MIPT : GIBRALTAR: VISIT OF ROYAL NAVY SHIPS

TELEGRAM NUMBER 233 OF 12 APRIL

- 1. IN ADDITION TO THE OFFICIAL STATEMENT ISSUED BY THE MFA, THE MAIN POLITICAL PARTIES HAVE ALSO ISSUED STATEMENTS.
- 2. THE STATEMENT PUT OUT BY THE EXECUTIVE OF FRAGA'S AP, THE MAIN OPPOSITION PARTY, STATED THAT THE DECISION BY LONDON WAS THE APPLICATION OF OLD STYLE GUN BOAT DIPLOMACY AND EXPRESSED ITS HOPE THAT THE SPANISH GOVERNMENT WOULD RESPOND FIRMLY. THE AP SPOKESMAN FOR FOREIGN AFFAIRS ADDED THAT THE BRITISH MEASURES WERE A CONSEQUENCE OF THE ISOLATION OF SPAIN IN THE FIELD OF FOREIGN AFFAIRS: THEY HAD NEVER BEEN TAKEN BETWEEN COUNTRIES BOTH OF WHICH WERE SOLIDLY DEMOCRATIC AND WHICH WERE RESPECTED INTERNATIONALLY.
- 3. THE SOCIALIST PARTY SPOKESMAN EXPRESSED THE PARTY'S DEEP CONCERN.
 THE PSOE PROTESTED AGAINST THE VISIT OF THE BRITISH FLEET WHICH IT
 REGARDED AS ''AN UNFRIENDLY GESTURE WHICH DOES NOT MATCH THE ATTITUDE
 OF GOODWILL DEMONSTRATED BY THE SPANISH GOVERNMENT TOWARDS CARRYING
 FORWARD NEGOTIATIONS THROUGH DIALOGUE.''

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FM MADRID 111000Z APRIL 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 229 OF 11 APRIL
INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL), MODUK.
INFO PRIORITY RABAT

had - fel.

YOUR TELNO 117: FLEET VISIT TO GIBRALTAR.

- 1. I WAS SUMMONED ON SATURDAY 9 APRIL TO SEE THE DIRECTOR FOR EUROPEAN AFFAIRS IN THE FOREIGN MINISTRY (BERDEJO). HE SAID THAT THE FOREIGN MINISTER HAD INSTRUCTED HIM TO EXPRESS SURPRISE AND DEEP CONCERN AT THE NEWS, RECEIVED FROM GIBRALTAR, OF AN IMMINENT VISIT THERE BY A BRITISH FLEET INCLUDING HMS INVINCIBLE WITH PRINCE ANDREW ON BOARD. IN VIEW OF THE ASSOCIATION OF THE SHIPS WITH THE FALKLANDS CAMPAIGN, AND PARTICULARLY THE PRESENCE OF PRINCE ANDREW, THERE WAS BOUND TO BE A STRONGLY HOSTILE REACTION IN SPAIN. MORAN WISHED YOU TO BE WARNED OF THIS IN ADVANCE AND TO KNOW THAT IT COULD ONLY BE HARMFUL TO ANGLO-SPANISH RELATIONS.
- 2. I SPOKE AS INSTRUCTED, ADDING THAT IL HAD JUST RECEIVED AUTHORITY TO NOTIFY THE MINISTRY IN ADVANCE. I EXPLAINED THAT WE HELD FLEET TRAINING EXERCISES ANNUALLY EACH SPRING IN THE EASTERN ATLANTIC. MY NAVAL ATTACHE HAD ALREADY INFORMED THE SPANISH NAVY OF OUR INTENTION TO DO SO. PRINCE ANDREW WOULD BE COMING IN HIS CAPACITY AS A SERVING OFFICER OF THE ROYAL NAVY. THERE WERE NO ARRANGEMENTS FOR ANY SPECIAL RECEPTION FOR HIM. AS A PROFESSIONAL NAVAL OFFICER, IT WOULD HAVE BEEN QUITE OUT OF THE QUESTION TO REMOVE HIM FROM THE SHIP.
- 3. BERDEJO SAID THAT HIS MINISTER AND HE UNDERSTOOD THESE POINTS.
 BUT HE DID NOT BELIEVE THAT SPANISH PUBLIC OPINION WOULD DO SO.
 THEY WOULD SEE THIS AS A DELIBERATE GESTURE, ESPECIALLY IN
 VIEW OF THE LINK WITH THE FALKLANDS CAMPAIGN. NOR WOULD THE
 GIBRALTARIANS THEMSELVES BE IN THE LEAST LIKELY TO PLAY DOWN
 THE VISIT OF PRINCE ANDREW, HOWEVER DISCREET THE GOVERNOR
 MIGHT WISH TO BE.
- 4. BERDEJO ADDED ON A PERSONAL BASIS THAT IT WOULD BE VERY DIFFICULT NOW FOR MORAN TO MAKE PROGRESS ON IMPLEMENTATION OF THE LISBON AGREEMENT, AS HAD BEEN HOPED. INDEED IT WAS FAR FROM CERTAIN THAT MORAN WOULD FEEL ABLE TO MEET YOU FOR A BILATERAL TALK ON 25 APRIL. BERDEJO ADDED BLUNTLY THAT MORAN WAS UNDER ATTACK ON SEVERAL FRONTS. HE WAS VERY NERVOUS ABOUT HIS OWN POSITION. THIS FLEET VISIT TO GIBRALTAR WOULD BE YET ANOTHER BLOW. I SAID IT WAS OFTEN DIFFICULT TO PROPHESY PUBLIC REACTIONS IN ADVANCE. THE SPANISH GOVERNMENT SHOULD DO THEIR BEST TO DAMP DOWN THE TENSION, AS WOULD WE. THE POSITION WOULD BECOME CLEARER BY THE END OF, A WEEK.

CONFIDENTIAL:

15. BERDEJO

5. BERDEJO WAS CAREFUL NOT(NOT) TO REQUEST THE CANCELLATION OF ANY PART OF THE VISIT SUCH AS THE PRESENCE OF PRINCE ANDREW. HIS APPROACH MAY HAVE BEEN DELIBERATELY LEFT UNTIL IT WAS TOO LATE TO DO SO. HE REVEALED THAT THEY HAD KNOWN ABOUT THE VISIT FOR SOME TIME. NOR DID HE LINK THE MATTER DIRECTLY WITH ANOTHER ROW WHICH HAS ARISEN OVER MOROCCAN RESTRICTIONS ON USE OF THEIR AIR SPACE. THIS AFFECTS FLIGHTS BETWEEN MAINLAND SPAIN AND THE CANARIES. IT HAS BEEN LINKED IN THE PRESS WITH CURRENT MOROCCAN MANOEUVRES WITH THE UNITED STATES. THE COINCIDENCE IS NOT FORTUNATE.

6. AS FORESHADOWED BY BERDEJO, THE FLEET VISIT TO GIBRALTAR COULD PROVIDE MORAN WITH A FURTHER PRETEXT FOR DUCKING OUT OF EARLY IMPLEMENTATION OF THE LISBON AGREEMENT. BUT I DOUBT WHETHER IT WOULD BE THE DETERMINING FACTOR FOR THE SPANISH GOVERNMENT OF THE PRIME MINISTER WERE TO DECIDE TO ATTACH FULLER WEIGHT TO THE ARGUMENTS WE PUT TO HIM LAST WEEK. WE SHALL HAVE TO WAIT AND SEE.

PARSONS

GIRRAT/TAR

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MR GOODISON
MR GILLMORE
MR HANNAY

ADDITIONAL DISTRIBUTION
GIBRALTAR

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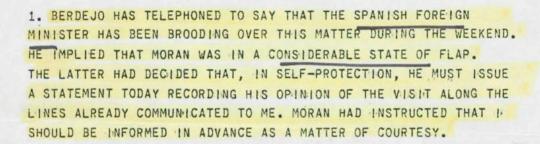
FM MADRID 111056Z APRIL 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 231 OF 11 APRIL

INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL), MODUK.

MY TELNO 229: FLEET VISIT TO GIBRALTAR.



2. I SAID THAT IT WAS OF COURSE UP TO THE SPANISH FOREIGN MINISTER TO DECIDE WHETHER TO MAKE HIS VIEWS PUBLIC. NEVERTHELESS. I HOPED I MIGHT BE PERMITTED TO MAKE TWO PERSONAL COMMENTS. FIRST. I SUGGESTED THAT AN ADVANCE STATEMENT BY THE SPANISH GOVERNMENT WOULD BE MORE LIKELY TO INFLAME THAN TO CALM SPANISH PUBLIC OPINION. WOULD IT NOT BE BETTER TO AWAIT PUBLIC REACTION BEFORE MAKING A STATEMENT? SECONDLY, I SAID THAT IT WAS IMPORTANT TO AVOID ANY UNFORTUNATE LOCAL INCIDENT. THE SPANISH NAVY WERE OF COURSE UNDER FIRM POLITICAL CONTROL FROM MADRID. BUT INDIVIDUAL NAVAL COMMANDERS IN THE GIBRALTAR AREA HAD SEEMED PRONE TO TAKE INITIATIVES ON THEIR OWN. SUCH A TENDENCY COULD BE ENCOURAGED BY A SPANISH GOVERNMENT STATEMENT IN ADVANCE. WITHOUT WISHING TO APPEAR TO INTERVENE IN SPANISH INTERNAL AFFAIRS, I HOPED THAT THE SPANISH MINISTER OF DEFENCE COULD BE BROUGHT INTO THE PICTURE ON AN URGENT BASIS.

3. BERDEJO RECEIVED THESE COMMENTS IN GOOD PART. HE SAID THAT IT WAS TOO LATE TO DISCOURAGE HIS MINISTER FROM ISSUING A STATEMENT. MORAN HAD PREPARED IT HIMSELF. BERDEJO DID NOT KNOW WHAT IT ACTUALLY SAID. BUT HE AGREED WITH ME ABOUT THE NEED TO WARN THE MINISTER OF DEFENCE. HE WOULD MAKE SURE THIS WAS DONE AT ONCE.

PARSONS

GIBRALTAR

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SIR J BULLARD MR GOODISON PLANNING STAFF MR GILLMORE

PS

MR HANNAY CONFIDENTIAL

ADDITIONAL DISTRIBUTION GIBRALTAR

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FM GIBRALTAR 081655Z APR 83 TO PRIORITY FCO LONDON INFO PRIORITY MADRID

TEL NO 40 OF 8 APRIL 83



GIBRALTAR: TERRITORIAL WATERS

1. I AM TAKING ACTION WITH HASSAN IN SUPPORT OF THE LINE IN PARA 4(B) OF MADRID TEL NO 221. MEANWHILE ! SHOULD BE GRATEFUL IF MADRID COULD BE INSTRUCTED TO TAKE EARLY ACTION WITH THE SPANISH AUTHORITIES TO STOP PERSISTENT INCURSIONS WITHIN THE INNER HARBOUR OF GIBRALTAR BY SPANISH FISHING BOATS AS THESE HAVE RE-OCCURRED IN RECENT DAYS AND THE POSSIBILITY OF PHYSICAL CONFRONTATION CAN NOT BE RULED OUT.

2. THE BOATS ARE SMALL INSHORE CRAFT WHICH WE UNDERSTAND ARE BASED IN CEUTA. THE NAMES OF THREE OF THOSE INVOLVED ARE "ESPERANZA". "DIOS TE SALVE", "PIRRE". THEY FISH AT NIGHT WITH STRONG LIGHTS AND ARE FREQUENTLY TO BE SEEN IN OUR WATERS BUT IN RECENT WEEKS THEY HAVE BEEN COMING WITHIN THE BREAK-WATER AND ON ONE OCCASION LAND NETS 100 YARDS (ONE HUNDRED) FROM YARYL BEGG ESTATE. NAVAL AND POLICE CRAFT ARE PATROLLING THE HARBOUR BY MIGHT TO DISSUADE THEM BUT ON MY INSTRUCTIONS ARE AVOIDING PHYSICAL CONTACT. THIS IS CLEARLY A SUTUATION WHICH CANNOT CONTINUE FOR LONG WITHOUT THE ROYAL NAVY AND POLICE PATROLS LOOKING RIDICULOUS AND THE LIKELI-HOOD OF LOCAL FISHERMEN (WHO ARE NOT ALLOWED TO FISH WINTHIN THE HARBOUR) BECOMING INCENSED IS HIGH.

3. THIS IS A SITUATION WHERE WE DO NEED TO ROCK THE BOAT.

FCO PLEASE PASS WILLIAMS

(REPEATED AS REQUESTED)

GIBRAL/TAR

LIMITED

SED DEF D NEWS D PUSD ECD (E)

PLANNING STAFF

PS/MR HURD PS/LORD BELSTEAD PS/PUS SIR J BULLARD MR GOODISON MR GILLMORE MR HANNAY

ADDITIONAL DISTRIBUTION GIBRALTAR

> THIS TELEGRAM WAS NOT ADVANCED

Prime minister

PS/10. DOWNING STREET.

GRS 550 CONFIDENTIAL

CONFIDENTIAL

FM MADRID 071210Z APRIL 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 221 OF 7 APRIL

INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL)

M

MIPT: TALK WITH SPANISH PRIME MINISTER ON GIBRALTAR

- 1. THIS MEASURED RESPONSE BY FELIPE GONZALEZ WAS IN MARKED CONTRAST WITH THE NIT-PICKING APPROACH ADOPTED IN LONDON BY MORAN. IT SHOWED THE IMMENSE DIFFERENCE IN CALIBRE BETWEEN THE TWO MEN. I RECEIVED THE IMPRESSION THAT GONZALEZ HAD BEEN ANTICIPATING MY APPROACH, HAVING PRESUMABLY BEEN BRIEFED BY THE KING (MY TELEGRAM NO 205). IT WAS INTERESTING THAT HE RECEIVED ME ENTIRELY ALONE. HE ALSO ACCEPTED WITH SATISFACTION MY SPEAKING NOTES, WHICH HAD BEEN MADE SELF-EXPLANATORY AND ACCOMPANIED WITH THE RELEVANT SUPPORTING DOCUMENTS. THIS SHOULD ENABLE THE PRIME MINISTER'S PERSONAL STAFF, WITH WHOM WE HAVE GOOD LINKS AT A LOWER LEVEL, TO ANALYSE THE SITUATION DISPASSIONATELY WITHOUT HAVING TO ACCEPT EVERYTHING FED TO THEM BY THE FOREIGN MINISTER. WE SHALL HOPE TO LEARN MORE IN THE NEXT FEW DAYS THROUGH THESE SOURCES ABOUT THE LINE GONZALEZ ACTUALLY TAKES WITH MORAN.
- 2. THE SITUATION IS THUS THAT THE SPANISH GOVERNMENT ARE NOW COMMITTED TO RECONSIDERING THE POSITION ADOPTED IN LONDON BY MORAN, THOUGH OF COURSE WITHOUT ANY COMMITMENT THAT THIS POSITION WILL NECESSARILY BE CHANGED. IT REMAINS TO BE SEEN WHICH STAND-POINT WILL PREVAIL: THE WIDER VIEW WE HAVE PUT TO GONZALEZ, WITH WHICH HE APPEARED TO SYMPATHISE, OR THE LEGALISTIC ATTITUDE OF THE FOREIGN MINISTER AND HIS EXPERTS. I AM THUS IN NO POSITION AT THE MOMENT TO GIVE YOU FIRM CLARIFICATION OF THE SPANISH ATTITUDE, REQUESTED IN PARAGRAPH 3 OF YOUR TELEGRAM UNDER REFERENCE. ON BALANCE I FEAR THAT THE ARGUMENTS AGAINST EARLY IMPLEMENTATION WILL STILL LOOM LARGE, PARTICULARLY BEFORE THE IMPORTANT MUNICIPAL AND AUTONOMY ELECTIONS ON 8 MAY. GONZALEZ'S IMPLIED PLEA FOR TIME FOR CONSIDERATION COULD HAVE BEEN A HINT ABOUT THAT TIMING. FROM A NARROW STAND-POINT, THE PRESENT SITUATION ON THE FRONTIER SUITS SPAIN WELL: AND THE LATTER CAN HOPE FOR NO EARLY RESULTS FROM NEGOTIATIONS WITH BRITAIN TO SATISFY PUBLIC OPINION HERE. NEVERTHELESS, BOTH THE KING AND PRIME MINISTER HAVE BEEN QUICK TO HOIST IN OUR ARGUMENTS ABOUT THE NEED FOR A WIDER PERSPECTIVE. CONFIDENTIAL 13.

3. IN THE CIRCUMSTANCES, AND WITH ALL DUE RESERVE ABOUT THE POSSIBILITY OF SUCCESS, I RECOMMEND THAT WE SHOULD DO AS LITTLE AS POSSIBLE TO ROCK THE BOAT UNTIL WE KNOW THE OUTCOME OF THE PROMISED RECONSIDERATION BY THE SPANISH PRIME MINISTER. THE LATTER'S CAUTIOUS AND NOT UNPROMISING RESPONSE INTRODUCES A NEW FACTOR INTO THE SITUATION. AFTER ALL, HE MIGHT JUST HAVE RE-AFFIRMED THE LINE OF HIS OWN FOREIGN MINISTER. IT IS THEREFORE IMPORTANT NOW FOR THE TIME BEING TO DO AS LITTLE AS POSSIBLE TO STRENGTHEN THE HAND OF MORAN IN JUSTIFYING TO HIS PRIME MINISTER THE NEGATIVE ATTITUDE HE ADOPTED IN LONDON.

4. ! THEREFORE RECOMMEND THAT:

- (A) THIS EMBASSY SHOULD BE GIVEN EARLY AUTHORITY TO INFORM THE SPANISH FOREIGN MINISTRY IN ADVANCE, PERHAPS AT A COMPARATIVELY JUNIOR LEVEL, OF THE FLEET VISIT TO GIBRALTAR NEXT WEEK WHICH WILL INCLUDE HMS INVINCIBLE WITH PRINCE ANDREW:
- (B) ANY MEASURES WHICH MAY HAVE TO BE TAKEN TO DEFEND THE GIBRALTAR ECONOMY (MY TELEGRAM NO 218) SHOULD BE DEFERRED, IF POSSIBLE, TO SEE WHAT IMPACT THE PRIME MINISTER'S MESSAGE TO GONZALEZ HAS ACTUALLY MADE ON THE SPANISH GOVERNMENT. IN ANY CASE, BEFORE ANNOUNCEMENT OF THE MEASURES SHOULD THEY STILL PROVE NECESSARY, IT WOULD BE WISE TO EXPLAIN THEM IN ADVANCE TO THE FOREIGN MINISTRY HERE.

PARSONS

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PS/PUS
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PUSD SIR J BULLARD
ECD (E) MR GOODISON
PLANNING STAFF MR GILLMORE

PS MR HANNAY

ADDITIONAL DISTRIBUTION GIBRALTAR

GRS 670
DESKBY 071800Z
CONFIDENTIAL

FM MADRID 071147Z APRIL 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 220 OF 7 APRIL

INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL)

YOUR TELNO 103: GIBRALTAR.

- 1. THE SPANISH PRIME MINISTER RECEIVED ME ALONE THIS MORNING. I SPOKE AS INSTRUCTED. MY MAIN POINTS WERE AS FOLLOWS:
 - (A) RETURN MESSAGE OF GOOD WILL FROM THE PRIME MINISTER.
- (B) BOTH FOREIGN MINISTERS HAD ANNOUNCED PUBLICLY LAST DECEMBER THEIR INTENTION TO IMPLEMENT THE LISBON AGREEMENT BY THE SPRING OF THIS YEAR.
- (C) SUBSEQUENTLY THE BRITISH GOVERNMENT HAD WELCOMED THE SPANISH DECISION TO REMOVE THE RESTRICTIONS ON THE PASSAGE OF CERTAIN CATEGORIES OF PEDESTRIANS. BUT THIS WAS NO SUBSTITUTE FOR FULL IMPLEMENTATION OF THE LISBON AGREEMENT.
- (D) THE PRIME MINISTER AND YOU HAD THEREFORE LEARNED RECENTLY WITH SURPRISE AND CONCERN DURING SR MORAN'S VISIT TO LONDON THAT THE SPANISH GOVERNMENT REQUIRED FURTHER CLARIFICATION BEFORE THE LISBON AGREEMENT COULD BE IMPLEMENTED. IN OUR VIEW NO SUCH CLARIFICATION WAS NEEDED.
- (E) YOU HAD STATED PUBLICLY THAT, IF THE SPANISH SIDE WISHED TO RAISE THE MATTER OF SOVEREIGNTY, IT WAS ENTITLED TO DO SO.
- (F) AS REGARDS THE TREATMENT OF SPANIARDS IN GIBRALTAR, WE HAD GONE AS FAR AS POSSIBLE BEFORE IMPLEMENTATION IN THE EXCHANGES OF LETTERS OF 8 JANUARY 1982.
- (G) HMG ACCORDINGLY BELIEVED THAT THE LISBON AGREEMENT SHOULD BE IMPLEMENTED AS SOON AS POSSIBLE. THEY WERE PREPARED TO NAME AN EARLY DATE FOR THE SIMULTANEOUS OPENING OF NEGOTIATIONS AND RESTORATION OF FULL MOVEMENT. WE BELIEVED THAT IT WAS IN THE INTEREST OF ALL PARTIES TO GET GOING QUICKLY WITH THE PROCESS OF BRINGING TOGETHER MORE FULLY THE PEOPLE OF THE ROCK AND THE CAMPO. THIS REPRESENTED THE ULTIMATE KEY TO THE WHOLE PROBLEM.
- (H) THE PRIME MINISTER AND YOU HOPED THAT SR GONZALEZ WOULD NOW RECONSIDER THE MATTER, VIEWING IT FROM THE WIDEST POSSIBLE PERSPECTIVE. IN THIS CONNECTION I REFERRED TO HMG'S SUPPORT FOR SPANISH ENTRY INTO THE COMMUNITY AND OUR COMMON INTEREST IN SPAIN TAKING HER RIGHTFUL PLACE AS PARTNER AND ALLY AMONG THE WESTERN NATIONS.

2. THE SPANISH PRIME MINISTER ASKED ME TO THANK THE PRIME MINISTER FOR THIS IMPORTANT MESSAGE. HE WOULD CONSIDER IT CAREFULLY. HE HOPED SHE WOULD BEAR IN MIND HIS WARM INVITATION TO VISIT SPAIN. SHE WOULD BE MOST WELCOME, THOUGH HE UNDERSTOOD THAT THERE MIGHT BE A POLITICAL PROBLEM FOR HER BEFORE THE SOLUTION OF THE CURRENT ISSUE REGARDING GIBRALTAR IE IMPLEMENTATION OF THE LISBON AGREEMENT. HE HAD NEVER FORGOTTEN THE WARM WELCOME GIVEN HIM BY THE PRIME MINISTER WHEN HE VISITED BRITAIN AS LEADER OF THE SOCIALIST PARTY JUST AFTER THE ATTEMPTED COUP IN FEBRUARY, 1981. ON THAT OCCASION AND SUBSEQUENTLY, IN HER GOVERNMENT'S ATTITUDE TOWARDS ENLARGEMENT OF THE COMMUNITY, MRS THATCHER HAD SHOWN HERSELF TO BE A TRUE FRIEND OF SPAIN.

- 3. SR FELIPE CONZALEZ ADDED THAT HE WAS IN AGREEMENT WITH THE PRIME MINISTER'S BASIC MESSAGE THAT THE GIBRALTAR QUESTION, A SMALL BUT IMPORTANT IRRITANT, MUST BE VIEWED AGAINST THE WIDER BACKGROUND OF THE JOINT INTEREST OF MEARLY ONE HUNDRED MILLION PEOPLE IN THE UK AND SPAIN IN SEEING SPAIN TAKE HER PROPER PLACE AMONG THE FREE NATIONS OF WESTERN EUROPE. THIS WAS VERY MUCH IN ACCORDANCE WITH HIS OWN POLICY. HE WISHED TO REAFFIRM TO THE PRIME MIMISTER HIS INTENTION THAT SPAIN WOULD BE A GOOD FUTURE PARTNER IN THE COMMUNITY AS WELL AS A RELIABLE ALLY IN DEFENCE MATTERS, IRRESPECTIVE OF ANY PARTICULAR PROBLEMS REGARDING SPANISH MEMBERSHIP OF THE ALLIANCE. HE AGREED THAT THE GIBRALTAR QUESTION MUST BE VIEWED AGAINST THIS BACKGROUND. HE ACCEPTED THE PRIME MINISTER'S SUGGESTION THAT THE MATTER SHOULD BE RECONSIDERED BY THE SPANISH GOVERNMENT. HE WOULD TALK ACCORDINGLY TO HIS FOREIGN MINISTER. MEANWHILE, IT WAS MOST IMPORTANT TO CONTINUE TO TAKE THINGS CALMLY AND AVOID ADVERSE PUBLIC REPERCUSSIONS. I WOULD BE AWARE OF THE STRENGTH OF DOMESTIC FEELING WITHIN SPAIN OVER THE DEFENCE OF NATIONAL POSITIONS. THIS WAS A PROBLEM FOR THE SPANISH GOVERNMENT ITSELF.
- 4. I THANKED SR FELIPE GONZALEZ FOR THIS CORDIAL MESSAGE. I SAID THAT HMG WERE LIKEWISE DISPOSED TO PLAY THE PROBLEM DOWN IN PUBLIC RELATIONS TERMS BUT IT WAS AN ESSENTIAL MATTER FOR GIBRALTAR ITSELF WHERE IT WOULD BE A RACE AGAINST TIME TO PREVENT A SHARP DETERIORATION IN PUBLIC OPINION REGARDING SPAIN. HENCE THE NEED FOR SPEED. THE PRIME MINISTER SAID HE UNDERSTOOD. HIS CONSULTATIONS WITH SR MORAN WOULD BE ON AN URGENT BASIS. MEANWHILE HE HOPED THAT THE LATTER COULD BE IN CLOSE CONTACT WITH YOU. HE WELCOMED THE POSSIBILITY THAT YOU MIGHT BE ABLE TO TALK IN THE MARGINS OF THE COMMUNITY MEETING ON 25 APRIL. -2-

V F MY

5. I LEFT WITH THE PRIME MINISTER MY SPANISH SPEAKING NOTES, EXPLAINING THAT THEY HAD BEEN DRAFTED HERE AND NOT IN LONDON. THEY REPRESENTED THE GIST OF WHAT THE PRIME MINISTER AND YOU HAD INSTRUCTED ME TO SAY ORALLY. (ENGLISH VERSION TO SED BY TODAY'S BAG.)

6. PLEASE SEE MIFT.

PARSONS

GIBRALTAR.

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MR HANNAY

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GIBRALTAR

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FROM GIBRALTAR U71700Z APR 83 .-

PRIORITY FCO TEL NO PERSONAL 47 OF 7 APRIL 83

PRIORITY ODA INFO

AND PRIORITY MODUK (FOR DS12 CFS CED)

GIBRALTAR DOCKYARD: TIMETABLE

- 1. SINCE MY RETURN FROM TALKS IN LONDON I HAVE GIVEN FURTHER THOUGHT TO THE NECESSITY OF OUR UNDERSTANDING AND AGREEING THE TIMING AND FORM OF THE DECISION TAKING PROCESS HERE AND IN LONDON. WE ARE ALL WORKING TOWARDS CLOSURE ON 31 DECEMBER 1983. ANY EXTENSION OF THIS PERIOD WOULD, I UNDERSTAND, REQUIRE FURTHER REFERENCE TO CABINET.
- AGP APPLEDORE REPORT THEIR FINDINGS ON 28 APRIL: THE CONSULTANTS REPORT ON 3 MAY: THEN MY FINANCIAL SECRETARY REPORTS TO THE CHIEF MINISTER ON 13 MAY. THE CHIEF MINISTER WOULD THEN NEED TO CONSULT HIS MINISTERIAL COLLEAGUES ON ABOUT 18/19 MAY.
- 3. THUS FAR, PROVIDED THERE IS NO SLIPPAGE (BY NO MEANS A ... CERTAINTY) THINGS ARE RELATIVELY SIMPLE. BUT I SUSPECT HASSAN WILL NOT CARRY THINGS TO FINALITY WITH HIS COLLEAGUES FIRST TIME ROUND AND MAY NEED TO SEE THEM AGAIN THE FOLLOWING WEEK AS WELL AS INTERESTED GROUPS BEFORE TAKING THE QUESTION TO THE HOUSE OF ASSEMBLY ON 1/2 JUNE.
- 4. HASSAN WILL WANT TO HAVE A CLEAR IDEA OF HMG'S ATTITUDE BEFORE COMMITTING HIMSELF. HIS RESOLVE IS ALSO LIKELY TO NEED STIFFENING. I BELIEVE IT WOULD BE WISE TO PLAN NOW ON HIM (AND CANEPA) HOLDING TALKS IN LONDON WITH MINISTERS (EG LORD BELSTEAD AND MR RAISON) ON OR ABOUT 23/24 MAY, IE BEFORE THE LIKELY SECOND ROUND WITH HIS COLLEAGUES. HASSAN HAS TOLD ME HE WOULD FAVOUR SUCH AN ARRANGEMENT. TO SCHEDULE IT NOW WOULD AVERT ANY IMPRESSION OF CRISIS LATER.
- 5. THE OUTCOME IN THE HOUSE OF ASSEMBLY DEPENDS ALMOST ENTIRELY ON HOW WELL HASSAN CAN HOLD HIS COLLEAGUES TOGETHER. THE OPPOSITION IS COOL OR HOSTILE. IT IS THEREFORE DESIRABLE TO GIVE HIM EVERY SUPPORT.
- 6. A FURTHER POSSIBLE COMPLICATION IS THE TIMING OF THE ODA PROJECT EVALUATION COMMITTEE PROCESS. I UNDERSTOOD IN LONDON THAT THIS WOULD TAKE SOME CONSIDERABLE TIME TO FINALISE. IF SO THIS MAY IMPEDE BRITISH MINISTERS' ABILITY TO HELP HASSAN. FURTHERMORE IT MAY JEOPARDISE THE FULL IMPLEMENTATION OF REDUNDANCY PROCEDURES WHICH FOR A 31 DECEMBER CLOSURE WOULD REQUIRE NOTICE OF REDUNDANCY TO BE ANNOUNCED ON 31 MAY AND REDUNDANCY NOTICES TO BE SERVED ON 30 JUNE. TO MAKE SUCH AN ANNOUNCEMENT ON 31 MAY IN THE MIDST OF GIBRALTAR'S PERIOD OF DECISION TAKING WOULD IN ANY CASE BE POLITICALLY CLUMSY.

CONFIDENTIAL 7. THE FOREGOING APPEARS TO LEAD TO TWO POSSIBLE APPROACHES: A. AS SOON AS POSSIBLE (PERHAPS USING HMG'S REPLY TO THE HOUSE OF ASSEMBLY RESOLUTIONS AND MR HESELTIME'S LETTER TO THE GTC) MAKE 31 DECEMBER \$3 THE DEFINITE DATE OF CLOSURE. THE ADVANTAGES OF SUCH A COURSE ARE THAT THEY WOULD REMOVE ANY LINGERING HOPES AND DOUBTS IN THE MINDS OF GIBRALTAR'S MINISTERS AND UNIONS AND THUS PERHAPS FORCE THEM TO CONFRONT REALITIES AT ONCE. THE LIKELY STRIKES AND DISORDERS SHOULD THEREBY BE EXHAUSTED WELL BEFORE GIBRALTAR'S ELECTIONS APPROACH (FEBRUARY 1984) AND THE HANDOVER TAKES PLACE. IT

B. ACCEPT NOW THAT WHILST CONFIRMING CLOSURE IN DECEMBER SOME SLIPPAGE OF CLOSURE/TRANSFER DATE MAY OCCUR BUT NOT BEYOND END OF FINANCIAL YEAR 1983-84. REDUNDANCY NOTICES MIGHT HAVE TO BE PHASED SO AS TO ALLOW DOCKYARD TRANSFER WORKS PROGRAMME TO BE COMPLETED POST CLOSURE.

WOULD HOWEVER MEAN DECISIONS ON CLOSURE WERE FIRM BEFORE COMMERCIALISATION WAS FORMALLY CONSIDERED AND LOSE ANY MITIGATING INFLUENCE IN GIBRALTAR THE LATTER MIGHT HAVE ON

8. GETTING THE LABOUR REACTION RIGHT APPEARS CRITICAL TO ACHIEVING THE RIGHT REACTION FROM GIBRALTAR AND CREATING THE BEST CONDITIONS FOR APPLEDORE'S SUCCESS. IF THE DECISION TAKING PROCESS IS INDEED AS TIGHT AS IT APPEARS THIS SECOND OPTION SEEMS TO HAVE MUCH IN ITS FAVOUR

WILLIAMS

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THE FORMER:

GIBRAL/TAR

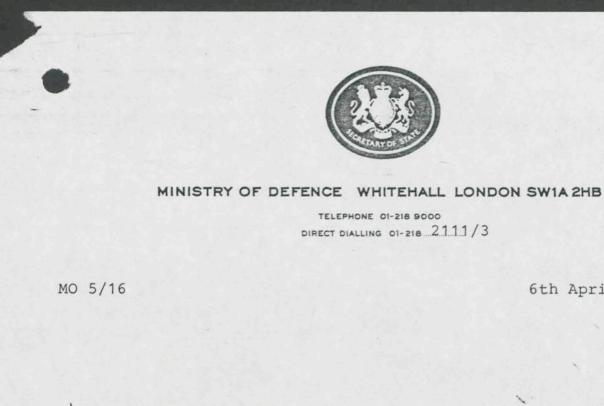
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MR GOODISON
MR GILLMORE
MR HANNAY

ADDITIONAL DISTRIBUTION GIBRALTAR

RESTRICTED Gitarallo an MINISTRY OF DEFENCE MAIN BUILDING WHITEHALL LONDON SW1 Telephone 01-2030XXXX 218 2111/3 MO 5/16 7th April 1983 Dear Roger, GIBRALTAR You wrote to Richard Mottram on 28th March attaching a resolution by the Gibraltar House of Assembly and a proposed reply. Mr Heseltine has seen your letter and the telegram and is content with the suggested line. He agrees that the reply needs to take full account of the talks Mr Pym had with the Spanish Foreign Secretary, and that it should be communicated by the Governor in advance of the Trades Council's receipt of Mr Heseltine's revised reply to them. We agreed on the telephone that the most sensible way of handling this, in order to ensure that the right timing was observed, would be for me to send to you the originals of Mr Heseltine's letter to the Trades Council and his covering letter to the Governor. These are now enclosed. I am copying this letter to John Coles. 1 as ever (N H R EVANS) R Bone Esq RESTRICTED



6th April 1983

I am enclosing a revised version of my reply to the Gibraltar Trades Council's letter of 21st February. I am grateful to you for your signal suggesting certain changes to the original, to take account of local sensitivities. It was also helpful to have your thoughts about the timing of the letter's release.

We have discussed the timing point with the FCO, who have been co-ordinating the HMG response to the House of Assembly resolution of 22nd February. That response will also be passed to you shortly. We have agreed that the reply to the Chief Minister should be communicated before the letter to the Trades Council is released. Perhaps you would be kind enough to arrange accordingly.

Michael Heseltine

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB TELEPHONE 01-218 9000 2111/3 6th April 1983 MO 5/16 I am grateful to the Gibraltar Trades Council for drawing to my attention their views, as set out in your letter of 21st February, about the closure of HM Dockyard Gibraltar. I have read and considerered them with care. I have accordingly examined the plans for Gibraltar Dockyard in the context of the plans for Naval Dockyards generally. The conclusion I reach is that the much reduced facilities in the Home Dockyards are adequate for the refit of military ships, which is the prime purpose of HM Dockyards. I know how difficult this decision must be to accept after Gibraltar Dockyard's long and distinguished record of service to the Royal Navy, including their contribution during the Falklands conflict. Nevertheless I urge the Council to accept this and to look to the positive aspects of the commercialisation proposals. When Her Majesty's Government decided in November 1982 to support the idea of a commercially operated dockyard, we did so in the belief that it offered the best means of meeting HMG's undertaking to support the Gibraltar economy. You accept, as I understand it, that ship repair activity in Gibraltar should be more business-orientated. am sure that you are right. But I am firmly convinced that in pursuing -1-A Sacramento Esq



a commercial future, genuine commercial management and other changes from present arrangements will be necessary if a new departure is to succeed. This is not to say that there is no longer any defence interest in Gibraltar. The important Naval Base will continue in full operation, as will the Army and RAF facilities.

I am glad to see that you have no wish for confrontation - a view we share. The redundancy terms we are prepared to offer will be directly comparable to those applying in the UK. The commercialisation plans which Her Majesty's Government has declared itself ready to support in principle are precisely those intended to do most to provide satisfactory employment after Dockyard closure. The Government is in effect ready to invest substantially in Gibraltar ship repair activity if all parties can agree to co-operate together for this desirable aim.

You will understand from the above that I do not see good cause to delay the closure as you request. It remains the intention to complete the process in 1983.

Michael Heseltine

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FM MADRID 051345Z APRIL 83
TO ROUTINE FCO
TELEGRAM NUMBER 217 OF 05 APRIL
INFO ROUTINE GIBRALTAR

GIBRALTAR

MORAN IN MURCIA ON GIBRALTAR AND OTHER ISSUES. FOLLOWING
HIS VISIT TO LONDON MORAN PAID TRIBUTE TO THE PRIME MINISTER'S
STATESMANSHIP. HE ALSO SAID THAT HE BELIEVED GIBRALTAR WOULD
BE SPANISH 'WITHIN THE COURSE OF THIS GENERATION' AND THAT
DURING THE DECADE OF 1990 THERE WOULD BE IMPORTANT PROGRESS.
HE HOPED THE UK WOULD BE MORE FLEXIBLE: 'WE WOULD LIKE THEM
TO ACCEPT ANY KIND OF NEGOTIATION, TO DISCUSS SOVEREIGNTY
AND TO FIND A FORMULA IN ACCORDANCE WITH WHICH THE SPANIARDS
AND GIBRALTARIANS WOULD HAVE THE SAME RIGHTS.''

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SIR J BULLARD
MR GOODISON
MR GILLMORE
MR HANNAY

ADDITIONAL DISTRIBUTION
GIBRALTAR

Gebraldon PS/10. DOWNING STREET. CONFIDENTIAL 10747 - 1 OO MADRID DESKBY 300800Z GRS256 CONFIDENTIAL DESKBY 300800Z FM FCO 291630Z MAR 83 TO IMMEDIATE MADRID TELEGRAM NUMBER 112 OF 29 MARCH INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL), MODUK(DS5) YOUR TELNO 208: FLEET VISIT TO GIBRALTAR FROM 13 TO 18 APRIL. 1. WE AGREE. YOUR NAVAL ATTACHE MAY WISH TO SPECIFY THAT THE FORCE INVOLVED IN EXERCISE SPRINGTRAIN WHICH WILL BE VISITING GIBRALTAR INCLUDES 12 WARSHIPS, LED BY A CARRIER, AND THREE RFAS. 2. FOLLOWING IS TEXT OF A DEFENSIVE PRESS LINE ON THE LINES OF WHICH THE MOD HAVE IN MIND TO DRAW IN THE EVENT OF ENQUIRIES. ON PAST FORM, THESE ARE LIKELY TO ARISE SOON. QUOTE:

SPRINGTRAIN

THE FLEET TRAINING EXERCISE, SPRINGTRAIN, IS HELD ANNUALLY IN THE EASTERN ATLANTIC AROUND MARCH/APRIL FOR ABOUT 2-3 WEEKS. THIS IS ONE OF OUR MAJOR NATIONAL EXERCISES AND SOME DOZEN WARSHIPS INCLUDING SUBMARINES WILL BE TAKING PART TOGETHER WITH AFLOAT SUPPORT AND RAF AIRCRAFT. THIS YEAR'S EXERCISE WILL BE LED BY HMS INVINCIBLE.

CONNECTION WITH ANGLO-SPANISH TALKS

NONE WHATEVER. AS I HAVE SAID THIS IS AN EXERCISE HELD ABOUT THIS TIME EVERY YEAR.

HRH PRINCE ANDREW

HRH IS A MEMBER OF HMS INVINCIBLE'S EMBARKED AIR GROUP. IN HIS CAPACITY AS A SERVING ROYAL NAVAL OFFICER, HE WILL OF COURSE BE WITH HIS SHIP THROUGHOUT EXERCISE SPRINGTRAIN, INCLUDING THE ASSOCIATED VISIT TO GIBRALTAR.

SPANISH PERCEPTIONS

IT IS COMMON KNOWLEDGE THAT HRH IS A MEMBER OF INVINCIBLE'S EMBARKED AIR SQUADRON.

GIBRALTARIAN WELCOME

THERE ARE NO ARRANGEMENTS FOR ANY SPECIAL RECEPTION FOR HRH. AS

1 CONFIDENTIAL

10747 - 1

ON ALL VOYAGES HE IS TREATED AS AN ORDINARY MEMBER OF THE SHIP'S COMPLEMENT. UNQUOTE.

PYM

GIBRALTAR

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GIBRALTAR

Foreign and Commonwealth Office

8 March 1983 Prime Minister

To note.

A. J. C. 3

London SW1A 2AH

Jan Makast,

Gibraltar

The Gibraltar House of Assembly passed a resolution on 22 February about Gibraltar dockyard. The Chief Minister has now asked that it be brought to the attention of both the Foreign and Commonwealth Secretary and the Defence Secretary. I attach a copy of his letter.

Mr Pym considers that any response to the resolution must now take account of the Spanish Foreign Minister's visit to London last week and his marked reluctance to accept the agreements on Gibraltar entered into by his predecessors. Prospects for early implementation of the Lisbon agreement are not, at present, good and we must expect the mood in Gibraltar to become increasingly sensitive and nervous. More and more voices are likely to be raised in Gibraltar in support of the argument that by closing the dockyard Britain is signalling a weakening of its commitment to Gibraltar at a particularly inauspicious moment.

Despite these problems, Mr Pym does not believe that it would be right to recommend to his Cabinet colleagues that the decision to close the Gibraltar dockyard should be reviewed, particularly as there is to be no stay of execution for Chatham. But he considers that any response to the Gibraltarians informing them that the decision stands must be accompanied by a clear reaffirmation of Britain's commitment to the territory. I am attaching a reply to the Assembly resolution in the form of a draft telegram. I should be grateful if you would let me know whether Mr Heseltine agrees with the line suggested.

There is one small point about timing. As I mentioned to you on Friday, Sir J Hassan would no doubt find it helpful to have our comments about the resolution before Mr Heseltin's reply to the Gibraltar Trades Council letter of 21 February is handed over. You will recall that the Governor of Gibraltar has suggested one or two minor amendments to that reply, and has also recommended a slight delay (Gibraltar telno Personal 41, copied to your DS12).

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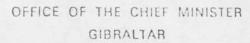


I am copying this letter, and enclosures, to John Coles.

las and

(R B Bone) Private Secretary

R Mottram Esq Ministry of Defence





10 March 1983

His Excellency Admiral Sir David Williams GCB Governor and Commander-in-Chief The Convent Gibraltar



I should be grateful if the following resolution, which was passed at the meeting of the House of Assembly held on 22 February 1983, could be transmitted to the Foreign and Commonwealth Office with the request that it be brought to the notice of the Secretary of State for Foreign and Commonwealth Affairs and the Secretary of State for Defence:

"That this House, while still opposed to the British Government's decision to close the Naval Dockyard -

- (1) appeals to Her Majesty's Government to reconsider its decision;
- (2) considers that it is in the interests of the Western Alliance, of the free world generally, and of Gibraltar itself that the British Naval Base at Gibraltar should be maintained;
- (3) endorses the view of the Gibraltar Government that, in the consideration of the proposals for a commercially-operated ship-repair yard, full regard should be had to the essential requirements of the Naval Base;
- (4) trusts that, conversely, the Ministry of Defence, and indeed the British Government as a whole, will have full regard -
 - (a) in the consideration of such proposals, to the needs of such a yard should it eventually be agreed by all concerned that a commercial

operation would be feasible and viable, and

- (b) to such other needs as may be put forward to the Ministry by the Gibraltar Government in its efforts to diversify and strengthen the economy generally in order to offset the effects of the Dockyard closure,
- (5) considers that full consultation should take place between all political parties represented in the House of Assembly before a final decision is made on the commercialisation of the Dockyard."
- 2. Ministers and all DPBG members voted in favour and Mr J Bossano abstained.
- 3. As on previous occasions, all the elected members expressed their great concern at the decision to close the Naval Dockyard. A copy of the verbatim record of the debate will be forwarded as soon as this is available.
- 1. In consultation with my colleagues and the other elected members of the House, I am considering what further steps might be taken in pursuance of the appeal to Her Majesty's Government to reconsider their decision.

Johnstein Johnallatian

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	10	CIONICIAN DOCKTARD. ACCEPTED RECOEDITION							
	11	The state of the chief with stell that the house of Assembly							
		12 resolution of 22 February about Gibraltar dockyard has be							
	13	to the attent	ion of Ministers	as reque	ested in his letter to you				
	14	of 10 March.							
		2. You should tell Sir J Hassan that Ministers quite under							
		the concerns that have been expressed by many sectors of o							
	17	in dibractar over the effects of dockyard closure. They acce							
	18		g the establishment of a						
		commercial ship repair yard, full regard must be given							
	20		inuing naval base which						
		it is of cour	t is of course in the interests of Western defence to maintain.						
111	22	3. Ministers also expect that during the consultations now							
11	23	going on abou	on about future plans for the naval dockyard, all the partie						
1	24		rectly concerned will be mindful of the continuing requirements						
	25	of British Fo	rces in Gibralta	r. The E	British Government has also				
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	4	[18] [18] [18] [18] [18] [18] [18] [18]								
	5	grant of £13m. There is no question of any weakening of								
	6	Britain's long-standing commitments towards Gibraltar.								
	7	4. Nevertheless, the reasons for closing the naval dockyard								
	8	remain as valid today as when the decision was first taken, on the								
	9	basis of a review of future requirements in dockyard support								
	10	services, in 1701. Consequence, infinisters do not propose to detect								
	11									
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CONFIDENTIAL UK COMMS ONLY FM GIBRALTAR 251020Z MAR 83 TO IMMEDIATE FCO TEL NO PERSONAL 44 OF 25/3/83 INFO ROUTINE MADRID

MY TELNO 30: GIBRALTAR/SPAIN: LISBON AGREEMENT

IN HIS SPEECH REPORTED IN MY TUR HASSAN HAD STATED THAT HE WOULD BE SENDING TO ME FOR TRANSMISSION TO YOU A LETTER WITH SOME FURTHER THOUGHTS ON THE RELATIONSHIP WITH SPAIN. THIS I HAVE NOW RECEIVED AND WILL DELIVER TO WILSON ON TUESDAY NEXT.

2. FOLLOWING ARE HIGHLIGHTS:

- (A) GIBRALTAR'S POLITICAL LEADERS ARE 'MORE THAN EVER CONVINCED OF THE SPANIARDS UTTER DISHONESTY AND HYPOCRISY IN MATTERS RELATING TO GIBRALTAR, NOT ONLY BY THIS LATEST FAILURE TO HONOUR THEIR COMMITMENTS BUT ALSO BY SR MORAN'S PERFORMANCE IN HIS INTERVIEW WITH COLIN GRAY (OF GBC) ON 17 MARCH'' (A COPY OF THIS INTERVIEW HAS BEEN FORWARDED TO THE DEPARTMENT). "NOT ONLY DID HE (MORAN) CLAIM THAT THE SPANISH CUSTOMS REGIME AT LA LINEA WAS THE SAME AS THAT AT ANY OTHER SPANISH CUSTOMS POST. HE ALSO PRETENDED THAT HE KNEW NOTHING OF THE ECONOMIC EFFECTS ON GIBRALTAR AND STATED THAT SPAIN WISHED PROSPERITY AND WELFARE TO THE PEOPLE OF GIBRALTAR. ' HASSAN EXPECTED MORAN TO BE CLOSELY INFORMED ON THE SITUATION IN GIBRALTAR AND ON 22 MARCH RECEIVED A NOTE FOR MENCHACA, AN INFLUENTIAL SPANISH JOURNALIST, ENCLOSING AN ARTICLE HE HAD WRITTEN IN "'ABC" ON 15 MARCH WHICH HE EXPLAINED WAS "'A PRESS SUMMARY" OF THE REPORT HE HAD GIVEN TO MORAN FOLLOWING HIS RECENT VISIT TO GIBRALTAR. THIS STATED INTER ALIA THAT WHILST THE GIBRALTARIANS HAD IN A MATERIAL SENSE TURNED TO THE OTHER SIDE OF THE GATE ''THE ROCK'S ECONOMIC CRISIS HAS BEEN INTENSIFIED' AS A RESULT OF THE PEDESTRIAN OPENING. MENCHACA CONTINUED ''I AM CONVINCED THAT IT WAS NOT. OF COURSE. OUR GOVERNMENT'S INTENTION TO PENALISE THE POPULATION IN A MORE SUBTLE WAY THAN BEFORE BUT, IF THE PRESENT SITUATION CONTINUES FOR A LONG TIME, IT COULD - AGAIN IN SIR JOSHUA'S OPINION - RUIN THE RECONCILIATION OR THE COMING TOGETHER OF THE INHABITANTS OF THE AREA WHO FOR MANY REASONS, ARE BROTHERS ".
- (B) MORANU'S ARGUMENTS FOR FURTHER CLARIFICATION ON THE QUESTION OF RECIPROCITY AND EQUALITY OF RIGHTS WERE ''AS MUCH AS EVER BEFORE, A SMOKESCREEN TO COVER THEIR UNWILLINGNESS, OR INABILITY, TO REMOVE THE RESTRICTIONS. HIS REFERENCE TO GRADUALISM INDICATES A CONTINUING POLICY OF BLACKMAIL' .. CONFIDENTIAL -

- (C) HE WAS GRATEFUL TO THE PRIME MINISTER AND YOU FOR THE FIRMNESS SHOWN IN DEALING WITH MORAN.
- THE LISBON AGREEMENT TO BE THE BEST WAY FORWARD "SUBJECT AS ALWAYS TO OUR RESERVATIONS ON THE DISCUSSION OF SOVEREIGNTY".

 BUT POLICY MUST BE BASED ON THE ASSUMPTION THAT THE SPANIARDS WOULD NOT IMPLEMENT THE AGREEMENT.
- (E) GIBRALTAR COULD NO LONGER AFFORD TO BE STRUNG ALONG
 BY SPANISH PREVARICATION AND HE PROPOSED TO RESUSCITATE HIS
 PROPOSALS FOR A WILTON PARK TYPE CONFERENCE ON GIBRALTAR WHICH
 WE HAD EARLIER AGREED SHOULD BE DEFERRED.
- (F) DUE TO THE NON-IMPLEMENTATION OF THE AGREEMENT HE WOULD NOW WISH TO SEE A POLICY OF DISCOURAGING CULTURAL, EDUCATIONAL, SPORTING, TECHNICAL OR OTHER CONTACTS BETWEEN GIBRALTAR AND SPAIN.

WILLIAMS

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GIBRALTAR

CONFIDENTIAL CONFIDENTIAL FM MADRID 251730Z MAR 83 TO IMMEDIATE FCO TELEGRAM NUMBER 205 OF 25 MARCH INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL)



YOUR TELEGRAM NO 103: VISIT OF SPANISH FOREIGN MINISTER

- 1. I SPOKE AS INSTRUCTED TODAY TO THE KING OF SPAIN. HE COMMENTED THAT THE PRESS APPEARED SO FAR TO HAVE TAKEN THE VISIT OF MORAN TO LONDON FAIRLY CALMLY. BUT HIS OWN IMPRESSION, FROM READING THE SPANISH RECORD. WAS THAT ON THE SUBJECT OF GIBRALTAR THERE HAD BEEN NO MEETING OF MINDS BETWEEN MORAN AND YOU AND THE PRIME MINISTER. I SAID THAT THIS WAS UNFORTUNATELY THE CASE. YOU HAD BEEN GREATLY SURPRISED AT THE ATTITUDE ADOPTED BY MORAN. THE LATTER HAD GIVEN YOU THE IMPRESSION LAST DECEMBER THAT HE WAS SET FOR IMPLEMENTATION OF THE LISBON AGREEMENT IN THE SPRING. THIS REMAINED THE BRITISH POSITION. YOU HAD EVEN MADE IT CLEAR BOTH PUBLICLY AND PRIVATELY THAT THE SPANISH GOVERNMENT WERE ENTITLED, IF THEY WISHED, TO RAISE THE QUESTION OF SOVEREIGNTY IN THE PROPOSED NEGOTIATIONS. BUT MORAN NOW SEEMED TO BE SEEKING FURTHER CLARIFICATION, EVEN THOUGH THIS HAD ALREADY BEEN ACHIEVED IN THE EXCHANGE OF LETTERS OF 8 JANUARY 1982. THE KING COMMENTED THAT EACH SIDE APPEARED TO BE WAITING FOR THE OTHER. I EMPHASISED THAT THERE WAS NO WISH FOR DELAY ON OUR PART.
- 2. I URGED THE KING TO ENCOURAGE HIS GOVERNMENT TO VIEW THIS SUBJECT IN THE LIGHT OF THE LONG TERM INTERESTS OF ANGLO-SPANISH RELATIONS AND INDEED OF WESTERN EUROPE AS A WHOLE. WE WISHED TO CONTINUE TO GIVE FULL SUPPORT TO SPANISH ENTRY TO THE COMMUNITY. WE ALSO WANTED TO BE HELPFUL OVER THE SPANISH POSITION IN NATO. THE KING AGREED THAT THESE WERE IMPORTANT CONSIDERATIONS. AT THIS POINT HE MADE HIS COMMENTS ABOUT MR WEINBERGER'S VISIT, REPORTED IN A SEPARATE TELEGRAM.
- 3. I THEN TOOK UP BY IMPLICATION THE KING'S REMARK, IN A NATO CONTEXT, THAT HE HAD TACKLED FELIPE GONZALEZ LAST NIGHT ABOUT APPARENT DIFFERENCES OF PUBLIC PRESENTATION BETWEEN HIM AND THE SPANISH FOREIGN MINISTER. I SAID IT WAS IMPORTANT FOR YOU TO KNOW SOON WHETHER THE OBJECTIONS RAISED BY MORAN IN LONDON WERE OF A TECHNICAL AND LEGAL NATURE: OR WHETHER THEY REPRESENTED A CONSIDERED DECISION BY THE SPANISH GOVERNMENT TO DECLINE TO IMPLEMENT THE LISBON AGREEMENT FOR THE TIME BEING. IT WAS FOR THIS REASON THAT I HAD BEEN INSTRUCTED TO SPEAK TO HIM. I HAD LIKEWISE BEEN INSTRUCTED TO GO OVER THE GROUND WITH THE SPANISH PRIME MINISTER AND TO EXPRESS SUPPRISE AT THE ATTITUDE ADOPTED BY MORAN. (I WAS CAREFUL TO MAKE NO DIRECT CRITICISM OF THE LATTER.)

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4. THE KING SEEMED TO THINK IT A GOOD IDEA THAT I SHOULD SEE THE PRIME MINISTER. I MADE IT CLEAR THAT, IN DOING SO, I WOULD NOT REVEAL TO GONZALEZ THAT I HAD ALREADY SPOKEN TO THE KING. THE LATTER UNDERTOOK TO EXPRESS CONCERN TO HIS PRIME MINISTER ABOUT THE APPARENTLY UNSATISFACTORY OUTCOME OF THE LONDON TALKS. HE WOULD ALSO ENCOURAGE GONZALEZ TO TALK DIRECTLY TO ME.

5. THE FACT THAT THE KING HAS HIMSELF VOLUNTEERED TO ME THE EXISTENCE OF APPARENT DIFFERENCES OF OUTLOOK BETWEEN THE SPANISH PRIME MINISTER AND FOREIGN MINISTER REINFORCES THE ARGUMENT FOR MY TACKLING THE PRIME MINISTER DIRECT BEFORE YOU CONSIDER THE NEXT MOVES. BUT BOTH THE KING AND GONZALEZ WILL BE AWAY NEXT WEEK. IT THEREFORE SEEMS UNLIKELY THAT I SHALL BE ABLE TO SEND A FURTHER SUBSTANTIVE REPORT UNTIL AFTER EASTER.

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INFO RBDWDFA/MADRID
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FM GIBRALTAR 240820Z MARCH

TO IMMEDIATE FCO TEL NO 30 OF 23 3 83

INFO IMMEDIATE MADRID

GIBRALTAR/SPAIN: LISBON AGREEMENT
CHIEF MINISTER IS MAKING A STATEMENT TO HOUSE OF ASSEMBLY THIS
AFTERNOON.

FOLLOWING ARE HIGHLIGHTS.

- 2. HE BEGINS BY RETRACING THE STORY OF THE LISBON AGREEMENT AND THE OCCASIONS IN THE PAST WHEN IMPLEMENTATION HAS NOT OCCURRED AND ADDS ONCE AGAIN, ALTHOUGH BRITAIN CONTINUES TO BE ANXIOUS TO IMPLEMENT THE AGREEMENT, THERE HAS BEEN A POSTPONEMENT, AGAIN, IT SEEMS SINE DIE.
- 3. THE PURPOSES OF THE AGREEMENT TO BUILD UP FRIENDSHIP,
 UNDERSTANDING AND PRACTICAL COOPERATION ON A MUTUALLY BENEFICIAL
 BASIS HAS BEEN UNDERWINED BY THE DELAYS CAUSED BY THE SPANISH
 GOVERNMENT WHICH HAVE PRODUCED THE OPPOSITE EFFECT. THIS LATEST
 FAILURE... WILL EXACERBATE DISTRUST IN GIBRALTAR AND WILL
 ALIENATE OPINION FURTHER BOTH HERE AND IN THE BRITISH PARLIAMENT.
 4. TURNING TO THE PARTIAL OPENING OF THE FRONTIER HASSAN SAYS
 THAT HIS GOVERNMENT HAD REFRAINED FROM TAKING ACTION TO CORRECT
 THE ADVERSE EFFECTS ON THE GIBRALTAR ECONOMY. FIRSTLY, IN ORDER
 TO STUDY THE SITUATION PROPERLY AND SECONDLY, BECAUSE OF THE
 PROSPECTS OF THE AGREEMENT BEING IMPLEMENTED. THERE NOW SEEMED LITTLE

PROSPECT OF THIS IN THE FORESEEABLE FUTURE - IF INDEED THE SPANISH GOVERNMENT INTENDS EVER TO IMPLEMENT IT. IT IS OUR VIEW,

THEREFORE THAT THE PARTIAL OPENING OF THE FRONTIER MUST NOW BE APPROACHED STRICTLY ON THE TERMS IN WHICH IT WAS ANNOUNCED.

BY HUMANITARIAN HIS GOVERNMENT HAD UNDERSTOOD PRIMARILY THE OPPORTUNITY FOR RELATIVES ON THE TWO SIDES OF THE BORDER TO SEE EACH OTHER FREQUENTLY AND AT LESS INCONVENIENCE AND EXPENSES THAN BEFORE.

5. SPANISH PROTECTIONISM HAD TAKEN ABSURD FORMS AND IT WAS CLEAR THAT THE SPANISH GOVERNMENT DID NOT INTEND TO RESPECT THE INTERESTS OF THE GIBRALTARIANS. HE NOW FELT FULLY ENTITLED TO TAKE SUCH STEPS AS MAY BE NECESSARY AND DESIRABLE TO PROTECT GIBRALTARS ECONOMY IN THIS NEW SITUATION. HE WOULD BE HOLDING CONSULTATION WITH THE OPPOSITION, REPRESENTATIVE BODIES AND THE BRITISH GOVERNMENT.

6. HE WENT ON TO OUTLINE THE DAMAGE DONE TO THE ECONOMY BY PURCHASES IN SPAIN AND BY LEISURE EXPENDITURE THERE. WHILST GIBRALTAR WAS A FREE SOCIETY HE HAD NO HESITAION IN SAYING THAT PEOPLE SHOULD CONSIDER VERY CARFULLY INDEED THE DAMAGING EFFECT ON OUR ECONOMY WHICH WILL RESULT FROM A CONTINUING HIGH LEVEL OF SPENDING IN SPAIN. HE HOPED THAT GIBRALTARIANS WERE NOT PANZISTAS I.E. THOSE WHOSE MINDS WERE CENTRED ON THEIR STOMACHS. IT WAS SURELY WRONG THAT BUSINESSMEN SHOULD BE SRENDING THEIR LOCALLY MADE PROFITS AND EMPLOYEES THEIR UK PARITY WAGES IN SPAIN THEREBY UNDERMINING THE ECONOMY OF GIBRALTAR AS A RESULT OF THE DISCRIMINATORY OPENING OF THE FRONTIER. I DO NOT. BELIEVE THAT THE BRITISH GOVERNMENT WILL EVER RENEGE ON ITS COMMITMENTS, WRITTEN INTO OUR CONSTITUTION TO SUPPORT THE FREELY AND DEMOCRATICALLY EXPRESSED WISHES OF THE PEOPLE OF GIBRALTAR, BUT IN BELIEVE WE ARE IN DANGER OF LOSING A GREAT DEAL OF THE MASSIVE SUPPORT WE ENJOY IN BRITAIN IF IT WERE THOUGHT THERE THAT WE WANT BRITISH CITIZENSHIP, AND BRITISH POLITICAL PROTECTION WHILE. AT THE SAME TIME, A GOOD NUMBER OF OUR PEOPLE REGARD SPAIN AS THEIR PLAYGROUND OR AS A MEANS OF COMMERCIAL PROFIT PRIOR TO THE IMPLEMENTATION OF THE LISBON AGREEMENT.

7. HE DID NOT EXPECT THE SENTIMENTS TO BE UNIVERSALLY POLITICALLY POPULAR BUT IF THEY WERE NOT MAYBE THE SUGGESTION IN THE TIMES OF 19 MARCH FOR A REFERENDUM SHOULD BE ACCEPTED. BUT IT SHOULD BE AN HONEST ONE. IT SHOULD NOT BE A QUESTION OF MAINTAINING THE BRITISH LINK IN A POLITICAL AND CONSTITUTIONAL SENSE WHILST ESTABLISHING COMMERCIAL AND RECREATIONAL LINKS WITH SPAIN IN A DAMAGING MANNER FOR GIBRALTARS ECONOMY

8. TEXT BY BAG WILLIAMS

FCO PLEASE PASS

GIBRALTAR

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TO IMMEDIATE FCO TEL NO 28 OF 23 MAR 83
INFO IMMEDIATE MADRID
INFO ROUTINE MODUK



SPANISH NAVAL INCURSIONS

- 1. AT ABOUT 23.1000Z, THE GIBRALTAR PORT OFFICE INTERCEPTED RADIO MESSAGES FROM SPANISH NAVAL PATROL BOAT PC16 TO THREE FOREIGN MERCHANT SHIPS AT ANCHOR IN THE GIBRALTAR EASTERN ANCHORAGE TELLING THEM THAT THEY WERE IN SPANISH TERRITORIAL WATERS AND MUST LEAVE. THE CAPTAIN OF THE PORT CONTACTED EACH OF THE VESSELS AND HAVING VERIFIED THAT THEY WERE IN GIBRALTAR WATERS, ADVISED THEM BY RADIO THAT THEY WERE CORRECTLY IN BRITISH WATERS AND SHOULD TAKE NO ACTION IN RESPONSE TO THE SPANISH DEMAND. GBC HAVE REPORTED THE INCIDENT IN THESE TERMS THOUGH WE DID NOT SAY HOW THE SPANISH DEMAND WAS PICKED UP THE THE PORT OFFICE.
- 2. THE VESSELS AND THEIR POSITION(TAKEN BY DISTANCE AND BEARING FROM EUROPA POINT) WERE

MT MEGA TRADER (LIBERIA) 2.4 NAUTICAL MILES 031 DEGREES

MT JONNY (FINLAND) 1.2 NM 054 DEGREES
MV OCEAN FRESH (KOREA) 2.5 NM 040 DEGREES.

DESPITE THE PORT CAPTAIN'S ASSURANCES, MY OCEAN FRESH HAS LEFT.

MT JONNY IS ABOUT TO DO SO BUT WAS IN ANY EVENT LEAVING ON OWNERS

ORDERS RECEIVED EARLIER TODAY

3. THE GIBRALTAR POLICE LAUNCH WAS DESPATCHED TO FURTHER REASURE THE MERCHANTMEN. THERE WAS NO CONFRONTATION WITH PC 16 WHICH WAS BY THEN RETURNING TO ALGECIRAS. I AM POSITIONING THE GUARDSHIP HMS TARTAR, WHICH WAS AT SEA AT THE TIME OF THE INCIDENT, IN THE EASTERN ANCHORAGE LATER TODAY AND OVERNIGHT.

WHETHER IT IS PART OF RENEWED AUTHORISED ACTIVITY OR WHETHER IT REPRESENTS LOCAL INITIATIVES. EITHER WAY, WE SHOULD NOT LET THE INCIDENT PASS WITHOUT PROTEST. GRATEFUL IF HM AMBASSADOR MADRID COULD BE ASKED TO ACT AT WHATEVER LEVEL HE CONSIDERS MOST EFFECTIVE AND APPROPRIATE.

MARCH FIVE SPANISH FISHING BOATS HAD FOLLOWED AN ATTRACTIVE SHOAL OF FISH THROUGH TERRITORIAL WATERS INTO THE ADMIRALTY HARBOUR AND WERE ORDERED OUT. THE GIBRALTAR POLICE HANDLED THE MATTER CALMLY, BUT ANY FURTHER SUCH BLATANT INCIDENTS MAY LEAD TO ARRESTS BEING NECESSARY.

WILLIAMS

GIBRALTAR

LIMITED

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ADDITIONAL DISTRIBUTION

GIBRALTAR

GRS 650

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DESKBY 181000Z

FM MADRID 180950Z MARCH 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 187 OF 18 MARCH

AND TO IMMEDIATE GIBRALTAR AND MOD



VISIT BY MORAN: SPANISH PRESS REPORTS

- 1. THE SPANISH PRESS GIVE PROMINENT COVERAGE TO MORAN'S MEETINGS IN LONDON UNDER SUCH HEADINGS AS 'LONDON CONTINUES PUTTING OFF NEGOTIATIONS WITH GIBRALTAR: LITTLE POSSIBILITY OF NEGOTIATIONS STARTING THIS SPRING' (EL PAIS): 'MORAN MADE NO PROGRESS IN HIS CONVERSATIONS ON GIBRALTAR' (ABC): ''NO LIKELIHOOD OF NEGOTIATIONS ON GIBRALTAR' (YA): 'THERE WILL BE NO SPANISH CONCESSIONS ON GIBRALTAR' (DIARIO 16): 'ANOTHER FAILURE BY MORAN IN LONDON' (ALCAZAR).
- 2. ALL PAPERS REPORT THAT THERE IS ALMOST NO POSSIBILITY OF STARTING NEGOTIATIONS IN ACCORDANCE WITH THE LISBON AGREEMENT AND THEREFORE LITTLE PROSPECT OF PROGRESS. ALL MAKE CLEAR THAT SPAIN WILL NOT NORMALISE COMMUNICATIONS WITH THE ROCK WHILE LONDON IS UNWILLING TO DISCUSS THE BASIC POINT OF THE CONFLICT, THE ISSUE OF SOVEREIGNTY.
- 3. ALL PAPERS CONTAIN EXTRACTS FROM MORAN'S PRESS CONFERENCE. HE IS QUOTED AS SAYING ''ANY CONVERSATION SHOULD CONCERN THE RECOVERY OF SPAIN'S TERRITORIAL INTEGRITY, TAKING INTO ACCOUNT THE INTERESTS OF THE PEOPLE OF GIBRALTAR''. HE IS SAID TO HAVE DENIED THAT THE PRESENT SPANISH GOVERNMENT REJECTED THE LISBON AGREEMENT. HE IS QUOTED AS INSISTING ON DESCRIBING IT AS A DECLARATION RATHER THAN AN AGREEMENT AND AS ONLY ''ONE POINT IN A PROCESS''. SEVERAL PAPERS REPORT HIM AS SAYING THAT CONCENTRATION BY BRITAIN ON ONLY ONE POINT IN THE SIX PROPOSALS OF THE DECLARATION (THE LIFTING OF RESTRICTIONS) WAS NOT ACCEPTABLE. HE IS ALSO QUOTED AS STRESSING THAT THE SPANISH GOVERNMENT HAD ''SHOWN ITS REASONABLENESS IN ALLOWING PEDESTRIAN CROSSING OF THE BORDER. IT WOULD NOT BE FAITHFUL TO ITS PRINCIPLES IF IT DID NOT TAKE ACCOUNT OF THE HUMAN ELEMENT OF THE PROBLEM, BUT IT WOULD NOT BE FAITHFUL TO THE FEELINGS AND NATIONAL WILL TO RECOVER (SPAIN'S) TERRITORIAL INTEGRITY IF IT DID NOT PUT FORWARD FIRMLY AND ON ALL OCCASIONS ITS WILL TO RECOVER SOVEREIGNTY BY DIPLOMATIC AND PEACEFUL MEANS AND WITHOUT DRAMA' . HE IS REPORTED TO HAVE ALLUDED TO DIFFERING INTERPRETATIONS OF THE LISBON DECLARATION, BUT AS HAVING REFUSED TO SPECIFY WHAT THESE DIFFERENCES WERE. THE BRITISH SIDE IS SAID TO HAVE REJECTED A SPANISH PROPOSAL TO DRAW UP AT OFF-ICIAL LEVEL A TEXT SETTING OUT THE AGREED CONTENT OF THE LISBON DOCUMENT.

4. BOTH EL PAIS AND DIARIO 16 REPORT THAT THE SPANISH SIDE WISHES TO BE SURE OF THE BRITISH WILL TO DISCUSS THE BASIC POINT AT ISSUE. SPAIN WILL NOT TAKE ANOTHER STEP UNTIL IT HAS ASSURANCES ON THIS POINT. DIARIO 16 ADDS THAT THE LACK OF RESULTS FROM THE VISIT DEMONSTRATES THE PROFOUND DIFFERENCES WHICH SEPARATE THE TWO SIDES. EL PAIS ALSO REPORTS THAT WHEN QUESTIONED BY A.F.P. ABOUT BRITISH READINESS TO NEGOTIATE, YOU REPLIED THAT THE UK WAS WILLING TO DISCUSS ANY ISSUE BUT ADDED THAT THE PROBLEM OF GIBRALTAR WAS A QUESTION OF SELF-DETERMINATION SIMILAR TO THE PROBLEM OF THE PALESTINIANS OR THE FALKLANDS. MORAN IS QUOTED AS HAVING REFUSED TO COMMENT, BUT IS SAID ''TO HAVE BEEN AMAZED BY THIS STATEMENT''.

- 5. MOST OF THE PRESS ALSO REPORT MORAN'S INSISTENCE THAT ANGLO-SPANISH RELATIONS ARE NOT CONFINED TO THE PROBLEM OF GIBRALTAR AND HIS HOPE THAT SOME NEW IDEAS WILL EMERGE FOR DEALING WITH THE LATTER ISSUE. ALL PAPERS REPORT THAT HE TRANSMITTED AN APPRECIATIVE MESSAGE FROM GONZALEZ TO THE PRIME MINISTER FOR HER SUPPORT AFTER THE ATTEMPTED COUP OF 1981. ALL ALSO QUOTE MORAN AS STRESSING THAT SPAIN WOULD BE DELIGHTED IF THE PRIME MINISTER WERE TO VISIT SPAIN.
- 6. EDITORIALS ARE ON GENERALLY SIMILAR LINES. ABC COMMENTS THAT THE PRIME MINISTER DREW ATTENTION TO THE PREAMBLE TO THE GIBRALTAR CONSTITUTION. THIS UNDERLINED THE NEED FOR THE CONSENT OF THE POPULATION OF GIBRALTAR TO ANY TERRITORIAL CHANGE. THIS CONTRASTED WITH THE SPANISH POSITION OF READINESS TO NEGOTIATE AT ANY TIME ABOUT GIBRALTAR WITH THE OBJECTIVE OF RESTORING SPAIN'S TERRITORIAL INTEGRITY. IT COMMENTS THAT NO PROGRESS HAS BEEN MADE TOWARDS BRINGING CLOSER THESE CONFLICTING POINTS OF VIEW EVEN TO THE POINT OF PERMITTING NEGOTIATIONS TO BEGIN IN THE SPRING.
- 7. AN EDITORIAL IN DIAR-10 16 SUPPORTS THE GOVERNMENT'S POSITION. IT SAYS THAT GIVEN THE BRITISH ATTITUDE AND ITS REFUSAL TO RECOGNISE SPAIN'S HISTORIC RIGHTS, THE GOVERNMENT ARE CORRECT TO REFUSE FURTHER CONCESSIONS AND IN PARTICULAR THE FREE PASSAGE OF TOURISTS THROUGH GIBRALTAR. SPAIN SHOULD STAND FIRM. BUT IT SHOULD NOT AGAIN CLOSE THE BORDER TO PEDESTRIANS.

HERVEY

GIBRALTAR

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ADDITIONAL DISTRIBUTION
GIBRALTAR

P R 171427Z MAR 83

FM FOGIB

TO RBDWC/MODUK NAVY
INFO RBDWC/MODUK
RBDEC/CINCFLEET
RBDWDFA/FCO LONDON
RBDWDFA/BRITNAVAT MADRID
ZEN/CINC GIBRALTAR
ZEN/HMS TARTAR
BT



CONFIDENTIAL

SIC UAA/EAJ/ERA

- 1. WHILST IN GIBRALTAR BAY, JUST PRIOR TO ENTERING THE HARBOUR THROUGH THE NORTH ENTRANCE HMS ANTRIM AND HMS MINERYA WERE PASSED BY SPANISH VESSEL PVI 25 INSIDE GIBRALTARIAN TERRITORIAL WATERS.

 2. PVI 25 ENTERED GIBRALTARIAN WATERS AT 171049A MAR WEST OF THE SOUTH MOLE. IT SUBSEQUENTLY ALTERED COURSE TO PASS 600 YDS CLEAR TO PORT OF HMS MINERVA BEFORE TURNING AND CONDUCTING A SIMILAR PASS OF HMS ANTRIM. IN THE WORST CASE PVI 25 WAS 1.25NM INSIDE GIBRALTARIAN TERRITORIAL WATERS. IT SUBSEQUENTLY CROSSED THE MEDIAN LINE AND PROCEEDED BACK TO ALGECIRAS AT 171119A MAR.
- 3. THE CLOSEST POINT OF APPROACH WAS AT 171056A MAR WITH PVI 25 IN POSN 36 DEGREES 08.2 MINUTES NORTH 005 DEGREES 22.7 MINUTES WEST CO 045 SP 8 KTS WITH MINERVA 600X TO THE EAST.
- 4. THE INCIDENT WAS MONITORED FROM WINDMILL HILL SURVEILLANCE STATION. THERE WERE NO EXCHANGES OF COMMUNICATION AND THE PVI'S ACTIONS DID NOT INTERFERE WITH OR NAVIGATIONALLY EMBARASS THE HANDLING OF ANTRIM OR MINERVA.

BT

GIBRALTAR

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ADDITIONAL DISTRIBUTION GIBRALTAR

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C O N F I D E N T I A L 'UK COMMS ONLY SIC FM GIBRALTAR 171200Z MAR 83 TO PRIORITY FCO TEL NO PERSONAL 40 OF 17.3.83 INFO PRIORITY MADRID, MODUK



SPANISH NAVAL INCURSIONS.

- 1. FOGIB SIGNAL 161649Z (NOT REPEATED TO YOU OR MADRID) REPORTS INCURSION AT 161149A) BY PVC 111 DURING PREARRANGED BOAT TRANSFER BETWEEN HLD KIWI AND USS NARWHAL (SSN) AT POSITION 36 DEGREES 004.5N AND 005 DEGREES 20.2W ABOUT 1000 YARDS INSIDE GIBRALTAR TERRITORIAL WATERS.
- 2. FOGIB ALSO REPORTS THAT SUBSEQUENT CONVERSATION BETWEEN KIWI AND PVC 111 WHICH INVOLVED FOGIB USN LIAISON OFFICER WAS

FRIENDLY IN TONE, THAT PVC 111 DID NOT SEEK TO INTERFERE WITH TRANSFER OR DELAY EITHER KIWI OR NARWHAL, AND THAT SPANISH. ATTITUDE WAS ESSENTIALLY ONE OF CURIOSITY.

3. WITH THE SPANISH FOREIGN MINISTERS VISIT TO LONDON IN MIND, I PROPOSE NO (REPEAT) NO FORMAL PROTEST UNLESS THIS INCIDENT PROVES TO BE THE FORERUNNER OF FURTHER INCURSIONS WILLIAMS

THIS TELEGRAM WAS NOT ADVANCED

GIBRAL/TAR

LIMITED

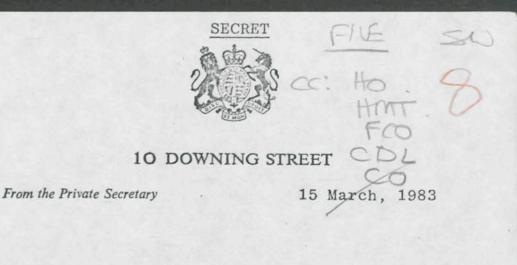
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ADDITIONAL DISTRIBUTION GIBRALTAR

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Culmiltan CONFIDENTIAL GRS 170 AMENDED DISTRIBUTION 16 HARCH 1983 CONFIDENTIAL FM MADRID 151005Z MARCH 83 TO IMMEDIATE FCO TELEGRAM NUMBER 178 OF 15 MARCH INFO PRIORITY GOVERNOR GIBRALTAR (PERSONAL), RABAT. MY TELNO 174 (NOT TO RABAT): GIBRALTAR. 1. WHEN SPEAKING TO ME YESTERDAY ABOUT GIBRALTAR THE KING OF SPAIN SAID THAT THERE WERE TWO GOOD REASONS WHY ANY SOLUTION WOULD TAKE A VERY LONG TIME. FIRST, AS BRITISH MINISTERS HAD MADE CLEAR, IT WAS UP TO SPAIN NOW TO MAKE HERSELF ATTRACTIVE TO THE PEOPLE OF GIBRALTAR, SO THAT THEY SAW FOR THEMSELVES THE ADVANTAGES OF JOINING THE KINGDOM OF SPAIN. SECONDLY, AS HE HAD REMINDED ME ONCE BEFORE, IT WAS NOT (NOT) IN FACT IN THE INTERESTS OF SPAIN TO RECOVER GIBRALTAR SOON, EVEN IF IT WERE POSSIBLE. THE KING OF MOROCCO HAD REPEATEDLY WARNED HIM THAT IF SPAIN APPEARED TO BE ON THE VERGE OF RECOVERING THE ROCK, MOROCCO WOULD MAKE AN IMMEDIATE BID FOR CEUTA AND MELILLA. THAT WOULD BE EXTREMELY SERIOUS. 2. IT WAS FOR THESE REASONS, CONTINUED THE KING, THAT HE THOUGHT THE GIBRALTAR ISSUE HAD TO BE HANDLED ON A LONG-TERM BASIS AND IN THE WIDER PERSPECTIVE OF SPAIN'S RELATIONSHIP WITH BRITAIN AND THE WEST IN GENERAL. HE HOPED THAT HIS FOREIGN MINISTER SHARED THESE VIEWS. PARSONS GIBRALTAR LIMITED ADDITIONAL DISTRIBUTION SED PS/MR HURD GIBRALTAR DEF D PS/LORD BELSTEAD NEWS D PS/PUS PUSD SIR J BULLARD MR GOODISON ECD (E) PLANNING STAFF MR GILLMORE MR HANNAY CONFIDENTIAL



Gibraltar Air Defence

The Prime Minister has seen your Secretary of State's minute of 11 March and has noted that the regular Blowpipe troop will leave Gibraltar by mid-April and that the Gibraltar Regiment air defence troop, having completed its training on Blowpipe in the UK, will then resume responsibility for air defence.

I am copying this letter to the Private Secretaries to the other members of OD(EM) and to Sir Robert Armstrong.

A.J. COLE

Richard Mottram, Esq., Ministry of Defence

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Prine Minister 7
To note that the segular U.K.

based blowfije twoy will leave fibralta in mid - April and that the

fibrilles regiment, nous trained on bloopings, will then resuma responsibility for air

A. J. C. 7

MO 5/16

PRIME MINISTER

GIBRALTAR AIR DEFENCE

When you were briefed in December on our arrangements for defending Gibraltar you were told that, as one of the permanent enhancements to the garrison, we were replacing the four Bofors guns which the artillery battery of the Gibraltar Regiment have used hitherto with eight Blowpipe air defence missile systems. You were also told that, as one of our temporary reinforcements to cover the period during and after the Spanish general election, a regular UK-based BLOWPIPE troop had been sent to Gibraltar until the Gibraltar Regiment had been trained to use its new equipment. It was mentioned that for planning purposes we were assuming that all the temporary reinforcements would remain there until 1st June but that this would be regularly reviewed.

We have carried out such a review in the case of the air defence troop. The Gibraltar Regiment air defence troop will have completed its training on BLOWPIPE in the UK - which includes firing live missiles - and will have returned to Gibraltar by the end of March. The Chiefs of Staff consider that the threat of air attack does not justify retaining the regular troop beyond that time. When the Gibraltar Regiment resumes responsibility for air defence it will be at up to three hours readiness - as it has been in the past, before the temporary reinforcements were made - compared with the regular troop's formal readiness of one hour. This is considered sufficient. The current JIC assessment does not link air attack with any of the maverick forms of action which are envisaged as being at all likely.

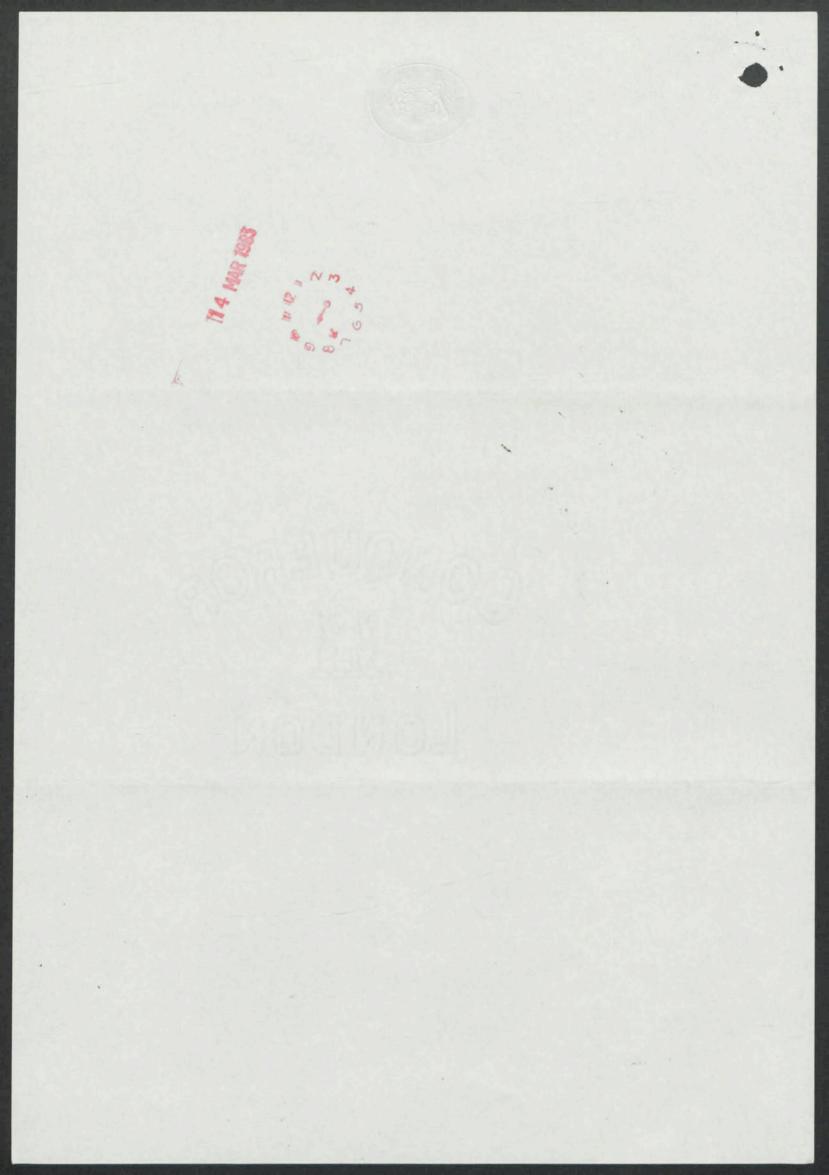


Meanwhile UK-based BLOWPIPE troops are in heavy demand for the Falklands and Belize, with only short intervals between unaccompanied tours.

- 3. The Chiefs of Staff have therefore proposed, and I have accepted, that the regular BLOWPIPE troop in Gibraltar should return to the UK as soon as possible after the return of the Gibraltar Regiment troop with its new equipment. In practice this will mean that the regular troop will leave by mid-April.
- 4. I am sending copies of this minute to the other members of OD(EM) and to Sir Robert Armstrong.

June

Ministry of Defence 10th March 1983



GRS 450

CONFIDENTIAL

DESKBY 040900Z

PS/10. DOWNING STREET

FM MADRID 031800Z MARCH 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 143 OF 03 MARCH

INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL)

MIPT: GLBRALTAR

- 1. MORAN'S PREVIOUS REMARKS TO ME (MY TELNO 94) AND THE FULL
 TEXTS OF HIS STATEMENTS IN FEBRUARY TO THE FOREIGN AFFAIRS
 COMMITTEES OF THE CONGRESS AND SENATE (JUST AVAILABLE AND
 SUMMARISED IN HEAD OF CHANCERY'S LETTER OF 2 MARCH TO CODRINGTON
 IN THIS WEEK'S BAG) GIVE AN ONLY TOO CLEAR IDEA OF HIS VIEWS ON
 GIBRALTAR. THEY BEAR OUT THE VIEW THAT HE IS RELUCTANT TO
 IMPLEMENT THE LISBON AGREEMENT FOR THE REASONS I EXPLAINED
 RECENTLY TO THE DEPARTMENT IN LONDON. THESE ARE IN PARTICULAR:-
 - A) THE RENEWAL OF MOROCCO'S CLAIM TO CEUTA AND MELILLA:
 - B) INCREASING CRITICISM IN SPAIN OF THE GOVERNMENT AND HIMSELF PERSONALLY:
 - C) THE FACT THAT PARTIAL PEDESTRIAN OPENING HAS LEFT GIBRALTAR MORE IN THE POSITION OF A DEMANDEUR:
 - D) HIS CURRENT PERCEPTION OF THE DEGREE OF BRITISH FLEXIBILITY.
- 2. IN HIS CONVERSATION WITH ME TODAY (REPORTED BY SEPARATE TELEGRAM) MORAN FURTHER REINFORCED THESE VIEWS. HE AGAIN SPOKE OF THE NEED FOR GRADUALISM. AND HE AGAIN IMPLIED THAT HE WOULD NOT BE ABLE TO AGREE TO THE IMMEDIATE OPENING OF GIBRALTAR AIRPORT FOR TOURIST TRAFFIC AT THE START OF ANY NEGOTIATIONS. I WARNED HIM THAT YOU WOULD HAVE TO CONTEST THESE POINTS WITH HIM.
- 3. HOWEVER, HIS SPEECHES TO THE TWO FOREIGN AFFAIRS COMMITTEES CONTAIN POSITIVE AS WELL AS NEGATIVE POINTS. THE PLUS POINTS ARE:-
 - DEVELOPMENT OF AN INCIPIENT GIBRALTARIAN PERSONALITY
 AND LOCAL NATIONALISM BORN OF THE YEARS OF RESTRICTIONS.
 HE REALISES THAT THIS CAN ONLY BE REDUCED BY A PROCESS
 OF OSMOSIS AND THE EASING OF RESTRICTIONS.
 - ALTHOUGH HE INSISTS ON TABLING THE QUESTION OF
 SOVEREIGNTY (WHICH HE IS IN EFFECT ENTITLED TO DO UNDER
 THE TERMS OF THE LISBON AGREEMENT) HE FULLY ACKNOWLEDGES
 THAT THERE CAN BE NO RESOLUTION OF THE QUESTION OF
 SOVEREIGNTY IN THE FIRST ROUND. INDEED HE ACCEPTS THAT
 IT WILL TAKE TIME. CONFIDENTIAL

- 4. THE NEGATIVE POINTS ARE:-
 - THERE WILL BE NO IMMEDIATE FULL LIFTING OF RESTRICTIONS
 AND, IN PARTICULAR, TRANSIT FOR TOURISTS VIA GIBRALTAR
 AIRPORT. HE EMPHASISES THAT THE LATTER IS BUILT ON THE
 ISTHMUS AND THEREFORE NOT CEDED UNDER THE TREATY OF UTRECHT.
 - HE CONSIDERS THE LISBON AGREEMENT 'AMBIGUOUS' AND AS
 BADLY CORRECTED BY THE EXCHANGE OF NOTES OF JANUARY 1982,
 THUS IMPLYING REPUDIATION OF THE BASIS OF THAT AGREEMENT
 IE, FULL LIFTING OF RESTRICTIONS AT THE SAME TIME AS THE
 OPENING OF NEGOTIATIONS.
- PERSONAL POLICY OF LORD CARRINGTON AND THE CIRCUMSTANCES
 OF 1980 WHICH HAVE BEEN SWEPT AWAY BY THE FALKLANDS.
- DEFORE BEGINNING NEGOTIATIONS HE INSISTS ON A CLEAR IDEA OF THEIR PRECISE OBJECTIVE.
- LISBON AGREEMENT IS SO INCOMPATIBLE WITH OUR OWN THAT THE CHANCES OF IMPLEMENTING IT WOULD SEEM VERY SMALL. THIS CONCLUSION MIGHT NEVERTHELESS BE PREMATURE, GIVEN MORAN'S DONNISH APPROACH TO FOREIGN AFFAIRS AND LACK OF ATTENTION SO FAR TO BASIC REALITIES. THUS HE APPEARS TO FIND NO INCONSISTENCY BETWEEN SPANISH MEMBERSHIP OF NATO AND ATTENDANCE AT MEETINGS OF THE NON-ALIGNED INCLUDING THE FORTHCOMING SUMMIT IN NEW DELHI. IT ACCORDINGLY REMAINS TO BE SEEN HOW LITERALLY WE SHOULD TAKE HIS COMMENTS. ALL THE MORE REASON THEREFORE FOR YOUR RECEIVING HIM SOON.

PARSONS

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GIBRALTAR





24 February 1983

Gibraltar

Thank you for your letter of 22 February. The Prime Minister has noted your account of the wction we might take if, after Spanish entry to the European Community, Spain once more closed the border with Gibraltar.

JOHN COLES

Roger Bone, Esq., Foreign and Commonwealth Office.

CONFIDENTIAL

O 231530Z FEB 83

FM GOVERNOR GIBRALTAR

TO RBDWDFA/FCO LONDON

INFO RBDWDFA/MADRID

RBDWDA/SAVING LISBON

BT

C O N F I= D E N T I= A L UK COMMS ONLY

SIC

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FROM GOVERNOR GIBRALTAR 231530Z FEB 83 TELNO PERSONAL 26 OF 23/2/83

TO IMMEDIATE FCO LONDON
INFO PRIORITY MADRID
SAVING LISBON



FCO PLEASE PASS TO SAVING ADDRESSEE

MADRID TEL NOS 94 AND 95 AND YOUR TEL NO PERSONAL 7: IMPLEMENT-

- 1. IN SAW HASSAN AND ISOLA SEPARATELY TODAY AND ACTED AS INSTRUCTED DRAWING ALMOST EXCLUSIVELY ON MADRID TEL NO 94 BUT EXCLUDING REFERENCE TO GRADUALISM OR PRE-NEGOTIATION.
- 2. IN TOLD THEM OF MORAN'S AGREEMENT WINTH POINTS IN PARA 1 (A)—
 (D) OF FURST MADRIAD TUR AND OF THE DANGER HE SAW OF MISLEADING
 PUBLIC OPINION (AGAIN EXCLUDING REFERENCE TO GRADUALISATION).
 IN OUTLINED THE DIFFRICULTHES, WHICH THEY ALREADY KNEW ABOUT,
 ARISING FROM THE USE OF GIBRALTAR AIRPORT. IN CONCENTRATED THEN ON
 MORAN'S WISH FOR A PERSONAL MEETING WITH YOU SAYING THAT HE HAD
 MUCH APPRECHATED YOUR EARLIER CONTACTS AND FELT IN WAS IMPORTANT
 THAT YOU AND HE SHOULD MAINTAIN CLEAR PERSONAL UNDERSTANDINGS
 ABOUT THE WAY IN WHICH THE LISBON AGREEMENT WAS TO BE IMPLEMENTED.
 IN EXPLAINED MORAN'S WISH TO REPRESENT THIS AS PART OF THE WIDE—
 RANGING TALKS WITH OTHER IMPORTANT FOREIGN MINISTERS ADDING THAT
 HE HAD PROPOSED THE DATES OF 10 AND 11 MARCH. IN LEFT OPEN THE
 QUESTION OF WHETHER THIS SHOULD BE IN MADRID OR LONDON IN VIEW OF
 PARA 2 OF YOUR TUR.
- ASSAN WHO WAS IN GOOD FORM SAW MORAN'S REACTION AS 'PREDICTABLE' AND DESCRIBED THE IDEA OF A MEETING WITH YOU AS A 'FACE SAVER'. IN DREW BRIEFLY ON MADRID TEL NO 95 TO SUGGEST THAT MORAN MAY BE UNDER PRESSURE AND WOULD WELCOME A FURTHER MEETING WITH YOU AS A MEANS OF PROTECTING HIS POSITION. HASSAN HAD BEEN WARNED BY BRAVO THAT THE MARCH DATE MIGHT BE TOO EARLY FOR THE SPANNARDS WHO MIGHT PREFER APRIL. HE SAID THAT IT WAS IMPORTANT TO TRY AND ACHIEVE IMPLEMENTATION IN APRIL BECAUSE OF THE DAMAGE BEING DONE TO GIBRALTAR'S ECONOMY BY THE PRESENT PARTIAL OPENING AND THE FACT THAT BY APRIL THE STUDY PHASE ON THE DOCKYARD WOULD BE DRAWING TO ITS END. IT WOULD BE VERY DIFFICULT TO HANDLE DISAPPOINTMENTS ON THE FRONTIER AND THE MOMENT OF TRUTH ON THE DOCKYARD AT THE SAME TIME.

HE WAS THEREFORE PERSUADED THAT YOU SHOULD AGREE TO MORAN'S PROPOSAL IN THE CONTEXT OF A SERIES OF MEETINGS WITH EUROPEAN FOREIGN
MINISTERS BUT ADDED THAT FROM HIS POINT OF VIEW IT WOULD BE MUCH
EASIER TO HANDLE OF THE MEETING WERE TO BE IN LONDON. LOCAL SUSPICIONS WOULD BE BOUND TO BE AROUSED BY A MADRID MEETING.

- ISOLA TOO THOUGHT THAT THE MARCH DATE HAD ALWAYS SEEMED A BUT EARLY FOR THS SPANNARDS BUT WAS RATHER LESS OPTOMISTIC THAN HASSAN. PERCEPTIVELY HE COMMENTED THAT MORAN MIGHT BE COMING TO THE VIEW THAT THE LISBON AGREEMENT DID NOT OFFER THE SOLUTION TO THE GIBRALTAR PROBLEM WHICH MIGHT HAVE TO BE FOUND IN OTHER WAYS. HE ALSO AGREED THAT MORAN'S PROPOSAL COULD NOT BE RESISTED AND THAT IT SHOULD BE HELD IN LONDON IN A SIMILAR CONTEXT TO THAT DESCRIBED BY HASSAN, HE LAND PARTICULAR STRESS ON THE IMPORTANCE OF ACHIEVING IMPLEMENTATION IN APRIL OR AT THE WORST MAY BECAUSE OF TH COINCIDENCE WHITH DEVELOPMENTS ON THE DOCKYARD FRONT. HE SAID HE COULD NOT SEE HIS PARTY GOING ALONG WITH PROPOSALS FOR COMMERCIALISATION OF THE DOCKYARD IF THE FRONTIER WAS STILL OPEN IN LITS PRESENT STATE WHEN SUCH DECISIONS WERE REQUIRED, POINTING OUT THAT STUDIES ON ECONOMIC DIVERSIFICATION EMPHASISED THE NEED FOR AN OPEN FRONTHER TO SUCCEED. HE FEARED THAT MORAN MIGHT BE INCREASINGLY AWARE OF THE ECONOMIC DISADVANTAGE TO GIBRALTAR OF THE FRONTHER SHITUATION AND THUS INCLINED TO DRAW OUT NEGOTIATIONS.
- 5. BOTH MEN LEFT IN GOOD SPIRITS ACCEPTING MY FINAL POINT THAT INT WAS IMPORTANT POINT INCALLY FOR US TO MAINTAIN THE POLITICAL INVITATINE AND NOT ALLOW THIS TO PASS TO THE SPANIARDS BY REFUSING MORAN'S PROPOSAL.

WILLHAMS

(REPEATED AS REQUESTED)

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MR HANNAY

2

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

22 February, 1983

A. J. C. 23/2 Cop : Sis A. Parson.

Gibraltar

In your letter of 10 February you said that the Prime Minister had asked what would happen if, after Spanish entry to the European Community, Spain once more closed the border with Gibraltar.

If the Spaniards closed the border again after accession they would be in breach of the EC Treaties. We have recently established that the Commission agree that restrictions are contrary to the Treaties. At our instigation, the Presidency and the Commission have made this known to the Spaniards in the context of the accession negotiations and have sought an assurance that the restrictions will be lifted.

In these circumstances, either the Commission or the UK could bring proceedings against Spain in the European Court. The basis of the case would depend upon the exact nature of the restrictions; but the provisions in the Treaty relating to the free movement of labour, rights of establishment and the common regime for imports would be particularly relevant. Spain would be bound by the Treaties to abide by the Court's ruling. Although the Court has no powers of enforcement, Spain could expect considerable pressure from EC member countries to conform to its ruling.

As to actions within the North Atlantic Alliance, we would no doubt aim to rule out immediately any cooperation with Spain in the Alliance involving Gibraltar. In practice this would mean no subordination of the NATO GIBMED command to a Spanish NATO Command and no Spanish military presence on the Rock.

Bilateral relations would undoubtedly be seriously affected if, after the implementation of the Lisbon agreement and the lifting of all restrictions, the Spaniards closed the border again irrespective of whether or not Spain had acceded to the EC. Such a move would contravene the Lisbon agreement and any talks about any matter relating to Gibraltar would clearly have to be suspended. In addition, we should have to consider bilateral retaliation (cancellation of visits, trade measures etc).



You also mentioned the Prime Minister's preference for the term 'talks' rather than 'negotiations' when referring to discussions with the Spaniards in the context of the Lisbon agreement. I understand that the Foreign and Commonwealth Secretary discussed this with the Prime Minister on 14 February. He intends to play down the use of the word 'negotiations', but there are circumstances in which it cannot reasonably be avoided. The Lisbon agreement itself refers to the 'start of negotiations'. We know that the Spaniards attach importance to the word, and they are likely to insist on its use in any communique referring to implementation of the agreement.

Lu ui,

(R B Bone) Private Secretary

A J Coles Esq Private Secretary 10 Downing Street

GRS 300
UNCLASSIFIED FM MADRID 221615Z FEB 83
TELEGRAM NUMBER 110 OF 22 FEBRUARY
INFO GIBRALTAR

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GIBRALTAR

- 1. THE MADRID NEWSPAPER ABC PUBLISHED TODAY AN INTERVIEW WITH MORAN ON FOREIGN AFFIARS. IT CONTAINS LITTLE NEW BUT THE FOLLOWING PASSAGE ON GIBRALTAR WILL BE OF INTEREST.
- 2. ASKED ABOUT THE RESULTS OF HIS HUMANITARIAN DECISION TO OPEN THE GIBRALTAR GATE FOR PEDESTRIANS MORAN IS QUOTED THAT ''THE RESULTS HAD BEEN SPLENDID''. THERE HAD BEEN MORE THAN 200,000 VISITS BY GIBRALTARIANS TO SPAIN. THESE HAD ALLOWED THEM TO SEE THAT THEY WOULD HAVE NEITHER POLITICAL, RELIGIOUS, CULTURAL, LANGUAGE NOR LABOUR PROBLEMS IN SPAIN. THE PROCESS WOULD BE SLOW. BUT THE GIBRALTARIANS WOULD BE PERSUADED THAT THEIR FUTURE LAY WITH SPAIN. THE CASTIELLA POLICY HAD MERELY REINFORCED THEIR NATIONALISM WHICH HAD BEEN FURTHER STRENGTHENED BY THE FALKLANDS ISSUE.
- 3. ON FUTURE TALKS MORAN IS REPORTED AS STATING " THE BRITISH MINISTER MR PYM WANTS TO RENEW CONVERSATIONS THIS SPRING. I AM NOT AGAINST THIS, WE WILL TALK: BUT WITHOUT CEDING ANYTHING ON THE QUESTION OF SPANISH SOVEREIGNTY OVER THE WHOLE OF THIS TERRITORY. WE ACCEPT THAT THE GIBRALTARIANS CAN MAINTAIN IF THEY WISH THEIR BRITISH NATIONALTITY OR A SPECIAL STATUS GUARANTEED BY BOTH COUNTRIES. IN MY CONVERSATIONS WITH MR PYM I WILL ALSO TABLE THE NEED TO REGULATE THE AIRPORT. IT LIES IN THE ISTHMUS TO WHICH THE ENGLISH HAVE NO RIGHT AT ALL. AS THESE FLIGHTS GIVE AN ADVANTAGE TO THE UK WITH SPECIAL TARIFFS THEY COULD HAVE AN EFFECT ON OUR TRAFFIC TO NEARBY AIRPORTS. IT IS NOT HAPPENING NOW BUT THIS NEEDS TO BE REGULATED STRICTLY AND SERIOUSLY. I WILL ENSURE THAT GIBRALTAR IS NOT THE BACK DOOR TO A TOURISM WHICH USES SPECIAL BRITISH TARIFFS. THERE IS ANOTHER ASPECT WHICH PUTS PRESSURE ON THE GIBRALTARIANS - THE CLOSING OF THE SHIPYARD. BETWEEN 30 AND 40 PERCENT OF THE INCOME OF THE POPULATION DEPENDS ON MILITARY CONTRACTS FROM THE BRITISH MINISTRY OF DEFENCE BASE ... PARSONS

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MARGESTT CHT TON CAUY ADVANCED GRS 520 CONFIDENTIAL FM MADRID 181305Z FE3 83 TO IMMEDIATE FCO TELEGRAM NUMBER 94 OF 18 FEBRUARY INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL) The Spaniards way be back tracking.

A. J. C. 21/2.

INFO LISBON YOUR TELEGRAM NUMBER 44: IMPLEMENTATION OF THE LISBON AGREEMENT ON GIBRALTAR

- 1. I CONVEYED THE MESSAGE IN YOUR TELEGRAM UNDER REFERENCE YES-TERDAY TO THE SPANISH FOREIGN MINISTER AND ALSO SPOKE IN ACCORDANCE WITH THE INSTRUCTIONS IN YOUR TELEGRAM NUMBER 43. ALSO PRESENT WAS BERDEJO, DIRECTOR GENERAL FOR EUROPEAN AFFAIRS. I PREFACED MY REMARKS BY THANKING THE MINISTER FOR HIS EFFORTS OVER MOTOR CARS (SEE MY TEL NO 91). MORAN AGREED ON SEVERAL OF YOUR MOST IMPORTANT POINTS, NAMELY THAT:
- (A) THE OUTCOME FROM THE MINISTERIAL MEETING MUST AVOID TRIGGERING UNFORTUNATE PUBLIC REACTIONS:
- (B) YOU COULD DO NO MORE THAN TAKE NOTE OF HIS VIEWS WHILE RE-AFFIRMING HMG'S COMMITMENT TO HONOUR THE WISHES OF THE PEOPLE OF GIBRALTAR:
- (C) IT WAS UP TO THE SPANIARDS THEMSELVES TO WORK TO IMPROVE THE GIBRALTARIAN ATTITUDE TOWARDS SPAIN AND THIS COULD ONLY COME OVER A PERIOD OF TIME:
- (D) BOTH MINISTERS MUST AGREE HOW TO HANDLE THE PRESS SO AS TO AVOID MISUNDERSTANDINGS.
- 2. THE CONCLUSION WHICH MORAN APPEARED TO DRAW FROM THESE PREMISES WAS MUCH LESS SATISFACTORY. THE DANGER OF MISLEADING PUBLIC OPINION INTO EXPECTING QUICK RESULTS LED HIM TO BELIEVE THAT THE APPROACH MUST BE ONE OF GRADUALISATION. AS PROGRESS WAS MADE IN ONE SECTOR, SO THE WAY WOULD BE PREPARED FOR MOVEMENT IN ANOTHER SECTOR. IN THOUGHT IT WISE TO REACT FAIRLY SHARPLY TO THIS. I SAID THAT THE WORD ''GRADUAL'' HAD UNFORTUNATE CONNOTATIONS OF THE SOCIALIST INSPIRED MOTION PASSED IN HE SPANISH PARLIAMENT JUST BEFORE THE LISBON MEETING IN 1980. THIS HAD CALLED FOR THE RESTRICTIONS TO BE GRADUALLY REMOVED AS AND WHEN PROGRESS WAS MADE IN THE MEGOTIATIONS. MORAN SAID THAT THIS WAS EXACTLY THE SORT OF POLITICAL DIFFICULTY HE HAD IN MIND. THE LISBON AGREEMENT ITSELF WAS AMBIGUOUS. IT DID NOT STATE THAT THE SPANISH GOVERNMENT WOULD SUSPEND THE APPLICATION OF ALL ITS CURRENT MEASURES ON THE DAY OF STARTING NEGOTIATIONS. I POINTED OUT THAT THIS HAD BEEN ESTABLISHED IN WRITING IN THE EXCHANGES BETWEEN MYSELF AND DURAN DATED 8. JANUARY 1982. MORAN DID NOT REPUDIATE THIS EXCHANGE BUT COMMENTED THAT HE HAD NOT BEEN FOREIGN MINISTER AT THE TIME.

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NOW THERE WERE NEW CIRCUMSTANCES. HE REFERRED ONCE AGAIN TO
THE PROBLEM OF THE USE OF GIBRALTAR AIRPORT FOR TOURIST TRAFFIC.

I SAID I FELT SURE THAT THERE WAS NO QUESTION OF BRITISH MINISTERS
BEING WILLING TO GO AHEAD WITH THE NEGOTIATIONS ENVISAGED AT LISBON
UNLESS ALL RESTRICTIONS WERE LIFTED SIMULTANEOUSLY, AS WE HAD

UNDERSTOOD ALL ALONG. 3. MORAN SAID THAT OUR CONVERSATION HAD CONFIRMED HIM IN HIS OPINION THAT THE ONLY WAY FORWARD WOULD BE FOR YOU TO MEET HIM PERSONALLY. THIS SHOULD NOT BE PRESENTED AS A TALK ABOUT GIBRALTAR. IT WOULD BE ONE OF THE WIDE-RANGING GENERAL TALKS HE WAS HOLDING WITH OTHER IMPORTANT FOREIGN MINISTERS. NEXT WEEK HE WOULD BE GOING TO ROME. HAVING ALREADY SEEN THE FOREIGN MINISTERS OF FRANCE, GERMANY AND BELGIUM, IT WAS SURELY IN PROPORTION WITH OUR RELATIONS THAT HE SHOULD HAVE A BILATERAL MEETING WITH YOU. YOU COULD THUS BOTH BUILD ON YOUR EARLIER TALK IN DECEMBER TO ESTABLISH A CLEAR PERSONAL UNDERSTANDING BETWEEN YOU ABOUT THE WAY IN WHICH THE LISBON AGREEMENT WAS TO BE IMPLEMENTED. I DEPLOYED AS APPROPRIATE THE NEGATIVE ARGUMENTS IN YOUR TELEGRAM NUMBER 47. BUT MORAN PERSISTED IN ASKING FOR A MEETING. I UNDERTOOK TO SEEK FURTHER INSTRUCTIONS. HE SEEMED RELAXED ON HEARING ABOUT YOUR TRAVEL PLANS AND SUGGESTED THAT YOU SHOULD AIM FOR A MEETING AFTER YOUR RETURN FROM THE UNITED STATES ON 6 MARCH. PERHAPS THE DATES OF 10 OR 11 MARCH, KNOWN TO BE FREE FOR YOU. WOULD BE SUITABLE FOR AN INTERMEDIATE MEETING. SOMEWHAT TENTATIVELY HE ADDED THAT ONE MIGHT THEN THINK IN TERMS OF IMPLEMENTATION IN APRIL. MORAN ASKED ME CORDIALLY TO INVITE YOU TO VISIT MADRID NEXT MONTH. THIS WOULD BE HIS FIRST CHOICE. IF THIS WERE NOT CONVENIENT BUT YOU WERE WILLING TO RECEIVE HIM, HE WOULD CONSIDER THE POSSIBILITY OF GOING TO LONDON. 4. PLEASE SEE MY IMMEDIATELY FOLLOWING TELEGRAM.

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TO IMMEDIATE MADRID

TELEGRAM NUMBER 44 OF 14 FEBRUARY

AND TO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL)

MIPT: GIBRALTAR

FOLLOWING IS TEXT OF MESSAGE TO THE SPANISH FOREIGN

MINISTER.

BEGINS.

FOLLOWING OUR USEFUL MEETING IN BRUSSELS ON 10 DECEMBER, I HAVE DISCUSSED WITH SIR RICHARD PARSONS, AND WITH MY COLLEAGUES IN LONDON, THE NEXT STEPS IN CARRYING OUT OUR SHARED WISH TO IMPLEMENT THE LISBON AGREEMENT IN THE SPRING. I HAVE EXPLAINED TO SIR RICHARD MY THOUGHTS ABOUT HOW OUR FIRST MEETING ON THE DAY OF IMPLEMENTATION MIGHT BE ORGANISED AND HAVE ASKED HIM TO DISCUSS THESE WITH YOU AS SOON AS CONVENIENT.

IMPLEMENTATION OF THE LISBON AGREEMENT IS SOMETHING TO WHICH I ATTACH GREAT IMPORTANCE. IT PROVIDES THE OPPORTUNITY FOR A NEW AND MORE POSITIVE WAY OF DEALING WITH THE QUESTION OF GIBRALTAR WHICH HAS CAUSED DIFFICULTIES IN OUR RELATIONSHIP FOR SUCH A LONG TIME. I REALISE YOU HAVE VIEWS ON GIBRALTAR WHICH, AS PROVIDED FOR IN THE LISBON AGREEMENT, YOU WILL WISH TO RAISE WHEN WE MEET. I CAN ASSURE YOU THAT I SHALL TREAT WITH SERIOUSNESS AND ATTENTION ANYTHING YOU WISH TO SAY. I TOO WILL HAVE OUR POINT OF VIEW ON GIBRALTAR TO EXPLAIN. WE BOTH REALISE THAT THE PROBLEMS WE SHALL BE DEALING WITH WILL TAKE TIME TO SOLVE. NEVERTHELESS, I HOPE WE CAN SOON START ON THE WORK OF RESTORING AND DEVELOPING CONTACTS BETWEEN PEOPLE WHO LIVE IN THE GIBRALTAR REGION. THE DECISION TAKEN BY YOUR GOVERNMENT ON PARTIAL LIFTING OF THE SPANISH RESTRICTIONS ON MOVEMENT HAS, I AM SURE, HELPED TO BEGIN THIS PROCESS. WE SHALL BE ABLE TO CARRY IT FORWARD WHEN WE MEET.

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TO IMMEDIATE MADRID

TELEGRAM NUMBER 43 OF 14 FEBRUARY

AND TO IMMEDIATE GOVERNOR, GIBRALTAR (PERSONAL)

INFO ROUTINE LISBON



- GIBRALTAR: IMPLEMENTATION OF THE LISBON AGREEMENT
- 1. MINISTERS HAVE AGREED THAT YOU SHOULD NOW DISCUSS ARRANGEMENTS FOR IMPLEMENTING THE LISBON AGREEMENT IN THE SPRING AS THE FOLLOW-UP TO MY MEETING WITH MORAN ON 10 DECEMBER.
- 2. IN DOING SO YOU SHOULD BEAR IN MIND THAT OUR OBJECTIVES ARE AS FOLLOWS:
- (I) TO SECURE THE LIFTING OF ALL RESTRICTIONS ON THE BORDER:
- (II) TO ENCOURAGE THE ESTABLISHMENT OF MORE NORMAL RELATIONS BET-WEEN GIBRALTAR AND SPAIN IN ORDER TO ASSIST THE GIBRALTAR ECONOMY AND DISSIPATE THE PRESENT SIEGE MENTALITY:
- (III) TO ENSURE THAT THE SPANIARDS UNDERSTAND THAT WE SHALL MAIN-TAIN OUR COMMITMENT TO HONOUR THE WISHES OF THE GIBRALTARIANS: (IV) TO PERSUADE THE SPANIARDS THAT:
 - (A) THEIR APPROACH TO THE GIBRALTAR QUESTION SHOULD CONCENTRATE ON BEHAVING WELL TOWARDS THE GIBRALTARIANS, AND:
 - (B) ANY IMPROVEMENT OF RELATIONS WILLTAKE A LONG TIME AND WILL BE FRUSTRATED IF THE PACE IS FORCED.
- (V) TO OBTAIN AN OUTCOME FROM THE MINISTERIAL MEETING WHICH WILL FURTHER THESE AIMS AND AVOID TRIGGERING PUBLIC REACTIONS IN THE UK, SPAIN OR GIBRALTAR WHICH WOULD JEOPARDISE THEM.
- 3. YOU SHOULD START YOUR DISCUSSIONS WITH THE SPANIARDS BY GIVING MORAN THE MESSAGE IN MIFT.
- 4. IN HANDING OVER THE MESSAGE YOU HAVE DISCRETION TO TELL MCRAN THAT, WHEN WE MEET, I REALISE THAT HE WILL WISH TO GIVE HIS VIEWS ON THE FUTURE OF GIBRALTAR, AS HE IS FREE TO DO UNDER THE TERMS OF THE LISBON AGREEMENT. I SHALL TAKE NOTE. I SHALL ALSO REAFFIRM HMG'S COMMITMENT TO HONOUR THE WISHES OF THE PEOPLE OF GIBRALTAR AND EXPLAIN THE KEY ROLE OF GIBRALTAR OPINION. IT IS ONLY REAL—

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ISTIC TO EXPECT THAT, IF THERE IS TO BE A CHANGE IN PRESENT GIBRALTARIAN VIEWS, THIS CAN ONLY COME OVER TIME AND IN THE LIGHT OF EXPERIENCE. IT IS UP TO THE SPANIARDS TO WORK TO IMPROVE THE GIBRALTARIAN ATTITUDE TOWARDS SPAIN. GIBRALTAR LEADERS WILL BE PRESENT AS MEMBERS OF THE BRITISH DELEGATION AND WILL HAVE AN OPPORTUNITY TO PUT THEIR OWN VIEWS. AT THE MEETING I SHALL SUGGEST THAT, IN DECIDING ON A WAY FORWARD, WE SHOULD EMPHASISE PRACTICAL CO-OPERATION SUCH AS WILL REDUCE THE BARRIERS OF MISTRUST BETWEEN SPAIN AND GIBRALTAR WHICH HAVE GROWN UP OVER THE YEARS OF RESTRICTIONS. SUBJECTS FOR DISCUSSION MIGHT INCLUDE CROSS-BORDER ECONOMIC DEVELOPMENT, TOURISM AND COMMUNICATIONS. 5. I RECOGNISE THAT THE SPANIARDS WILL NEED TO SHOW THAT WE HAVE EMBARKED ON A CONTINUING PROCESS. BUT YOU SHOULD SEEK TO PERSUADE THEM THAT A FIXED TIMETABLE FOR FURTHER MEETINGS, WITH ARTIFICIAL DEADLINES AND WITH THE PRESS DEMANDING PROGRESS REPORTS, WOULD BE BAD FOR BOTH SIDES. WE SHOULD AIM TO WORK OUT A SYSTEM OF MEETINGS BETWEEN OFFICIALS (INCLUDING OFFICIALS FROM GIBRALTAR) TO DEAL WITH PRACTICAL ISSUES OF MUTUAL BENEFIT. WHEN POLITICAL MATTERS ARE DISCUSSED, MEETINGS SHOULD BE AT MINISTERIAL LEVEL AND GIBRALTAR LEADERS MUST BE PRESENT. 6. PLEASE SOUND OUT SPANISH VIEWS ABOUT A COMMUNIQUE. I WOULD PREFER IT TO BE AS SHORT AND AS FACTUAL AS POSSIBLE. ANY SPECIFIC REFERENCE TO THE WAY FORWARD MAY HAVE TO BE DECIDED AT THE MEETING ITSELF. YOU SHOULD SAY THAT I BELIEVE IT IMPORTANT THAT MORAN AND I SHOULD AGREE AT THE MEETING ON HOW BEST BOTH SIDES SHOULD HANDLE THE PRESS. WE SHALL PREPARE THE DRAFT OF A COMMUNIQUE IN THE LIGHT OF MORAN'S REACTIONS TO YOUR APPROACH. 7. THE SPANIARDS, AS IN THE PAST, MAY TRY TO EXTRACT FROM US ADVANCE ASSURANCES ABOUT CONCESSIONS ON THE STATUS OF GIBRALTAR. ANY SUCH ATTEMPT MUST BE RESISTED. ALL WE CAN GIVE THEM IS THE OPPORTUNITY TO SAY IN PUBLIC THAT THEY HAVE MADE THEIR VIEWS ON THIS TOPIC KNOWN TO US. IT WILL BE BETTER NOT TO START AT ALL THAN TO RISK MISUNDERSTANDING ON THIS VITAL POINT. 8. PLACE AND DATES. SUBJECT TO PORTUGUESE AGREEMENT WE CAN AGREE THAT THE FIRST MEETING SHOULD BE AT SINTRA AND, AS PREVIOUSLY PLANNED, SPREAD OVER TWO HALF DAYS. WE EXPECT THE

RESTRICTIONS ON GIBRALTAR TO BE LIFTED WHEN THE TALKS BEGIN. I WOULD PREFER TO GO FOR A DATE IN MARCH. YOU SHOULD SUGGEST 10-11 (PREFERABLY) OR 11-12 MARCH WHICH ARE AT PRESENT THE ONLY POSSIBLE DATES THAT MONTH. APART FROM THESE DATES I SHALL NOT BE AVAILABLE AGAIN UNTIL AFTER EASTER.

9. FOR GOVERNOR, GIBRALTAR. PLEASE BRIEF HASSAN AND ISOLA IN GENERAL TERMS, AND IN CONFIDENCE, ABOUT THE INSTRUCTIONS ABOVE.

GENERAL TERMS, AND IN CONTIDUOUS, GENERAL TERMS, AND IN ATTENDANCE IF HASSAN WISHES). MEETING (WITH PITALUGA AND CANEPA IN ATTENDANCE IF HASSAN WISHES). YOU SHOULD ALSO SAY THAT, WHEN A DATE FOR THE MEETING IS CONFIRMED, I HOPE THEY WILL ARRANGE TO COME TO LONDON FOR A DISCUSSION WITH OFFICIALS AND MINISTERS TO ASSIST IN OUR DETAILED PREPARATORY WORK. THIS WOULD BE IN ADDITION TO A FULL BRIEFING SESSION WITH ME ON THE DAY OF THE MEETING.

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10 DOWNING STREET

From the Private Secretary

14 February, 1983

Gibraltar

Thank you for your letter of 11 February about our title to the land on which Gibraltar Airport is situated. The Prime Minister has noted its contents.

A. J. COLES

R. B. Bone, Esq., Foreign and Commonwealth Office

NR





Foreign and Commonwealth Office

London SW1A 2AH

11 February, 1983

Prime Rivertas
A. J. C. 1/2.

Gibraltar

In your letter of 8 February you said that the Prime Minister had asked about our title to the land on which Gibraltar Airport is situated.

Article 10 of the Treaty of Utrecht (copy attached) which forms the main basis of our title to the Rock of Gibraltar, cedes 'the full and entire propriety of the Town and Castle of Gibraltar, together with the port, fortifications, and forts thereunto belonging It does not refer in specific terms to the land between the foot of the Rock and existing frontier fence, ie the part of the Isthmus on which the airport now stands (see sketch map attached).

Our title to the land on the Isthmus rests primarily on prescription. We have occupied the present area continuously since at least 1838, initially as the 'British' section of the Neutral Ground between Gibraltar and La Linea. In 1966, during exchanges with the Spanish Government which were later made public in a White Paper, the British Government of the time stated that they were 'confident that, whatever the territorial limitations of the cession made by the Treaty of Utrecht, they have in any case acquired a prescriptive title to the territory at Gibraltar between the northern foot of the Rock and the existing frontier fence'.

Our title to the land on the Isthmus has never been accepted by the Spaniards who claim that the area is explicitly excluded by the Treaty of Utrecht. They reacted sharply to the 1966 statement of the British view and shortly afterwards imposed a 'Prohibited Airspace' in the region of Gibraltar.

The matter is thus complex. I enclose a note which explains the issue in slightly more detail.

A J Coles Esa 10 Downing Street (R B Bone)

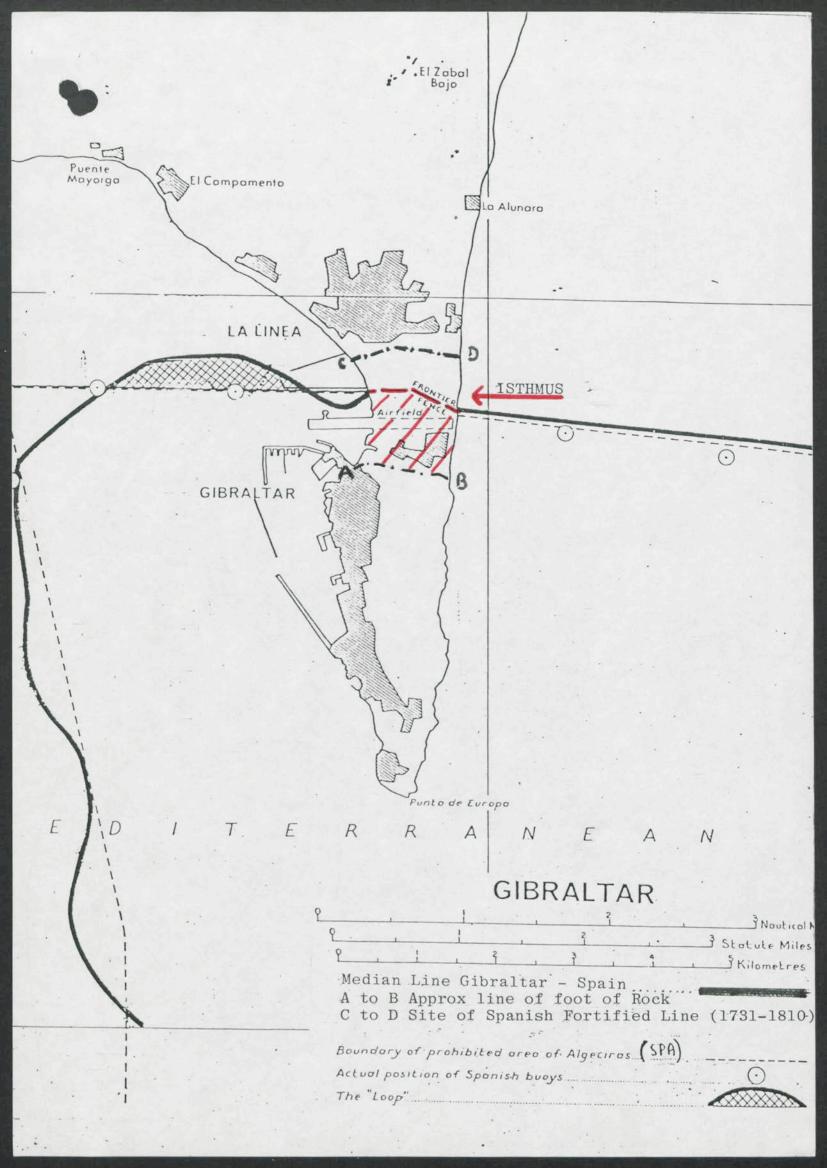
Private Secretary

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APPENDIX 17

THE TREATY OF PEACE AND FRIENDSHIP BETWEEN GREAT BRITAIN AND SPAIN, SIGNED AT UTRECHT, 2/13 JULY, 1713: EXTRACT FROM ARTICLE X (TRANSLATED FROM THE LATIN)

X. The Catholic King does hereby, for Himself, His heirs and successors, yield to the Crown of Great Britain the full and intire propriety of the Town and Castle of Gibraltar, together with the port, fortifications, and forts thereunto belonging; and He gives up the said propriety, to be held and enjoyed absolutely with all manner of right for ever, without any exception or impediment whatsoever. But that abuses and frauds may be avoided by importing any kinds of goods, the Catholic King wills, and takes it to be understood, that the above-named propriety be yielded to Great Britain without any territorial jurisdiction, and without any open communication by land with the country round about. Yet whereas the communication by sea with the coast of Spain may not at all times be safe or open, and thereby it may happen that the garrison, and other inhabitants of Gibraltar may be brought to great straits; and as it is the intention of the Catholic King, only that fraudulent importations of goods should, as is abovesaid, be hindred by an inland communication, it is therefore provided that in such cases it may be lawful to purchase, for ready money, in the neighbouring territories of Spain, provisions, and other things necessary for the use of the garrison, the inhabitants and the ships which lie in the harbour. But if any goods be found imported by Gibraltar, either by way of barter for purchasing provisions, or under any other pretence, the same shall be confiscated, and complaint being made thereof, those persons who have acted contrary to the faith of this Treaty shall be severely punished. And Her Britannic Majesty, at the request of the Catholic King, does consent and agree, that no leave shall be given under any pretence whatsoever, either to Jews or Moors, to reside or have their dwellings in the said town of Gibraltar; and that no refuge or shelter shall be allowed to any Moorish ships of war in the harbour of the said town, whereby the communication between Spain and Ceuta may be obstructed, or the coasts of Spain be infested by the excursions of the Moors. But whereas Treaties of friendship, and a liberty and intercourse of commerce are between the British and certain territories situate on the coast of Africa, it is always to be understood, that the British subjects cannot refuse the Moors and their ships entry into the port of Gibraltar purely upon the account of merchandising. Her Majesty the Queen of Great Britain does further promise, that the free exercise of their religion shall be indulged to the Roman Catholic inhabitants of the aforesaid town. And in case it shall hereafter seem meet to the Crown of Great Britain to grant, sell, or by any means to alienate therefrom the propriety of the said town of Gibraltar, it is hereby agreed and concluded, that the Preference of having the same shall always be given to the Crown of Spain before any





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GIBRALTAR FRONTIER

- AS HINTED AT IN PARA 4 OF THE GOVERNMENT STATEMENT ON 7 FEBRUARY (WILDE'S LETTER OF 8 FEBRUARY TO SED). COUNCIL OF MINISTERS DECIDED ON 9 FEBRUARY TO TAKE LIMITED MEASURES TO PROTECT THE GIBRALTAR ECONOMY.
- 2. MINISTERS HAVE PROPOSED AND I HAVE AGREED THAT IMPORT DUTY ON CHGARETTES SHOULD BE REDUCED FROM £14.79 TO £9.19 PER 1000 CHGARETTES. THIS FOLLOWS FROM A FALL IN DOMESTIC SALES OF SOME 20% (AND RISHING) SINCE THE LIMITED OPENING OF THE FRONTIER ON 15 DECEMBER. ALTHOUGH THERE ARE NO STRONG FISCAL GROUNDS FOR REDUCING THE DUTY AT THIS STAGE, MINISTERS HAVE CONSIDERED INT IS NECESSARY TO DO SO IN ORDER TO:
- (A) RESTORE LEVELS OF DOMESTIC PURCHASES
- (B) ENCOURAGE LOCAL TRADERS BY DEMONSTRATING THAT GOVERNMENT IS NOT MOTIVATED SOLELY BY REVENUE CONSIDERATIONS, AND
- (C) TO TEST MARKET ELASTICITY.

WE HAVE CONSIDERED POSSIBLE SPANISH REACTION. AND HAVE BEEN CAREFUL TO ENSURE THAT THE REDUCTION WILL NOT LEAD TO ENCOURAGEMENT FOR SPANHARDS TO BUY CHGARETTES IN GIBRALTAR RATHER THAN IN SPAIN, NOR INCENTIVE FOR ILLICIT CARRIAGE OF CHGARETTES INTO SPAIN FROM GIBRALTAR. THE MEASURE IS DESIGNED PRIMARILY TO ENCOURAGE DOMESTIC PURCHASERS.

MINISTERS HAVE ALSO DECIDED THAT SOME PROTECTION IS NECESSARY FOR THE DOMESTIC BREAD INDUSTRY. SINCE 15 DECEMBER. LOCAL SALES HAVE FALLEN BY SOME 14% EQUIVALENT TO 10,000 LOAVES (KILO WEIGHT), IMPORTS FROM SPAIN HAVE INCREASED IN THAT SAME PROPORTION. MOREOVER, THE SPANISH FRONTIER OFFICIALS REFUSE TO ALLOW IMPORTS OF BREAD (EVEN THOUGH THEY ARE PERSONAL AND VERY SMALL IN QUANTITY) FROM GIBRALTAR. SOME BAKERIES ARE HAVING TO CUT BACK ON PRODUCTION AND ARE LAYING OFF STAFF. THE BREADAR ENDUSTRY IS AN IMPORTANT STAPLE, AND IN GIBRALTAR HAS EMOTIVE ASPECTS. THE WITHDRAWAL OF SPANISH LABOUR IN 1969 LEFT THE BREAD INDUSTRY IN PARTICULAR DIFFICULTIES AND IT WAS NECESSARY TO REGENERATE HT FROM DOMESTIC SOURCES. THIS HAS BEEN SUCCESSFULLY ACHIEVED AND THERE IS STRONG DETERMINATION AMONG MINISTERS WHICH I FULLY SUPPORT NOT TO ALLOW THE INDUSTRY TO DECLINE TO THE EXTENT

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THAT GUBRALTAR BECOMES DEPENDENT ON IMPORTS. THERE HIS ALSO A BRUTUSH MULLITARY AND STRATEGIC INTEREST IN ENSURING THAT GUBRALTAR HAS AN INDEPENDENT AND VIABLE INDUSTRY (BAKERS ARE REQUIRED BY LAW TO HOLD AS A STRATEGIC RESERVE THREE MONTHS SUPPLIES OF FLOUR, A COMMITMENT WHICH BECOMES INCREASINGLY A BURDEN AS BREAD SALES FALL).

- 4. ALTHOUGH IN REGRET THAT THE STEPS IN PARAS 2 AND 3 SHOULD BE NECESSARY, IN AM SATISFIED THAT BOTH IN THEIR INTENTION AND IN THEIR EFFECT, THEY COME INTO THE CATEGORY OF MEASURES TO PROTECT THE GIBRALTAR ECONOMY WHICH HAS BEEN ACCEPTED MIGHT BE NECESSARY (YOUR TELNO PIOD OF 14 DECEMBER 82). IF AM EQUALLY SATISFIED THAT THEY OUGHT NOT TO HAVE ANY SIGNIFICANT EFFECT ON THE SPANISH ECONOMY, WHICH WILL STILL BENEFIT (IN THE CAMPO AREA AT LEAST) TO A LARGER EXTENT THAN GIBRALTAR'S FROM THE LIMITED OPENING.
- THE REDUCTION OF IMPORT DUTY FOR CHGARETTES WILL BE PUBLISHED IN THE OFFICIAL GAZETTE DURING THE AFTERNOON OF FRIDAY 11 FEBRUARY AND THEREFORE BECOMES EFFECTIVE ON THAT DAY. AS THIS IS LIKELY TO BE ANNOUNCED IN THE LOCAL NEWS BROADCAST AT 1809 (LOCAL TIME) MADRIND MAY WISH TO ADVINE THE SPANISH MFA BEFORE THEN (BUT NOT BEFORE 1700 LOCAL TIME), DRAWING ON PARAS 2-4 ABOVE THOUGH WITHOUT REFERENCE TO THE FISCAL CASE.
- 6. THE MEASURE ON BREAD WHICH AFFECTS ALL IMPORTS INCLUDING THOSE FROM MOROCCO WILL BE A LIMIT OF ONE LOAF PER PASSPORT HOLDER A MINIMAL CONTROL IN FACT. THIS WILL BE PUBLISHED IN THE SAME OFFICIAL GAZETTE (PARA 5 ABOVE) BUT THE MEASURE WILL NOT COME INTO EFFECT UNTIL MONDAY 14 FEBRUARY.

WILLHAMS

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MR HANNAY

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Sir A. Parsons Mr. Jackling

cc.



10 DOWNING STREET

From the Private Secretary

10 February 1983

Gibraltar

The Prime Minister has seen the minute of 4 February by the Foreign and Commonwealth Secretary and its annexes. She has also seen Roger Bone's letter of 7 February enclosing notes on a) Gibraltar, Spain and the EC and b) the Mole in Gibraltar waters.

In the light of these papers, the Prime Minister is content that the Foreign and Commonwealth Secretary should now make arrangements to open talks with the Spaniards but has commented that she will wish to review the various aspects of the problem as talks proceed.

Mrs. Thatcher made one or two comments on Mr. Pym's minute of 4 February. I think that she would prefer the word "talks" rather than "negotiations" to be used to describe the discussions which we shall have with the Spaniards in implementation of the Lisbon Agreement. With regard to paragraph 6 of the minute, the Prime Minister has asked what would happen if, after Spanish entry to the European Community, Spain once more closed the border with Gibraltar. The Foreign and Commonwealth Secretary may wish to cover this point during one of his regular meetings with the Prime Minister.

I am copying this letter to the Private Secretaries of other Members of OD and Sir Robert Armstrong.

A. J. COLES

Brian Fall, Esq., Foreign and Commonwealth Office.

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MINISTRY OF DEFENCE WHITEHALL LONDON SWIA 2HB

TELEPHONE 01-218 9000
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9th February 1983

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GIBRALTAR DOCKYARD - REDUNDANCY COMPENSATION

Thank you for your letter of 25th January.

I am pleased that this issue has now been resolved. As you know, the assurances we had given on the entitlement to redundancy compensation were vital to the process of gaining the support of both the workforce and the Gibraltar Government for the commercialisation of the Dockyard.

I agree that if it is necessary to introduce a limited Bill during the current session we will need to renew our assurances on redundancy payments, particularly if at that time redundancy notices have still to be issued.

I am copying this letter to the recipients of yours.

Michael Heseltine

4 FEB 1983

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PRIME MINISTER

Si A . Parans

Gibraltar

You saw over the weekend the Foreign and Commonwealth Secretary's minute of 4 February forwarding the additional information requested at OD on 2 February.

You asked for a note about the relationship between Gibraltar and the European Community. This is now attached. I also attach a note about the Mole in Gibraltar waters which I requested because of a recent telegram to the effect that it was now 1,420 metres in length and mostly in Gibraltar waters.

Are you content that the Foreign and Commonwealth Secretary should now make arrangements to open talks with the Spaniards - or do you want a further OD discussion?

Gibraltar, Spain and the EC

The Present Situation

1. The Treaty of Rome applies to Gibraltar as a European Territory for whose external relations the UK is responsible (under Article 227 (4) of the EEC Treaty). Gibraltarians are thus EC nationals. Gibraltar is, however, excluded from the customs territory, and exempted from the CAP and application of VAT. Gibraltar's status within the EC would not be affected by Spain's entry.

Effects of Spanish entry to the EC

- 2. On joining the EC, Spain accepts the internal acquis communautaire (ie the body of existing rules) in relation to Gibraltar, though its application may be deferred under transitional arrangements. This acquis includes obligations on the free movement of labour and rights of establishment as well as the principles set out in Part One of the Treaty, requiring inter alia the abolition between Member States of obstacles to freedom of movement for persons, services and capital.
- 3. On accession, Spain similarly accepts the external <u>acquis</u>. Since Gibraltar is not part of the EC customs union, imports from Gibraltar to the Community are subject to the common regime for Community imports; ie, after accession, the movement of goods from Gibraltar to Spain will be in accordance with Community import rules, including those covering duties and quotas.
- 4. In practice, the Community will insist on a transitional period before the free movement of labour provisions come into effect. This will be agreed during the accession negotiations and is unlikely to be less than 7 years. Spaniards would not therefore have rights to take up work in Gibraltar by virtue of their membership of the EC until the expiry of this transitional period.

Rights in Gibraltar for EC Nationals

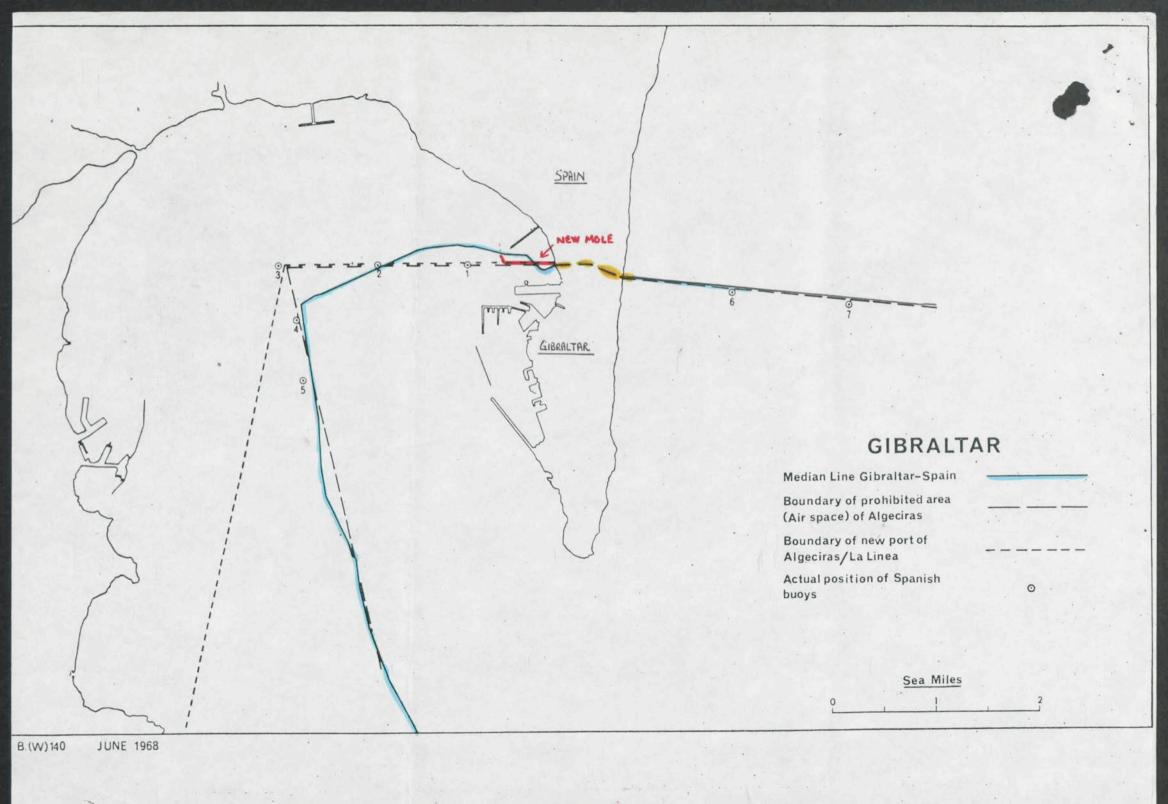
5. Annex B attached to the Foreign and Commonwealth Secretary's minute of 4 February refers to the rights of EC nationals in Gibraltar. With very few exceptions, the rights of a citizen of an EC member country (subject, in the case of Greece, to transitional arrangements) are identical to those of Gibraltarians. An important

/exception

exception concerns the right to supplementary benefit: under Gibraltar legislation only a Gibraltarian, or a citizen of the United Kingdom who has been resident in Gibraltar for a qualifying period, is entitled to supplementary benefit. Another exception is that non-Gibraltarian EC nationals (except UK citizens) have to be resident in Gibraltar to have the right to purchase property.

Mole in Gibraltar Waters

- 1. The Spanish authorities in La Linea started constructing a mole in the Bay of Gibraltar in early summer 1982. It projects westwards from the southern extremity of Spanish territory (see sketch map attached). The mole appears to be part of the longstanding plans for the development of the port of La Linea: it protects an existing jetty.
- 2. The first 330 metres of the mole are in Spanish waters. The construction then enters Gibraltar territorial waters at a point where the median line claimed by the UK forms a loop northwards. (The line takes account of the projection into the Bay of the airport runway. Our claim in this area is less strong than elsewhere.) The mole is now 1420 metres in length (Gibraltar telno 15 of 4 February). Some 1090 metres are in Gibraltar waters. Construction of the mole is now in a north-westerly direction which will take it out of Gibraltar waters again after a further 100 metres. The main part of the mole follows the boundary of the Port of Algeciras La Linea (ie the limit of territorial waters in practice respected by Spain). We have no reason to expect it to inconvenience the port or airport of Gibraltar in any way.
- 3. Following intrusion of the mole into Gibraltar waters, and after the Law Officers had been consulted, a note of protest was delivered to the Spanish Government on 27 October 1982. The note stated HMG's view that the mole infringed Gibraltar territorial waters; requested that work should cease; and asked that the course should be altered to take it outside territorial waters. No reply has been received. The problem of the mole was discussed by OD on 4 November 1982 (on the basis of letters from the Private Secretary to the Foreign and Commonwealth Secretary to the Prime Minister of 22 and 26 October). The Foreign and Commonwealth Secretary raised the matter with the Spanish Foreign Minister on 10 December and the Ambassador at Madrid has since brought it again to the attention of the Spanish authorities.
- 4. Annex A of the Foreign and Commonwealth Secretary's minute of 4 February (paragraph 7 (vii)) notes that the problem of the mole is one of the subjects which will have to be pursued further with the Spaniards.



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10 DOWNING STREET

From the Private Secretary

8 February, 1983

Gibraltar

The Prime Minister has seen Madrid Telegram Number 70 of 4 February.

Mrs. Thatcher has asked whether it is correct that, as suggested in paragraph 3, Gibraltar Airport is not on land ceded under the Treaty of Utrecht. If that is correct, the Prime Minister would be grateful to know what our title to the land is.

8x

A.J. COLES

R. B. Bone, Esq., Foreign and Commonwealth Office CONFIDENTIAL



Foreign and Commonwealth Office London SW1A 2AH

7 February 1983

Jan John.

Gibraltar

As requested, I attach additional papers on a) the Mole in Gibraltar waters; and b) Gibraltar, Spain and the EC.

Lu so

(R B Bone)
Private Secretary

A J Coles Esq 10 Downing Street

- 1. At the OD meeting on 2 February it was agreed that I should circulate further information about the follow-up to initial negotiations with Spain as envisaged in the Lisbon agreement and the movement and settlement of Spanish workers in Gibraltar when the frontier is fully opened. Papers on both these points are attached to this minute as annexes, together with a paper on the possible effects of implementation of the Lisbon agreement on Spain's integration into the NATO military structure.
- 2. I intend the negotiations with Spain to concentrate, as far as possible, on practical issues which will benefit the economy of Gibraltar and which will promote closer understanding and co-operation. There are many such topics to be covered. Examples are listed in Annex A. Some are of interest to the Spaniards. Given that there are interests on both sides, it should be possible to obtain tangible benefits for Gibraltar. But some subjects will undoubtedly prove more intractable than others; discussions, while still being useful, could well go on for some considerable time.
- 3. As I said in my minute of 21 January, the Spaniards will wish to put forward their views on the future of Gibraltar. They are entitled to do so under the Lisbon agreement. We shall have to give them the opportunity to say that they have stated their case. But they are also fully aware that we shall restate our own commitment to respect the wishes of the Gibraltarians.



- 4. We cannot be certain how the Spaniards will play their hand. But there are some signs that, having stated their position, they may allow it to rest for the time being and concentrate upon improving relations with the Gibraltarians. The Spaniards have a strong interest in getting themselves off the hook of pursuing Franco's policy of coercion towards Gibraltar.
 - 5. The most significant benefit to us of implementation of the Lisbon agreement is the full lifting of restrictions. This is due to happen on the same day that negotiations talks start. It will allow the Gibraltar economy to begin to develop normally again. Not only will this help the Gibraltarians; it will reduce their call on the UK for aid.
- 6. The other, wider, effects of achieving an end to Spanish restrictions are outlined in paragraph 3 of my minute of Spanish entry to the EC. And we shall be able to envisage low changes to the NATO Command arrangements in the Mediterranean to take account of Spain's membership of the Alliance. I understand the Ministry of Defence believe these changes to be militarily desirable; if they were not made, the Spanish Government would almost certainly not be able to decide in favour of Spain's integration into NATO's military structure, though it is not certain that they will so decide if the Command arrangements are changed. I do not believe that it is in our wider interests that Spain should fail to become a member of the EC or a full member of the Alliance. The question of Spain's membership of NATO is considered further in Annex C.

/7.



- 7. These considerations were in the forefront of the minds of those concerned when in January last year, after your meeting with Senor Calvo Sotelo, we jointly announced a date in April for the implementation of the Lisbon agreement.
- 8. When I met Senor Moran on 10 December I agreed that we should aim for implementation of the Lisbon agreement in the spring and that officials should meet first to make the necessary arrangements (this followed the exchange of letters between our Private Secretaries on 7 and 8 December). Implementation in mid-March would see the frontier opened fully in time for Gibraltar to benefit during the Easter holiday season. If we are to aim for this date, we need to start discussing arrangements very soon with the Spanish Foreign Ministry on the lines set out in paragraph 7 of my minute of 21 January. In finalising arrangements, I would of course be guided by the discussion in OD on 2 February.

 9. I am sending copies of this minute to colleagues in OD and Sir R Armstrong.

(FRANCIS PYM)

Foreign and Commonwealth Office

4 February, 1983



ANNEX A

NEGOTATIONS WITH SPAIN UNDER THE LISBON AGREEMENT

Introduction

- 1. This paper considers in outline how to deal with the negotiations with Spain over Gibraltar envisaged in the 1980 Lisbon agreement. It follows the approach set out in the Foreign and Commonwealth Secretary's minute to the Prime Minister of 28 May 1982 (discussed by OD on 7 June) and takes account of subsequent discussion with the Prime Minister (Mr Coles's letter to Mr Richards of 30 June 1982).
- 2. The Lisbon agreement (copy attached) commits both sides to ''start negotiations aimed at overcoming all the differences'' between them on Gibraltar. It also says that both Governments will be prepared to consider any proposals the other wishes to make ''recognising the need to develop practical co-operation on a mutually beneficial basis''.

Objectives

3. We shall insist on our commitment to the people of Gibraltar in the 1969 Constitution. We must not deceive the Spaniards on what the negotiations will produce. I have been meticulous in explaining this and it is encouraging to see that the Spanish Foreign Minister seems to have no illusions. But we must make it clear that we will listen to their views, so that they can satisfy their public opinion that they have pursued their claim over Gibraltar. We should concentrate discussions on practical ways of improving Gibraltar's economy and on promoting closer

/understanding



understanding and co-operation.

First Meeting

- 4. Each side should have the opportunity to make a general statement. The Spaniards will put forward their views on the future of Gibraltar. They may suggest a form of autonomy under the Spanish Crown providing for dual nationality, based on a treaty between the British and Spanish Governments and ratified with the UN.
- 5. Having stated their position there are indications that the Spaniards will allow the matter to rest for the time being and concentrate upon improving relations with the Gibraltarians: the Spanish Foreign Minister has publicly stated that a solution cannot be immediate and that negotiations can continue once the UK have taken note that the Spaniards have put forward the theme of sovereignty. They also need to get themselves off the hook of maintaining restrictions and pursuing a policy of coercion first adopted in Franco's time.
- 6. In response, we shall re-affirm HMG's commitment to honour the wishes of the people of Gibraltar and explain the key role of Gibraltar opinion. We shall explain what the current opinion is and emphasise that it is only realistic to expect that if there is to be a change in Gibraltarian view it could only come over time and in the light of experience: it is up to the Spaniards to work to improve Gibraltarian attitudes towards Spain. Gibraltarian leaders will be present (Sir J Hassan and Mr Isola) and will state their own views.



- 7. The meeting should then discuss other areas of mutual interest, or of interest to one side or the other. These subjects would not be dealt with in detail at the first meeting but would be put forward for later discussion between experts. They include the following (the Spaniards might have other topics to raise):
 - Economic Co-operation, including the development (i) of tourism in Gibraltar and the surrounding area. This is of great potential advantage to both sides.
- (ii) Social Security and Pensions. The Gibraltar Government have obligations to former Spanish workers in Gibraltar as regards We side wish to reach soon a cash settlement discharging all obligations. Once Spain joins the EC, Community regulations would greatly increase Gibraltar's obligations to former workers. The Gibraltar Government would not be able to afford the large involved. pension arrears and future entitlement. The UK side wish to reach soon a cash settlement
- - (iii) Maritime and Air Communications. UK and Gibraltar companies wish to establish air and and sea links between Spain and Gibraltar on most favourable terms. We wish to know what adjustments are being made to the Spanish Prohibited Air Space in accordance with the letter of 8 January 1982 which was signed at No 10.
 - (iv) Spanish Official Representation. The Spaniards may be interested in re-establishing some representation. The terms of reference of any



such representation would need to be specified with care.

- (v) Equality of Rights for Spaniards. The Spaniards will seek improvement in the status of Spanish workers in Gibraltar, who currently have the same status as any other non-EC national.

 This is covered further in Annex B.
 - (vi) <u>Public Services</u>. There is room for mutually beneficial co-operation over police forces, fire services, communications, international long-distance transport etc.
 - (vii) Mole in Gibraltar Waters. We need to pursue our initial representations.
- 8. Arrangements for pursuing negotiations and a (brief) communique would be agreed. We should avoid committing ourselves to a firm timetable. Expert groups could meet at any time. A further Ministerial meeting to review progress, and carry on the dialogue on political issues, could be planned for later in the year or, preferably, left for decision when Foreign Ministers meet on a later occasion in, e.g., the margins of an EC, UN or NATO meeting.

Subsequent Meetings

9. Continue discussions on all topics at appropriate level. This will inevitably take some time. Some subjects will prove more intractable than others. Gibraltarian officials to be present. Meetings alternately in Madrid and

/London



London.

- 10. Political aspects of discussion would be handled at Ministerial level, with Gibraltar leaders present. We should be prepared:
 - (a) at an early stage, to affirm that HMG will not stand in the way of Spanish contacts with Gibraltarians.
 - (b) Later, and very much depending on course of the discussions, to indicate preparedness formally to consult Gibraltarians about their views (e.g. a referendum, as in 1967) at a time to be agreed.
- 11. As Spain's policy towards NATO becomes clearer, it will be increasingly in the interests of both sides to discuss defence matters, e.g. bilateral co-operation (exercises off Gibraltar) and co-operation within NATO affecting Gibraltar. The sensitivities of both sides are likely to discourage any early, conspicuous, Spanish military presence in a NATO capacity in Gibraltar. But removal of restrictions opens the way to facilitating full Spanish integration into NATO by agreeing to changes in command boundaries affecting Gibraltar and to the presence of some Spanish officers in the Gibraltar NATO command. This is covered further in Annex C.
- 12. During the course of the meetings we should continue to make it clear to the Spaniards, to the Gibraltarians, and in public, that our commitment to respect the wishes of the Gibraltarians has not wavered.
- 13. We should seek to have it accepted in Parliament,

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and by the public, that discussion about Gibraltar, both on practical matters and our major differences of view is a normal and appropriate way to proceed with a democratic NATO ally and future EC partner.



JOINT ANGLO-SPANISH STATEMENT ON GIBRALTAR

1. The British and Spanish Governments, desiring to strengthen their bilateral relations and thus to contribute to European and Western solidarity, intend, in accordance with the relevant UN resolutions, to resolve, in a spirit of friendship, the Gibraltar problem.

1980!

- 2. Both Governments have therefore agreed to start negotiations aimed at overcoming all the differences between them on Gibraltar.
- 3. Both Governments have reached agreement on the re-establishment of direct communications in the region. The Spanish Government has decided to suspend the application of the measures at present in force. Both Governments have agreed that future co-operation should be on the basis of reciprocity and full equality of rights. They look forward to the further steps which will be taken on both sides which they believe will open the way to closer understanding between those directly concerned in the area.
- 4. To this end both Governments will be prepared to consider any proposals which the other may wish to make, recognising the need to develop practical co-operation on a mutually beneficial basis.
- 5. The Spanish Government, in re-affirming its position on the re-establishment of the territorial integrity of Spain, restated its intention that, in the outcome of the negotiations, the interests of the Gibraltarians should be fully safeguarded. For its part the British Government



will fully maintain its commitment to honour the freely and democractically expressed wishes of the people of Gibraltar as set out in the preamble to the Gibraltar constitution.

6. Officials on both sides will meet as soon as possible to prepare the necessary practical steps which will permit the implementation of the proposals agreed to above. It is envisaged that these preparations will be completed not later than 1 June.

20 APRIL 1980



ANNEX B

THE MOVEMENT AND SETTLEMENT OF SPANIARDS AND OTHER NON-EC

NATIONALS IN GIBRALTAR

Introduction

- 1. This paper considers the position of Spanish workers in Gibraltar and the effects on them of:
 - a. implementation of the Lisbon agreement;
 - b. Spain's entry to the EC; and the possible rights of Spaniards to British citizenship.

The Present Position

- 2. Some 250 Spanish citizens continued to live in Gibraltar after the border was closed in 1969; many are in employment. Since 15 December 1982 some tens of thousands of Spanish visitors have crossed the border on foot. They are treated in the same way as other citizens of non-EC countries.
- 3. The rights of non-EC nationals differ from those of Gibraltarians in only a few respects. Non EC-nationals (including Spaniards) are treated as follows:

Work Permits

(i) Non-EC nationals require a valid passport to enter Gibraltar. There is considerable administrative discretion as to the length of stay (e.g. to look for a job). But they may not take work without first obtaining a work permit. Gibraltar legislation requires that Gibraltarians, or other EC nationals, are given preference in the issuing of work permits.



(ii) Once in employment, they are entitled to the same pay scales and conditions, and enjoy the same rights to pensions and other contributory national insurance benefits, as do Gibraltarians. (Under Gibraltar legislation only Gibraltarians and resident British citizens are entitled to supplementary benefit). They may also join trades unions and, if resident in Gibraltar, hold trade union office.

Residence Permits

(iii) Spouses (or children) of Gibraltarians who are non-EC nationals may become permanent residents in Gibraltar without restriction. Other non-EC nationals require residence permits which are renewable annually. (Before 1969, an administrative measure effectively prevented Spanish day-workers from staying in Gibraltar overnight. This measure was much criticised in Spain as discriminatory and has now been set aside.)

Ownership of Property

- (iv)Non-EC nationals are not permitted to purchase property in their own names. In practice however they can do so by forming a limited company (which has rights to acquire property and assets.)
- (v) Once resident, the children of non-EC nationals are entitled to free education.
- 4. In practice the severe shortage of private and government housing means that few Spaniards are likely to take up residence in Gibraltar. There is no housing shortage in nearby La Linea and costs are much lower.



5. In sum, these differences between the rights of Spaniards, as non-EC nationals, and Gibraltarians (or other EC nationals) have little practical effect. But the issue is of considerable psychological importance to Spain.

Effect of Implementation of the Lisbon Agreement

- 6. Rights of Spanish citizens in Gibraltar will not alter with the implementation of the Lisbon agreement.

 (Assurances about these rights were included in the exchange of letters signed by H M Ambassador and the Spanish Director for Europe at No 10 Downing Street during Prime Minister Calvo Sotelo's visit in January 1982 (copy attached). It was made clear to the Spaniards at the time precisely what rights were involved and that they amounted to non-discrimination against Spaniards who would be treated as other non-EC nationals.)
- 7. It is likely that many more Spaniards will seek work in the Territory when restrictions are fully lifted. As Moroccans leave (there are now about 3,000) some Spaniards will be able to fill jobs (mainly blue-collar) which Gibraltarians are unwilling to take up.

European Community

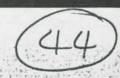
- 8. When Spain accedes to the European Community her citizens will enjoy the same rights in Gibtaltar as all other EC nationals. But, as elsewhere in the EC, these will be subject to any transitional arrangements on free movement of labour agreed during the accession negotiations.
- 9. At the end of the transitional period (possibly 7 years) Spaniards wishing to work will not need to obtain a work permit. Following a qualifying period they would have the right to establish permanent residence. EC residents may purchase land.



Rights to British Citizenship

- 10. Spanish citizens may, at the Governor's discretion, obtain by naturalisation British Dependent Territories citizenship in Gibraltar. The residence, language and other qualifications are the same as those which apply in the United Kingdom for those seeking naturalisation here as British citizens. If naturalised, Spaniards who have become BDTC's in Gibraltar may apply for registration as British citizens under Section 5 of the British Nationality Act 1981.
 - 11. Access to British citizenship for Spaniards is thus no easier in Gibraltar than it is in the United Kingdom. In practice, the Gibraltar authorities have taken a very cautious approach to applications for citizenship received from Spaniards. This attitude is unlikely to change.

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MADRID.

8 January 1982

Excmo Sr Don Juan Durán-Loriga y Rodrigáñez Director General de Europa y Asuntos Atlanticos Ministerio de Asuntos Exteriores MADRID

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During our conversations about the implementation of the Lisbon Statement the British side raised other issues to which I refer below.

In paragraph 3 of the Lisbon Statement it is stated that the two governments have reached agreement on the reestablishment of direct communications in the region and that the Spanish government is suspending the application of the measures at present in force. I understand this to mean that there will be direct communications by both vehicles and pedestrians, and that there will be no special governmental restrictions on maritime and air communications. You informed me that the issue of flights to and from Gibraltar will be dealt with in the framework of the 1950 Anglo-Spanish Air Services Agreement without any extraneous restrictions.

We have also discussed the subject of the Prohibited Air Space.

You assured me that it was never the intention of the Spanish government to endanger air safety. I understand that as a matter of priority early practical steps will be taken, in the interests of air safety, to



to adjust the application of the Spanish Prohibited Air Space in such a way as not to impede the safe and effective use of Gibraltar airport.

R E Parsons







BRITISH EMBASSY, MADRID.

8 January 1982

Excmo Sr Don Juan Duran-Loriga y Rodrigâñez Director General de Europa y Asuntos Atlanticos Ministerio de Asuntos Exteriores MADRID

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Thank you for your letter of 8 January, concerning the implementation of the Lisbon Statement. This reads as follows in the English text:

"I wish to set out the following as regards our recent conversations:

The Spanish and British Governments, having decided to put into practice the Lisbon Statement in all its aspects by means of a policy of concrete implementation of its provisions, have agreed the following:

- (i) To start the negotiations envisaged in the above mentioned Statement on 20 April 1982 with the aim of resolving all their existing differences over Gibraltar:
- (ii) On the same day communications will be reestablished as equally provided for in the Lisbon Statement:
- (iii) The Spanish Government note that the new regime applicable in Gibraltar which will be in force on the date earlier indicated modifies the situation which existed before 1969, removing elements which in



the view of the Spanish Government were discriminatory and which they consider fundamental. Specifically, equality for Spaniards in Gibraltar as regards the right to stay overnight and in matters of employment, social security, salaries and the right to join trade unions is assured.

In parallel with the initial phase of the negotiations envisaged at (i) above both sides will deal with the remaining questions concerning the situation of Spaniards in Gibraltar with a view to determining the concrete implementation of the principles of reciprocity and equality of rights laid down in Lisbon. The two sides recognise that agreements reached will have to be given effect as soon as possible by the adoption of the necessary measures, including the introduction of new legislation, if necessary".

I confirm that my Government accept this as a correct statement of the understandings reached between us on matters raised by the Spanish Government.



ANNEX C

SPAIN, GIBRALTAR AND NATO

Introduction

1. This paper considers the possible effects of implementation of the Lisbon agreement upon Spain's integration into NATO.

Command Structures

- 2. At present the NATO Command based in Gibraltar (GIBMED) is commanded by a British officer (COMGIBMED) and falls under a more senior NATO command, Allied Naval Forces Southern Europe (COMNAVSOUTH) which is based in Naples and commanded by an American officer. COMNAVSOUTH is itself a subordinate command, through CINCSOUTH in Naples, of the Supreme Allied Commander Europe (SACEUR).
- 3. In order to take account of Spain's membership of NATO, it would be logical, and militarily desirable, to bring the NATO Command in Gibraltar under an intermediate Command, based in Spain with a Spanish Commander, covering the Western Mediterranean, the Straits of Gibraltar, the East Atlantic up to the Portuguese border and the Canary Islands. COMGIBMED himself, however, would continue to be a British officer. (The possibility of such changes was discussed in OD on 7 June 1982.)
- 4. The Spanish Government's attitude towards integration into NATO's military structure is equivocal. They appear to hanker after membership outside the Integrated Military Structure, like the French. There are signs, however, that full membership of NATO is gaining increasing support in Spain as the advantages become more fully understood.

/A satisfactory



A satisfactory arrangement of the Command structures would be a powerful inducement to the Spanish Government and might enable them to gain more general electoral support for full integration.

- 5. The Spanish Government is likely to decide against joining the Integrated Military Structure if they conclude that the NATO Command at Gibraltar (which covers a small area of seas in the vicinity of the straits of Gibraltar) will continue to be directly subordinate to COMNAVSOUTH while the waters to the east and west of the GIBMED area are answerable to a Spanish Commander. Such an anomalous situation would compound the irritant effect of Gibraltar on Spain's doorstep, as well as being militarily undesirable.
- 6. So long as Spanish restrictions remain on Gibraltar, we have made it clear to NATO allies that we will not accept the subordination of GIBMED to a senior Spanish NATO Commander. The Spaniards are aware of our position. If, however, the restrictions were lifted as a result of implementation of the Lisbon agreement, it would become easier to consider, in consultation with our allies, an arrangement on the lines described in paragraph 3 above.

Spanish Military Presence on the Rock

- 7. The military staff of many bases used for NATO purposes frequently contains a mix of nationals from various member countries. GIBMED, for example, has an American liaison officer with the rank of Naval Commander.
- 8. So long as the restrictions remain in being, we could not accept the presence of any Spanish military officer in an official capacity on the Rock.



No

- 9. If the restrictions were lifted, we could in principle accept the presence of middle ranking Spanish officers in a NATO capacity.
- 10. In practice, the sensitivities of both sides would probably ensure that any Spanish military presence would be very limited, at least until attitudes changed. (Spanish serving officers are unlikely to want to serve in Gibraltar under a British Commander. In current circumstances, we shall also wish to ensure that any Spanish military presence remains inconspicuous.)

National Command

11. Quite separate from the NATO Command structure, the Governor is Commander in Chief Gibraltar and the heads of the three services command their forces for national purposes. The Spaniards could not be allowed to play any part in this command structure.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 70 OF 04 FEBRUARY

INFO IMMEDIATE GIBRALTAR

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head = hee.

GIBRALTAR

- 1. AS PART OF A WIDE RANGING ADDRESS TO THE FOREIGN AFFAIRS
 COMMITTEE OF THE SENATE ON 3 FEBRUARY, WHICH COVERED RELATIONS
 WITH FRANCE, THE MAGHREB AND PORTUGAL, MORAN ALSO TOUCHED ON
 GIBRALTAR. HE DEFENDED THE DECISION TO OPEN THE GATE FOR
 PEDESTRIANS ONLY ON THE GROUNDS THAT THE YEARS OF ISOLATION HAD
 FERMENTED AMONG GIBRALTARIANS NOT SO MUCH A WISH TO REMAIN
 BRITISH AS A TREND TOWARDS INDEPENDENT NATIONALISM. THE PEDESTRIAN
 OPENING HAD BEEN A HUMANITARIAN MEASURE TO 'ENCOURAGE OSMOSIS
 BETWEEN THE TWO SIDES''.
- 2. AS REGARDS THE FUTURE HE SAID THAT NO SPANISH MINISTER WOULD START NEGOTIATIONS WITH THE UK WITHOUT PUTTING ON THE AGENDA THE SOVEREIGNTY OF THE ROCK. WITHOUT THIS, THERE COULD BE CONVERSATIONS, BUT NOT (NOT) A NEGOTIATION: NOR COULD THERE BE A FULL OPENING OF THE FRONTIER. HE ADDED THAT IT WAS A PITY THAT THE FLOOD WATERS OF THE FALKLANDS HAD ERODED MUCH OF THE PROGRESS MADE OVER GIBRALTAR.
- ON LAND NOT CEDED UNDER THE TREATY OF UTRECHT, BUT TAKEN OVER LATER. IN THE ABSENCE OF A NEGOTIATION WITH THE UK, HE COULD NOT ACCEPT THAT IT SHOULD BE USED TO BRING TOURISTS TO SPAIN AT PRICES AGREED OUTSIDE THE FRAMEWORK OF TATA SINCE THIS WOULD BE DISADVANTAGEOUS FOR SPAIN.
- 4. NO TEXT OF MORAN'S STATEMENT WILL BE AVAILABLE UNTIL THE LOCAL VERSION OF HANSARD IS PUBLISHED IN ABOUT A WEEK. TEXT WILL BE SENT WHEN AVAILABLE. THE ABOVE ACCOUNT HAS BEEN TAKEN FROM PRESS REPORTS WHICH THE MFA HAVE CONFIRMED ARE BROADLY CORRECT. PARSONS

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PRIME MINISTER

c Sir Robert Armstrong

m

OD: Gibraltar

BACKGROUND

You have asked for this meeting of the Committee to discuss the Foreign and Commonwealth Secretary's minute to you of 21st January and to review the contingency plans for the defence of Gibraltar (on which you were briefed by the Ministry of Defence on 20th December). Mr Coles' minute dated 24th January records your preliminary comments. An updated JIC Assessment is being circulated on 1st February in time for the meeting It will deal, among other things, with the recently reported remarks of the Spanish Foreign Minister, Senor Moran, about sovereignty over Gibraltar. The transcript of Senor Moran's remarks, which appear to have been (from a Spanish point of view) cautious and qualified, was given by Lord Belstead in answer to a question in the House of Lords on 27th January (Hansard, Col. 368).

2. The Foreign and Commonwealth Secretary agreed on 10th December with the Spanish Foreign Minister to aim for a date in Spring this year for the implementation of the 1980 Lisbon Agreement (a copy of which is attached to his minute). Implementing the Agreement would result not only in the lifting of all Spanish restrictions against Gibraltar, including the complete re-opening of the border, which is now only open to certain categories of pedestrians, but also the simultaneous opening of negotiations with Spain aimed at overcoming "all the differences" between the two countries on Gibraltar. The Agreement makes plain that the Spanish Government accepts that in such negotiations the interests of the Gibraltarians should be fully safeguarded. It also states that the British Government will fully maintain its commitment to honour the freely and democratically expressed wishes of the people of Gibraltar as set out in the preamble to the Gibraltar constitution. But the language of the Agreement clearly allows Spain to raise the issue of sovereignty.

- 3. The Foreign and Commonwealth Secretary admits (paragraph 8) that there is a risk that the Spaniards might try to extract assurances from us on eventual concessions on the long term status of Gibraltar before agreeing to implement the Agreement. These we could not give. But he judges that, notwithstanding the risk, it is better to press now for implementation of the Agreement as it stands, and he proposes to instruct our Ambassador in Madrid to start discussions with the Spanish Foreign Minister to this end. The Foreign and Commonwealth Secretary proposes that the Gibraltarian leaders should be present at the follow-up meetings between the two sides in order to ensure that the wishes of the Gibraltarians are seen, both at home and in Gibraltar, to be fully considered.
- 4. The Chancellor of the Exchequer, the Chief Secretary, Treasury and the Secretary of State for Trade are unable to be present. The Chancellor of the Exchequer considers that there is no need for a Treasury Minister to attend, but the Secretary of State for Trade will be represented by the Minister for Trade (Mr Rees). The Chief of the Defence Staff has also been invited.

HANDLING

- 5. You should invite the Foreign and Commonwealth Secretary to speak to his minute; and the <u>Defence Secretary</u> to describe the present state of our military dispositions for dealing with any Spanish threat to Gibraltar. Points to establish in the subsequent discussion are
 - a. Does the Committee agree with the negotiating objectives outlined in paragraph 4 of the Foreign and Commonwealth Secretary's minute (implementation of the Agreement while making clear that there is no prospect of an early substantive change in the status of Gibraltar)? You have commented that there may never be a change. You would presumably not wish to exclude at least the possibility that the Gibraltarians might eventually come to see material advantage for themselves in a closer association with Spain.
 - b. Will implementation of the Agreement be welcomed widely by the Gibraltarians? Is there any danger that notwithstanding their leaders' presence at the talks they might see implementation of the Agreement as the first step on a slippery slope?

CONFIDENTIAL

c. Is there any new information about the possibility of unauthorised Spanish action against Gibraltar? Is there a risk of such action if the negotiations are seen to make no progress?

CONCLUSION

- 6. Subject to the points made in discussion, you could guide the Committee
 - i. to endorse the objectives set out in paragraph 4 of the Foreign and Commonwealth Secretary's minute;
 - ii. to invite the Foreign and Commonwealth Secretary to instruct our Ambassador in Madrid to start discussions with the Spanish Foreign Minister and his officials to fix a date in March or early April for full implementation of the Lisbon Agreement.

David Gosall

1st February 1983

A D S GOODALL

Gibraltar: Restrictions on Access

3.10 p.m.

Lord Boyd-Carpenter: My Lords, I beg leave to ask the Question which stands in my name on the Order Paper.

The Question was as follows:

To ask Her Majesty's Government whether they will state the present position in respect of Spanish obstruction of access to Gibraltar by land, sea and air respectively.

The Minister of State, Foreign and Commonwealth Office (Lord Belstead): My Lords, on 15th December the Spanish Government opened the border to crossings by certain categories of pedestrains. Apart from this relaxation, other restrctions on land and sea access imposed during the 1960s remain in force, as does the Spanish prohibited airspace, which affects access to the airport. The Government hope that the 1980 Lisbon Agreement, which envisages the lifting of restrictions on Gibraltar, will be implemented in the Spring.

Lord Boyd-Carpenter: My Lords, I thank my noble friend for that reply. Can he tell me whether the latter part of it is or is not affected by the statement reported in *The Times* today, that the Spanish Foreign Minister has ruled out further discussions on the Gibraltar blockade unless the subject of sovereignty is on the table?

Lord Belstead: My Lords, when my right honourable friend the Foreign and Commonwealth Secretary met the new Spanish Foreign Minister in Brussels on 10th December they reaffirmed their commitment to the Lisbon Agreement and agreed that officials should meet to discuss details with a view to implementation in the spring, and that is the situation as we understand it.

Lord Gladwyn: My Lords, when they resume negotiations with the Spanish Government on the question of Gibraltar would the Government be prepared, as they were with the Argentine, at least to discuss the question of sovereignty?

Lord Belstead: My Lords, Her Majesty's Government have noted the reports of remarks made by the Spanish Foreign Minister at a foreign correspondents' lunch in Madrid yesterday. In reply to the noble Lord, Lord Gladwyn, I would say that Spanish aspirations towards Gibraltar are well known, and they are of long standing. The Lisbon Agreement provides for each side to raise any subject it wishes. There are many things which we ourselves wish to raise-for example, practical co-operation, economic development and tourism-for when the agreement is implemented in the spring. But our commitment to honour the wishes of the people of Gibraltar is totally clear and is set out in the 1969 Gibraltar Constitution, and it is specifically referred to in the Lisbon Agreement.

Lord Merrivale: My Lords, bearing in mind the highly discriminatory nature of the partial opening of the border, can the Minister indicate the effect it is having upon the economy of Gibraltar and the various sectors of local trade? Furthermore, can the Minister say what steps Her Majesty's Government are taking so that there is no discrimination at the frontier between different nationalities?

Lord Belstead: My Lords, there is discrimination at the frontier at the moment. Of course, we have made it clear all along that, although any lifting of Spanish restrictions is a welcome step in the right direction, it is no substitute for the full removal of restrictions as envisaged in the Lisbon Agreement. It is difficult to say at the present time what effect this particular step has had so far on the Gibraltar economy.

Lord Cledwyn of Penrhos: My Lords, does the noble Lord's reply to the noble Lord, Lord Gladwyn, mean that the Government give the same weight to the paramountcy of the Gibraltarians' rights of selfdetermination as they have said they give to the paramountcy of the Falkland islanders' rights? In view of the profound implications of this matter in the light of recent events and in the light of what the noble Lord has said about the Lisbon Agreement, do the Government propose to have serious bilateral talks with Spain over the next few weeks?

Lord Belstead: My Lords, as regards the second part of the supplementary question asked by the noble Lord, Lord Cledwyn, it was agreed on 10th December that officials from the Spanish Government and from the British Government should meet to discuss details with a view to implementation of the Lisbon Agreement in the spring, and that intention goes ahead. I would not wish to make comparisons between any undertaking made to the people of Gibraltar and that made to any other people. Our commitment to honour the wishes of the people of Gibraltar is clear, and it stands on its own. I repeat, it is set out in the 1969 Gibraltar Constitution and it is specifically referred to in the bilateral agreement between Spain and Britain, which was the undertaking to go ahead with the Lisbon Agreement.

[27 JANUARY 1983]

Lord Kennet: My Lords, will the Government this time take care not to discuss doing anything which they do not intend to do?

Lord Belstead: My Lords, I am sorry, but I do not understand the force of the noble Lord's question.

Lord Kennet: My Lords, will the Government this, time take care not to discuss doing anything-for instance, ceding sovereignty-which they do not intend to do?

Lord Belstead: My Lords, perhaps it would be best to answer the noble Lord's question by giving to the House a transcript of what Sr. Moran is reported to have said yesterday, as translated by the British Embassy in Madrid. I understand that the Foreign Minister said:

"No Spanish Foreign Minister could enter negotiations without putting forward the question of sovereignty".

I understand that the Foreign Minister went on to say:

"This does not mean that negotiations cannot continue once we have put forward the question of sovereignty and the British side have noted that we have done so."

The Foreign Minister then ended by saying:

"I don't believe a solution on Gibraltar will be immediate but of course I will take no steps that would weaken the Spanish claim to sovereignty over Gibraltar."

It is bearing those words in mind that I have already said to your Lordships' House that, of course, Spanish aspirations towards Gibraltar are well known and of long standing, but the Lisbon Agreement provides for each side to raise any subject it wishes, and there are things that we would wish to raise. We bear in mind all the time that our commitment to the people of Gibraltar is clear and is contained in the Lisbon Agreement.

Lord Paget of Northampton: My Lords, is not the position of Gibraltar very different indeed from that of the Falkland Islands? It has a substantial, viable population; and it is not Spanish in language, by descent or by race. In its whole history it has spent only a very short interval under Spanish colonial rule. In those circumstances, like Andorra, to give an instance, why cannot one look to an independent Gibraltar under an international guarantee?

Lord Belstead: My Lords, I am sure that the noble Lord, Lord Paget, will not think me discourteous if I return to the original Question. The original Question was about access to Gibraltar by "land, sea and air respectively". We believe that these difficulties will be resolved by implementing the Lisbon Agreement, I have made clear the stance of the British Government as regards sovereignty on Gibraltar, which is contained in the Lisbon Agreement. Therefore, the Government look forward to the implementation of that agreement.

Lord Mottistone: My Lords, is my noble friend aware of what splendid answers he has been giving to very difficult questions?

Lord Merrivale: My Lords, I should like to ask my noble friend one final question on the matter of discrimination at the frontier. Could he please tell the House what is the present position for dependants of British service men serving in Gibraltar regarding the possibility of their crossing the border, for Moroccan and Portuguese residents in Gibraltar and for the many British passport holders living in Spain in the vicinity of Gibraltar?

Lord Belstead: My Lords, if you are a Spaniard or a Gibraltarian living either on the Rock or in the Campo area, or a British passport holder resident in Gibraltar, then so far as the Spanish authorities are concerned you can cross the border. So far as the Gibraltarian authorities are concerned, the border has always remained open.



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SEVENTH REPORT FROM the foreign Affair Commettee

PART III

THE LISBON STATEMENT AND ITS INTERPRETATION

39. On 10 April 1980 the following Anglo-Spanish Statement was issued in Lisbon1:

- "1. The British and Spanish Governments, desiring to strengthen their bilateral relations and thus to contribute to European and Western solidarity, intend, in accordance with the relevant United Nations Resolutions, to resolve, in a spirit of friendship, the Gibraltar problem.
- 2. Both Governments have therefore agreed to start negotiations aimed at overcoming all the differences between them on Gibraltar.
- 3. Both Governments have reached agreement on the re-establishment of direct communications in the region. The Spanish Government has decided to suspend the application of the measures at present in force. Both Governments have agreed that future co-operation should be on the basis of reciprocity and full equality of rights. They look forward to the further steps which will be taken on both sides which they believe will open the way to closer understanding between those directly concerned in the area.
- 4. To this end both Governments will be prepared to consider any proposals which the other may wish to make, recognising the need to develop practical co-operation on a mutually beneficial basis.
- 5. The Spanish Government, in reaffirming its position on the re-establelishment of the territorial integrity of Spain, restates its intention that, in the outcome of the negotiations, the interests of the Gibraltarians should be fully safeguarded. For its part the British Government will fully maintain its commitment to honour the freely and democratically expressed wishes of the people of Gibraltar as set out in the preamble to the Gibraltar Constitution.
- 6. Officials on both sides will meet as soon as possible to prepare the necessary practical steps which will permit the implementation of the proposals agreed to above. It is envisaged that these preparations will be completed not later than 1 June."

Immediate reactions

40. In the House of Lords, the Foreign Secretary received congratulations from all sides. Lord Carrington himself and others stressed Spain's undertaking in the statement to suspend the restrictions and Britain's reaffirmation of its commitment "never to enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another state against their freely and democratically expressed wishes"2.

41. In the House of Commons there was a similar emphasis on the restrictions and the commitment to the Gibraltarians in both the Lord Privy Seal's announcement and in the ensuing questions from both sides of the House3.

¹See Appendix 12 for unofficial Spanish text. ²HL Deb (79–80) Vol 408, cols 9–12. ³HC Deb (79–80) Vol 982, cols 800–807.

- 42. The Press quoted¹ and commented upon² no other parts of the Statement but those. The *Guardian* reported Gibraltarian misgivings on the opening of the frontier. One of its correspondents recalled earlier judgements by "Foreign Office ministers" that Spain's entry into the EEC while the restrictions were still in force was "inconceivable", and suggested that Britain had threatened to block Spain's entry and so "blackmailed" Spain into the suspension of the restrictions³.
- 43. Spaniards rejoiced over the word "negotiations" which, carefully avoided by the British in the interchanges on "talks about talks" of the previous two decades, had come to be understood by them in this context as referring specifically to the transfer of sovereignty. Furthermore, in the Spanish (unofficial) version of the Statement, they read that both Governments intended "to resolve the Gibraltar problem in a spirit of friendship and in accordance with the relevant United Nations Resolutions"⁴. This emphasised the Spanish (and UN General Assembly) view that decolonization had to be on the basis of the return of Gibraltar to Spain. And they rejoiced also over the agreement that in the future there was to be "reciprocity and full equality of rights".
- 44. The Spanish press printed the statement in full on 11 April 1980. Subsequently it reproduced British press comment. It reported also what had been said on 14 April in the House of Lords and the Commons. The *Economist* of 19 April 1980 summed up Spanish consequent reaction in these words:

"To Spanish ears comment in London on the agreement . . . seems to have missed the point . . . British politicians and pundits have concentrated unduly on the Spanish government's decision to reopen the frontier, as if it were intended primarily to ease Spain's admission to the EEC or give a lift to the depressed border zone which used to supply Gibraltar with thousands of workers.

The Spanish government has these considerations in mind, but its main concern is indicated clearly in the first two clauses of the Oreja-Carrington agreement:

The British and Spanish governments . . . propose to resolve the Gibraltar problem in a spirit of friendship and in accordance with the appropriate United Nations Resolutions. The two governments have agreed . . . to open negotiations with a view to settling all their differences over Gibraltar.

And in pursuing this national aspiration, Mr Adolfo Suarez and his colleagues have a vital political objective in mind: they hope, with Britain's co-operation, to demonstrate that a democratic regime can succeed in a matter of this importance where the Franco dictatorship failed."

And the Economist asked prophetically:

"Are Britain and Spain drifting into an embrace or an embarrassing misunderstanding?"

45. The Chief Minister of Gibraltar recalled that the Statement was not

3Guardian, 15 April 1980.

4Q 41.

¹Times, Guardian, Telegraph, 11-12 April 1980.

²Times, Guardian, 12 April 1980.

received in Gibraltar with enthusiasm: Gibraltarians had "misgivings" and "reservations"1.

"For the first time, negotiation on sovereignty was not ruled out. There were also fears that the Spanish Government, having failed to change the political will of the Gibraltarians by a physical and economic blockade and intense psychological harassment, might now attempt to undermine the Gibraltarian community and the identity of the people through a process of infiltration"2.

- 46. The Opposition Democratic Party of British Gibraltar declared in a press release on 11 April that while it maintained that the sovereignty of Gibraltar was not negotiable, it reiterated "its confidence in the British Government to maintain its commitments to the people of Gibraltar". It also foresaw "a great number of problems" for Gibraltar with the lifting of the restrictions.
- 47. In a joint statement issued on 12 April, the Chief Minister and the Leader of the Opposition emphasized the British reaffirmation of the commitment to the people of Gibraltar in the preamble to the Constitution. Furthermore, the Chief Minister was confident, given the order of words in the English text of Article 1 of the Statement, that the agreement "quite clearly did not require the resolution of the problem to be in accordance with UN Resolution 1514 (XV)3.
- 48. The Gibraltar Socialist Labour Party was totally opposed to the Lisbon Statement as a matter of principle. Its leader explained to Your Committee, "We opposed (the Lisbon Statement) at the time, a year ago, and we oppose it still today . . . We insist . . . that our colonial relationship is with the British Government and that our decolonization is a matter of us and the British Government . . . (The) Lisbon Agreement effectively accepts the holding of negotiations with Spain on the basis of new solutions (which) do not accept the validity of the concept of respecting the wishes of the people of Gibraltar . . . "4. Some Gibraltarians took part in a demonstration against the Lisbon Statement.
- 49. Subsequently, Sir Joshua recalled, there was some popular enthusiasm over the agreement shown, among other ways, by the purchase of new cars5.
- 50. These early reactions, however, are a thing of the past. It soon became evident that whatever the signatories intended, Your Committee found that at political and popular level there was, and there is, a difference of interpretation in Britain and Spain as to what was agreed at Lisbon.

The British Interpretation

- 51. The Lisbon Statement, as interpreted by Britain, bound Britain and Spain to the following sequence of actions:
 - 1. "practical preparations" on both sides to make possible the smooth flow

¹Sir Joshua Hassan's answer to Q 13 of Questionnaire Appendix 2.

²Sir Joshua Hassan's memorandum to the Committee Appendix 3, para 5; cf Mr Isola's memorandum to the Committee, Appendix 7, para 13.

3Sir Joshua Hassan, answer to Q 2 of Questionnaire, Appendix 2.

Paper 6, Q

⁵Paper 2, Q 24.

of direct communications between Spain and Gibraltar from the moment the Spanish restrictions were lifted1;

- 2. the lifting of the restrictions by Spain;
- 3. the starting of negotiations in a very general sense between Britain and Spain, as the beginning of what is likely to be a very long process² negotiations in which "the detailed application of reciprocity of rights on which future co-operation (would) be based (would) be determined"1.
- 52. On 18 June the Lord Privy Seal announced that "on the British side . . . all practical preparations for the start of negotiations and the restoration of direct communications between Gibraltar and Spain" had been completed by 1 June3.

The Gibraltarian View

53. On this aspect of what the Lisbon Statement meant, the Gibraltarian view coincides with the British view4.

The Spanish Interpretation

- 54. With one exception5, the Spaniards heard by Your Committee expressed a different view. It is their contention that the sentences in Article 3 cannot be taken in isolation, any more than in Article 5. In Article 5 the reaffirmation of Britain's commitment to the people of Gibraltar and that of Spain's position in the re-establishment of the territorial integrity of Spain balance each other. Similarly in Article 3 Spain's undertaking to lift the restrictions, a concession on her part, is balanced on Britain's part by "reciprocity and full equality of rights" apart from the "further steps" foreseen in the last sentence of the Article. A practical step on the one side must be reciprocated on the other. The suspension of restrictions, therefore, requires a simultaneous quid pro quo or "gesture of reciprocity" on Britain's part6.
- 55. In the Spanish view furthermore, the "future" in the phrase "future cooperation" in Article 3 began with the signing of the agreement and does not refer to a future beginning with the lifting of the restrictions7, while the "practical steps" referred to in Article 5 were not merely the logistic but also something else that could be said to show the beginning of that co-operation. In other words, in the Spanish view, the steps to implementation of the agreement should
 - (1) Not only the rebuilding of the customs post on their side of the fence,

4Sir Joshua Hassan's Answer to Q 15 of Questionnaire, Appendix 2, and Joint Communiques by the

Chief Minister and the Leader of the Opposition, 12 April 1980. Appendix 7, Annex 5. Sr Jose Armero. Sr Armero, as a lawyer, has close connections with Britain; ever since Franco's death, he has been advocating the unconditional removal of the restrictions on the grounds. that they had led, and are leading nowhere.

6Spanish witnesses especially MPs. See also Professor Fraga's answer to Q 5 of Questionnaire,

Appendix 19

7Paper 12 Q 19.

¹Lord Privy Seal, statement on Gibraltar to House of Commons on 14 April 1980. HC Deb (79-80) Vol 982, Col 800. ²Q 3, 4, 10 and 11. ³HC Deb (79–80) Vol 986, col 554.

to cope with wheeled and pedestrian traffic across the Isthmus and discussions on the technicalities involved, but also a definite commitment — not merely an assurance — on Britain's part, that the Spanish workers will not be exploited in any way once the frontier is opened.

- (2) The lifting of restrictions and the beginning of negotiations as envisaged elsewhere in the Statement.
- 56. This view of the Statement is based not only on its text but also on the mandate given the Spanish Government by the *Congreso de Diputados* the Lower House of the Spanish Parliament shortly before the Lisbon meeting.
- 57. On 27 March 1980 the Congreso discussed a motion tabled by the Socialist Workers Party (PSOE). After reaffirming "the unbreakable will of our people to bring about the reintegration of Gibraltar into Spain", and "the claim as of right to the Rock", it urged the Government "once again to invite the Government of the United Kingdom to start negotiations in accordance with the relevant Resolutions of the United Nations." It then continued (para 3):

"The Congreso de Diputados judges advisable the re-establishment step by step of the land communications across the isthmus of Gibraltar, and calls on the Government to open the isthmus always provided that the progress of the negotiations referred to in the preceding paragraph of this motion¹ should warrant it".

58. This paragraph was passed unanimously after the governing Democratic Centre Unioo (UCD) had moved an amendment to introduce the word "step-by-step" (gradualemente)².

Reasons for the delay in the opening of the frontier

- 59. Your Committee asked the FCO why Spain had not suspended any of the restrictions. They suggested that there had perhaps been initially "some greater administrative complications on (the Spanish) side which caused delay"³.
- 60. The FCO referred to some of the pressing internal problems facing the Spanish Government. The Government and Parliament have had a heavy schedule aligning laws with a Constitution radically different from any in Spanish history.
 - 61. While these reasons are valid, they may not supply the full explanation.
- 62. The Constitution has made the Spanish Government directly and rapidly answerable to Parliament. The Government whose Foreign Minister signed the Lisbon Statement was, like the present, a minority Government, of a Party which itself is a union of several and not as yet firmly cemented. The suggestion was made to Your Committee in London that when the Spanish Foreign Minister

²For translation of full text, see Appendix 13.

3Q 9.

¹Proposicion no de ley: a technical term. It is misleading to say simply that "it is not binding on a Government"; it is indeed not legally binding, but it is politically. In deviating from the terms of a motion approved, as this was, without a single vote against, a Government would put itself at risk of defeat in a vote of confidence.

got back to Spain he then had to face a considerable amount of Parliamentary opposition in spite of an initial public welcome. One element in this opposition was uncertainty over exactly what the agreement meant, and another was the fears from both left and right that the Foreign Minister had gone beyond the instructions given him by Parliament (see para 57).

- 63. In Spain, Your Committee heard from members of the other opposition parties as well as of the governing UCD that while they were pleased to observe that Britain was prepared to discuss any matter relating to Gibraltar, even sovereignty, they wished to know how soon after the lifting of any of the restrictions those negotiations would begin, and more immediately, and before any restrictions were lifted, what degree of reciprocity and equality of rights there was going to be.
- 64. Your Committee must therefore conclude that whether or not the Spanish Foreign Minister of the time understood in Lisbon that Spain was to lift the restrictions unconditionally and that only thereafter there would be "reciprocity and equality of rights", the Lisbon Agreement would not have been acceptable to the Spanish Parliament on that interpretation.



With the Compliments of the Chancellor of the Exchequer's Private Secretary

Treasury Chambers, Parliament Street, S.W.1.

cc: PS/Chief Secretary CONFIDENTIAL PS/Financial Secretary Sir Douglas Wass Sir Anthony Rawlinson Mr Le Cheminant Mr Kitcatt Mr St Clair Mr I P Wilson Mr Pickering Treasury Chambers, Parliament Street, SWIP 3AG 01-233 3000 26 January 1983 The Rt Hon Michael Heseltine, MP Secretary of State for Defence N. B. P. N. GIBRALTAR DOCKYARD - REDUNDANCY COMPENSATION Now that the Home and Social Affairs Committee has decided to delay the introduction of the proposed Civil Service and Related Bodies (Redundancy Compensation) Bill in favour of a longer Bill later, I thought it would be useful, in order to round off the correspondence, to send you a reply to John Nott's letter of 25 November about assurances given to employees of Gibraltar Dockyard. As the H paper noted, the Bill, if passed, would not have cut across the assurances given in Gibraltar, although no doubt some explanation would have had to have been offered locally when the Bill was published and the assurances might have had to have been renewed. In this respect, the assurances would have been quite different in nature to those given to the staff of the National Maritime Institute for which we are considering an exception in the legislation itself. It now looks as if we shall be introducing a longer Bill next Session, but there remains the possibility, if things start to go wrong, that we may still have to bring forward the limited Bill at short notice. You would be involved in such a decision. In such circumstances I should, of course, have no objection to your department renewing the assurances that have already been given, on the lines agreed, to the employees in Gibraltar, nor indeed to your renewing the assurances at any other time if you think it would be useful to do so. I am sending copies of this letter to other members of the Cabinet and to Sir Robert Armstrong. GEOFFREY HOWE

GIBRALTAR: Polling towards Cabralton; Pro-

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10 DOWNING STREET

GIBRALTAR

From the Private Secretary

24 January 1983

GIBRALTAR

The Prime Minister has seen the minute of 21 January by the Foreign and Commonwealth Secretary.

Mrs. Thatcher would like the contents of the minute to be discussed at an early meeting of OD. At that meeting she would wish to review again our military dispositions for dealing with any Spanish threat to Gibraltar.

The Prime Minister has made one or two preliminary comments on Mr. Pym's minute. With regard to paragraph 4.(iv)(a) she is inclined to add the words "and there may never be a change in sovereignty".

With regard to paragraph 4.(v) the Prime Minister has expressed doubt about the meaning of the wording and will doubtless wish to seek clarification at the meeting of OD.

In the tenth line of paragraph 5. of Mr. Pym's minute, the Prime Minister is inclined to suggest the deletion of the word "early".

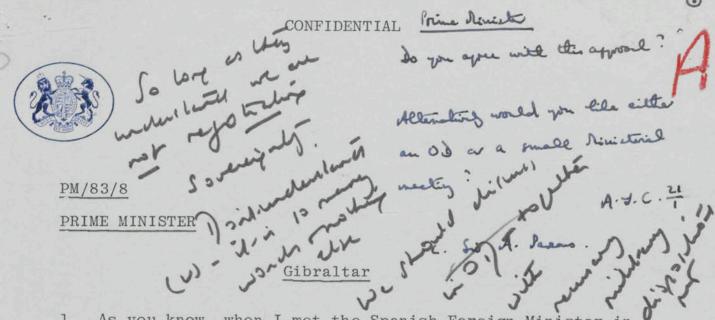
I am copying this letter to the Private Secretaries to the members of OD and also to Sir Robert Armstrong - I would be grateful if Sir Robert would make arrangements for this matter to be discussed at an early meeting of OD.

A.U. COLES

Brian Fall, Esq., Foreign and Commonwealth Office

CONFIDENTIAL

083



1. As you know, when I met the Spanish Foreign Minister in Brussels on 10 December we agreed to aim for a date in the spring for the implementation of the 1980 Lisbon Agreement. We also agreed that officials should meet first to make the necessary arrangements. I have now had a chance to discuss this further with the Ambassador at Madrid and the Governor of Gibraltar and would propose to proceed as follows.

- 2. The Lisbon Agreement (copy attached) provides for the lifting of all Spanish restrictions on Gibraltar and, at the same time, the start of 'negotiations aimed at overcoming all the differences' between the British and Spanish Governments on Gibraltar. Although the Spaniards opened the border to certain categories of pedestrians on 15 December, there is no prospect that they will lift all the remaining restrictions without full implementation of the Lisbon agreement and the start of the negotiations referred to in it.
- 3. The present partial opening of the border by Spain has been good for humanitarian reasons. There have been 150,000 crossings (roughly equal numbers both ways) without incident since it began: the total population of Gibraltar numbers only 30,000. These figures demonstrate the interest of the Gibraltarians in contacts with Spain. But only the full removal of restrictions will allow the Gibraltar economy to develop in a more healthy way and become less dependent on Britain for support. Furthermore, if restrictions were not fully lifted we should have to place obstacles in the way of Spain's integration into the military structure of NATO and we should face in the longer term the prospect of vetoing Spain's application to join the EC. In short, we have both



political and economic reasons for wanting the restrictions fully removed.

- 4. Against this background I believe that our objectives should be as follows:
 - (i) to secure the lifting of all restrictions on the border;
- (ii) to encourage the establishment of more normal relations between Gibraltar and Spain in order to assist the Gibraltar economy and dissipate the present siege mentality;
 - (iii) to ensure the Spaniards understand that we shall maintain our commitment to honour the wishes of the Gibraltarians;
 - (iv) to persuade the Spaniards that:
 - (a) there is no prospect of an early substantive change in the status of Gibraltar;
 - (b) their approach to the Gibraltar question should concentrate on behaving well towards the Gibraltarians rather than coercing them; and
 - (c) any improvement of relations will take a long time and will be frustrated if the pace is forced.

to obtain an outcome from implementation of the Lisbon Agreement which will not lead to adverse public reaction on either side (or in Gibraltar) such as would jeopardise these aims.

And were ve to see to s

/5. When



When we meet in fulfilment of the Lisbon agreement the Spanish Foreign Minister will certainly wish to give his views on the future of Gibraltar. He is free to do so under the terms of the Lisbon Agreement. I shall have to take note. But I shall of course also reaffirm HMG's commitment to honour the wishes of the people of Gibraltar which is clearly stated in the Lisbon Agreement itself. I shall also explain the key role of Gibraltar opinion and emphasise that the Spaniards would be wrong to look forward to early changes in Gibraltarian views. The Gibraltar leaders, who will be present at the meeting, will also have an opportunity to put their own views. I shall suggest that, in deciding on a way forward, we should concentrate upon practical co-operation such as will reduce the barriers of mistrust between Spain and Gibraltar which have grown up over the years of restrictions. Amongst useful subjects for discussion will be cross-border economic development, tourism and communications.

Mila or

6. It will be necessary at the meeting to agree to some form of follow up. There are many practical issues to be dealt with. The Spaniards will also need to be able to show that we have embarked on a continuing process. I shall aim, if possible, to avoid a fixed timetable for further meetings and to concentrate on practical issues of mutual benefit rather than on political matters. But political issues, including the Spanish proposals on the future of the territory, cannot totally be avoided. There will be a need for further meetings at Foreign Minister level. intend to ensure that Gibraltarian leaders are always present when the question of Gibraltar's future is discussed and that their officials will be present at other meetings on practical matters. This will afford a guarantee to both Gibraltarian and British opinion that the wishes of the Gibraltarians are being made known and considered at every stage.



- 7. I propose to instruct our Ambassador on his return to Madrid to start discussions with the Spanish Foreign Minister and his officials to fix a date in March or early April for the full implementation of the Lisbon Agreement. In doing so he should also have preliminary discussions about the form of communique which will be issued after the meeting between myself and Senor Moran and the sort of follow-up arrangements which might be agreed at the meeting. In these discussions he would be guided by our attitude as outlined above. I intend to arm our Ambassador with a message to Senor Moran confirming that we remain committed to the implementation of the Lisbon Agreement in full and emphasising the importance we attach to it.
- 8. There remains a risk that, faced with our position on the status of Gibraltar and the need to start negotiations without any prospect of early change in Gibraltarian views, the Spaniards will be reluctant to fix a date for implementing the Lisbon Agreement. They might try to extract from us advance assurances about concessions on the status of Gibraltar. These we cannot give. All we can give them is the opportunity to say in public that they have made their views on this topic known to us. We need now to press for implementation of the Lisbon Agreement as it stands. It is better not to start at all than to risk misunderstanding. Our commitment to honour the wishes of the Gibraltarians must remain the keystone of our policy.
- 9. I am copying this minute to other members of OD.

(FRANCIS PYM)

Foreign and Commonwealth Office 21 January 1983

JOINT ANGLO/SPANISH STATEMENT ON GIBRALTAR

- 1. The British and Spanish Governments, desiring to strengthen their bilateral relations and thus to contribute to European and Western solidarity, intend, in accordance with the relevant UN resolutions, to resolve, in a spirit of friendship, the Gibraltar problem.
- 2. Both Governments have therefore agreed to start negotiations aimed at overcoming all the differences between them on Gibraltar.
- 3. Both Governments have reached agreement on the re-establishment of direct communications in the region. The Spanish Government has decided to suspend the application of the measures at present in force. Both Governments have agreed that future co-operation should be on the basis of reciprocity and full equality of rights. They look forward to the further steps which will be taken on both sides which they believe will open the way to closer understanding between those directly concerned in the area.
- 4. To this end both Governments will be prepared to consider any proposals which the other may wish to make, recognising the need to develop practical co-operation on a mutually beneficial basis.
- 5. The Spanish Government, in reaffirming its position on the re-establishment of the territorial integrity of Spain, restated its intention that, in the outcome of the negotiations, the interests of the Gibraltarians should be fully safeguarded. For its part the British Government will fully maintain its commitment to honour the freely and democratically expressed wishes of the people of Gibraltar as set out in the preamble to the Gibraltar constitution.
- 6. Officials on both sides will meet as soon as possible to prepare the necessary practical steps which will permit the implementation of the proposals agreed to above. It is envisaged that these preparations will be completed not later than 1 June.



CONFIDENTIAL GRS 290

TELEGRAM NUMBER 710 OF 22 DECEMBER

CONFIDENTIAL FM MADRID 221740Z DEC 32 TO PRIORITY FCO

INFO PRIORITYPGOVERNOR GIBRALTAR(PERSONAL)

Gibrautaur

MIPT: GIBRALTAR

- 1. IT IS NOT(NOT) UNSATISFACTORY THAT MORAN SHOULD HAVE TOLD THE FOREIGN AFFAIRS COMMITTEE OF PARLIAMENT AND THE PRESS THAT AFTER TABLING THE PROBLEM OF SOVEREIGNTY IN THE PROPOSED NEGOTIATIONS WITH HMG, IT WOULD BE SUFFICIENT FOR HIM THAT GREAT BRITAIN TOOK NOTE OF THE SPANISH GOVERNMENT'S POSITION (MY TELNO 704).
- 2. I HAVE RECENTLY HAD MORE THAN ONE CONVERSATION WITH THE FOREIGN MINISTER ON THIS SUBJECT, THE LAST BEING AT TODAY'S LUNCH. I HAVE TRIED TO PERSUADE HIM AND CUENCA THAT, IN PRESENT POLITICAL CIRCUMSTANCES, IT WOULD BE A GREAT MISTAKE FOR THE SPANISH GOVERNMENT TO OPEN THEIR JAWS TOO WIDE ON THE ISSUE OF SOVEREIGNTY. I HAVE TRIED TO REINFORCE YOUR COMMENTS TO MORAN IN BRUSSELS BY EXPLAINING THAT HIGH PUBLIC EXPECTATIONS MUST NOT BE AROUSED: AND THAT POPULAR INTEREST OUGHT NOT TO BE CONCENTRATED IN ADVANCE ON THE EXACT METHOD BY WHICH THIS SUBJECT IS BROACHED IN THE PROPOSED NEGOTIATIONS. ONE WOULD LIKE TO THINK THAT MORAN'S PUBLIC ATTITUDE TAKES ACCOUNT OF THESE CONSIDERATIONS AND THAT, AS YOU SAID IN YOUR TELNO 354, HE IS ADOPTING A REALISTIC ATTITUDE.
- 3. THE FOREIGN MINISTER HAS ASKED ME TO CALL ON HIM IN EARLY JANUARY TO DISCUSS THE MATTER FURTHER, ON A PURELY PERSONAL BASIS ON MY SIDE. I SHALL NATURALLY NOT COMMIT YOU IN ANY WAY. I PROPOSE TO LISTEN TO HIS IDEAS AND TO TRY TO RIDE HIM OFF ANY WHICH SEEM CLEARLY UNACCEPTABLE.
- 4. IN FACT MORAN'S PUBLIC FORMULATION SEEMS BY NO MEANS REMOTE FROM THE IDEAS UNDER DISCUSSION WHEN IMPLEMENTATION OF THE LISBON AGREEMENT SEEMED IMMINENT LAST SUMMER. IT WOULD NOT BE UNREASONABLE FOR THE SPANISH GOVERNMENT TO TABLE THE QUESTION OF THE FUTURE STATUS OF THE TERRITORY (A MORE ACCEPTABLE PHRASE PERHAPS THAN THE PROBLEM OF SOVEREIGNTY) AND FOR YOU TO TAKE NOTE OF THAT POSITION.
- 5. I HOPE IT MAY BE POSSIBLE TO DISCUSS THE MATTER FURTHER WITH YOU AND YOUR OFFICIALS IN LONDON IN MID-JANUARY AFTER I HAVE HEARD MORE OF MORAN'S OWN IDEAS.

PARSONS

[THIS TELEGRAM WAS NOT ADVANCED]

GIBRALTAR

LIMITED SED DEF D NEWS D PUSD ECD (E)

PS/LORD BELSTEAD ADDITIONAL DISTRIBUTION PS/PUS SIR J BULLARD

MR GOODISON MR GILLMORE MR HANNAY

PLANNING STAFF

PS/MR HURD

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL FM MADRID 221120Z DEC 82 TO IMMEDIATE FCO TELEGRAM NUMBER 705 OF 22 DECEMBER INFO IMMEDIATE GOVERNOR GIBRALTAR(PERSONAL)

MY TELNO 701 : GIBRALTAR FRONTIER

GRS 360

- 1. I TACKLED MORAN ABOUT THE REPORT IN MY TUR LAST NIGHT DURING THE COURSE OF A RECEPTION HE WAS OFFERING FOR THE MADRID DIPLOMATIC CORPS. HE CONFIRMED THAT THE GOVERNMENT HOPED TO BE ABLE TO ANNOUNCE SHORTLY A FURTHER EASING OF RESTRICTIONS. HE TOOK MY POINT THAT FOR COMPASSIONATE REASONS THERE WOULD BE ADVANTAGE IN ANNOUNCING A FIRM DECISION BEFORE CHRISTMAS. MORAN SAID HIS IDEA WAS TO ALLOW PASSAGE BOTH WAYS FOR THOSE WITH "RELATIVES OF THE FIRST DEGREE" (PARIENTES DE PRIMER GRADO) LIVING ON THE OTHER SIDE. HE SAID THAT THE REFERENCE TO ' FIRST COUSINS' HAD OF COURSE BEEN A PRESS ERROR. HE WOULD BE DISCUSSING THIS TODAY WITH THE MINISTER OF THE INTERIOR AT THE CURRENT CABINET MEETING. HE WOULD LET ME KNOW OF ANY FURTHER DEVELOPMENTS AT LUNCHTIME WHEN I AM SEEING HIM AGAIN. I WILL TELEGRAPH FURTHER THEN.
- 2. CUENCA SUBSEQUENTLY EXPLAINED TO ME THAT RELATIVES OF THE FIRST DEGREE IS A PRECISE LEGAL TERM IN SPAIN. IT IS DEFINED IN ARTICLES 915-923 OF THE CIVIL CODE AS COVERING FATHER, MOTHER, SONS AND DAUGHTERS. ARIAS, THE HEAD OF THE NEWS DEPARTMENT IN THE MFA, HAS ALSO CONFIRMED THAT THE EASING WOULD EXTEND TO SPOUSES (PARA 2(A) OF MY TELNO 701). HE WAS UNABLE TO CONFIRM WHETHER THOSE IN PARA 2(C) WOULD BE INCLUDED.
- 3. I ALSO RAISED WITH THE MINISTER THE QUESTION OF CUSTOMS. POINTING OUT THE CURRENT IMBALANCE WHICH WAS CAUSING DIFFICULTY IN GIBRALTAR. MORAN THOUGHT THAT THIS WOULD HAVE TO BE LEFT UNTIL THE NEXT ROUND. BUT THIS I TOOK HIM TO MEAN AS PART OF THE IMPLEMENTATION OF THE LISBON AGREEMENT, THOUGH THIS WAS BY NO MEANS EXPLICIT. CUENCA , TO WHOM I REPEATED THIS CONVERSATION, COMMENTED IN A RELAXED MANNER THAT WE HAD ALREADY SAID THAT OUR MEASURES WOULD MATCH SPANISH ONES. HE SEEMED TO BE IMPLYING THAT, SINCE SPAIN COULD NOT AT PRESENT MOVE ON CUSTOMS, THEY WOULD HARDLY BE SURPRISED IF GIBRALTAR FELT OBLIGED TO INTRODUCE WHATEVER REGIME WAS NECESSARY TO PROTECT ITS OWN ECONOMIC INTERESTS. I THINK THIS IS THE ONLY WAY TO TACKLE THE PROBLEM FOR THE TIME BEING. BUT WE SHOULD NOT (NOT) BE TOUGHER THAN THE SPANIARDS THEM-CONFIDENTIAL SELVES.

CONFIDENTIAL 4. I DETECT NO SIGNS OF FOOT-DRAGGING ON THE PART OF THE SPANISH FOREIGN MINISTER. RATHER THE REVERSE. HIS ONLY RESERVATION WAS THAT IT WOULD BE A MISTAKE TO GO TOO FAR TOO FAST (EG ON CUSTOMS) AND THEN HAVE TO CLAW IT BACK. YOU WILL APPRECIATE THAT MANY GROUPS HERE (INCLUDING MINISTRY OFFICIALS) ARE UNENTHUSIASTIC ABOUT THE SOCIALIST UNILATERAL MOVE. MOREOVER, THERE ARE HEAVY PRESSURES ON THE NEW MINISTER. HE GOES TO MOROCCO TOMORROW. HE IS UNDER FIRE OVER NATO. AND THERE IS NOW A CRISIS WITH THE COMMUNITY OVER FISHERIES. PARSONS GIBRALTAR LID SED ADDITIONAL DISTRIBUTION DEF DEPT NEWS D GIBRALTAR PUSD ECD(E) PLANNING STAFF PS

CONFIDERTIAL

PS/MR HURD PS/LORD BELSTEAD

SIR J BULLARD MR GOODISON MR GILLMORE MR HANNAY

PS/PUS

0 211715Z DEC 82 . CONFIDENTIAL

FM GIBRALTAR
TO RBDWDFA/FCO LONDON
RBDWDFA/MADRID
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DESKBY 212000Z DEC 82

CONFIDENTIAL UK COMMS ONLY
FROM GIBRALTAR 211715Z DEC 82
TO IMMEDIATE FCO TEL NO PERSONAL 173 OF 21 DEC 82
IMMEDIATE MADRID

MADRID TELNO 695 AND MY TELNO P 172: GIBRALTAR FRONTIER

- 1. SMALL, CAREFULLY CHOSEN GROUPS OF THREE SERVICES AND PSA WITH DEPENDANTS CROSSED BORDER THIS AFTERNOON BEARING, IN ADDITION TO PASSPORT, A DOCUMENT SHOWING ENGLISH AND SPANISH VERSION OF TEXT IN MY TELNO P172. LOCAL CLEARANCE HAD BEEN OBTAINED IN ADVANCE
- 2. CROSSINGS APPEARED TO GO SMOOTHLY EXCEPT THAT SPANIARDS
 INSISTED THAT DESCRIPTION 'DEPENDANT' MUST BE EXPANDED TO SHOW
 RELATIONSHIP, IE 'WIFE OF, CHILD OF'. WE ARE RELUCTANT TO
 ACCEPT THIS FORMULA AS IT BEGINS TO OPEN THE WAY TO A SITUATION
 IN WHICH THE SPANIARDS LOCALLY COULD CONTINUE TO PRESS FOR CHANGES
 IN THE DOCUMENT SO THAT IT FINISHES UP BEING ONE MADE AT THEIR
 DICTATION, NOTWITHSTANDING THE FACT THAT IT IS RELATED TO BRITISH
 PASSPORT AND SIGNED BY A RESPONSIBLE OFFICER. MOREOVER, ON AT LEAST
 ONE OCCASION A SPANISH OFFICIAL INSISTED THAT PASS WAS ONLY VALID
 FOR DATE OF ISSUE. WE WOULD INTEND TO RESIST THIS BOTH ON GROUNDS
 OF ADMINISTRATIVE DIFFICULTY AND AS AN ADDITIONAL IMPOSITION NOT
 BY CENTRE.

 (3.

CONFIDENTIAL I CONSIDER THAT AS THERE HAS BEEN NO CENTRAL OBJECTION TO THE FORMULA PROPOSED IN MY TUR, AND THAT WE SHOULD NOT GET INTO A POSITION IN WHICH LOCAL WHIM CARRIES THE DAY, WE SHOULD CARRY ON WITH THE EXISTING TEXT AND PLACE ON SPANIARDS THE RESPONSIBILITY FOR ANY DENIAL OF ACCESS. IN ORDER TO ALLOW TIME FOR THIS TOBE UNDERSTOOD I SHALL HOLD BACK GIVING A GREEN LIGHT TO PERSONNEL CONCERNED UNTIL NOON TOMORROW LOCAL. WILLIAMS BT GIBRALTAR LTD SED ADDITIONAL DISTRIBUTION DEF DEPT NEWS D GIBRALTAR PUSD ECD(E) PLANNING STAFF PS PS/MR HURD PS/LORD BELSTEAD PS/PUS SIR J BULLARD MR GOODISON MR GILLMORE MR HANNAY CONFIDENTIAL

21 December 1982

Gibraltar

The Prime Minister has noted the contents of your letter of 20 December.

JOHN COLES

Roger Bone, Esq., Foreign and Commonwealth Office.

up





Foreign and Commonwealth Office London SW1A 2AH

20 December 1982

Prime Minister

Jew John.

A. J. C. 12

Gibraltar

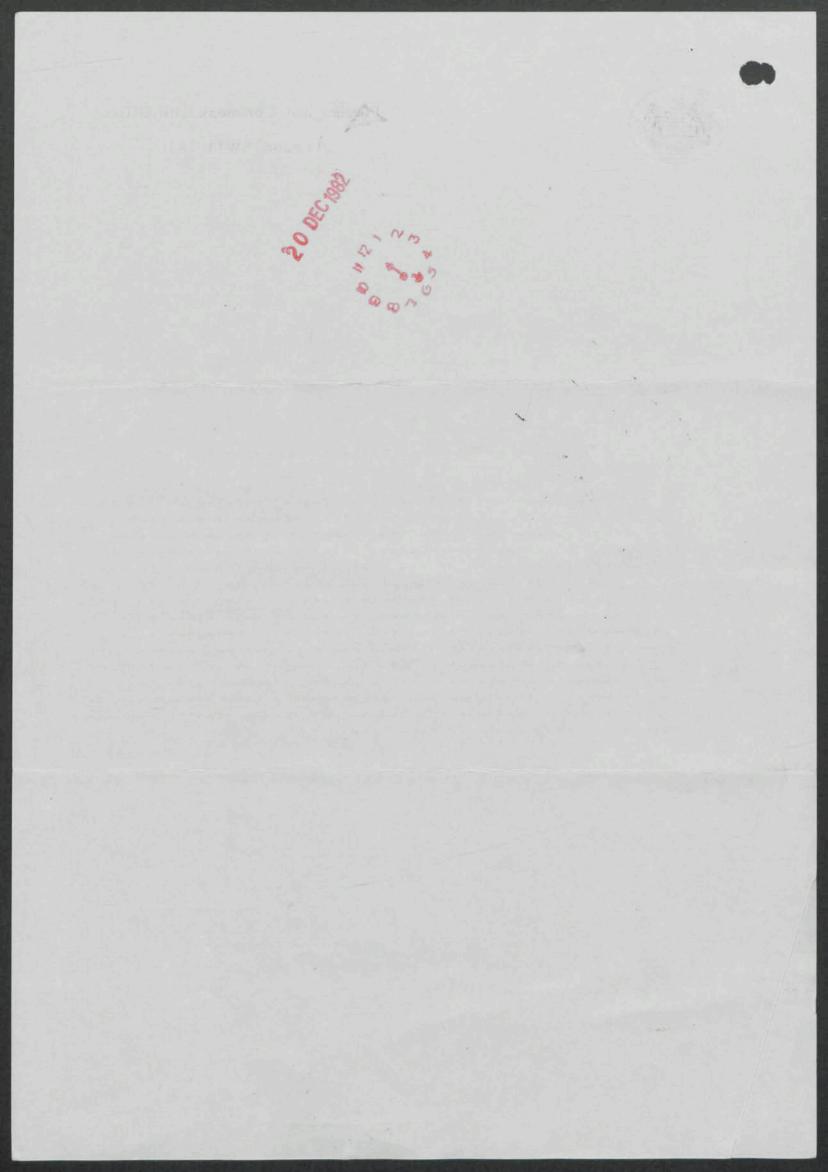
The Secretary of State has noted your letter of 15 December.

He agrees very much with the Prime Minister on the line we should take when the Spanish side refer to sovereignty. He made it clear to the Spanish Foreign Minister when they met on 10 December that the wishes of the Gibraltarians are crucial: it was encouraging that Senor Moran seemed to accept this point. Mr Pym also considers that we should continue to make clear to the Spaniards that it is up to the Spanish side, if they so wish, to demonstrate to the Gibraltarians the advantages of closer links with Spain, in particular in economic and commercial matters (eg the further development of tourism in the area). This is a useful way of reminding the Spaniards of the need for a constructive approach on their side, while in no way weakening the strength of our committment to respect the freely and democratically expressed wishes of the people of Gibraltar.

Vue un

(R B Bone) Private Secretary

A J Coles Esq 10 Downing Street



EN CLAIR

0 160840Z DEC 82

FM GIBRALTAR

TO RBDWDFA/FCO LONDON

RBDWDFA/MADRID

ZEN/RABAT

BT

UNCLAS



UNCLASSIFIED ENCLAIR

FROM GIBRALTAR 160840Z DEC 82

TO IMMEDIATE FCO TEL NO 118 OF 16 12 82 AND IMMEDIATE MADRID INFO RABAT

MY TELNO 116 GIBRALTAR FRONTIER

IN THE SECOND TWELVE HOURS 6554 PEOPLE CROSSED FROM SPAIN TO GIBRALTAR THROUGH THE LAND FRONTIER AND 5263 PASSED FROM GIBRALTAR TO SPAIN

- 2. 46 PERSONS WERE REFUSED ENTRY INTO SPAIN BY THE SPANISH AUTHORITIES
- 3. ONLY A MINIMUM OF HAND BAGGAGE (EG A PLASTIC SHOPPING BAG) IS BEING PERMITTED BY THE SPANIARDS WHO SPECIFICALLY REJECT SUITCASES. WILLIAMS

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PLANNING STAFF

PS

PSIMR HURD

PSILORD BELSTEAD

PSIPUS

SIRJ BULLARD

MR GOODISON

MR GILLMORE

MR HANNAY

ADDITIONAL DISTRIBUTION GIBRALTAR

> THIS TELEGRAM WAS NOT ADVANCED

Gloralton

GRS 300

UNCLASSIFIED

FM MADRID 151658Z DEC 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 676 OF 15 DECEMBER

INFO PRIORITY UKDEL NATO WASHINGTON GIBRALTAR RABAT



NATO/GIBRALTAR/CEUTA AND MELILLA

- 1. REPORTS OF A PRESS CONFERENCE WHICH GONZALEZ GAVE TO US PRESS CORRESPONDENTS ON 13 DECEMBER ARE FILTERING BACK TO MADRID. WE HAVE JUST OBTAINED A TAPE-RECORDING OF THE INTERVIEW. THE INTERVIEW WAS A CURTAIN RAISER FOR SCHULTZ'S VISIT TO MADRID.
- 2. GONZALEZ REPEATED THAT THE PREVIOUS GOVERNMENT HAD TAKEN INSUFFICIENT ACCOUNT OF SPAIN'S NATIONAL INTERESTS IN DECIDING TO JOIN NATO. HIS GOVERNMENT WOULD RE-EXAMINE THIS ASPECT OF THE PROBLEM. IT WOULD OPEN A DIALOGUE WITH ITS NATO PARTNERS WHO WERE SPAIN'S TRADITIONAL FRIENDS. ASKED TO BE MORE SPECIFIC ABOUT HIS DEFINITION OF THE NATIONAL INTERESTS HE STRESSED THAT 'THE SPANISH ARMED FORCES HAVE THE DUTY TO DEFEND SPAIN'S TERRITORIAL INTEGRITY. THERE COULD BE NO SUBORDINATION TO ANY FOREIGN COMMANDER: THE POSITION OVER GIBRALTAR WAS ESPECIALLY PAINFUL. IT WOULD BE UNACCEPTABLE TO THE ARMED FORCES TO BE SUBORDINATE IN THIS AREA TO ANOTHER POWER WHICH IN OUR OPINION AND IN THAT OF THE UN, ARE OCCUPYING PART OF OUR TERRITORY. !! IT WAS ESSENTIAL FOR SPAIN TO EXERCISE FULL SOVERIEGNTY OVER THE AXIS RUNNING FROM THE BALEARICS THROUGH THE STRAITS TO THE CANARIES. HE WAS AWARE OF THE DIFFICULTIES AND THE HISTORIC NATURE OF THE GIBRALTAR PROBLEM BUT SPAIN HAD AN IRREVOCABLE RIGHT TO EXERCISE SOVEREIGNTY OVER THIS AXIS.
- 2. GONZALEZ WENT ON TO SAY: ''CEUTA AND MELILLA INVOLVE A
 QUESTION OF TERRITORIAL INTEGRITY WHICH WE
 HAVE THE DUTY TO DEFEND. IT DOES NOT SEEM TO US LOGICAL THAT THEY
 SHOULD BE EXCLUDED FROM THE AREA DEFENDED BY NATO.''
- 3. HE WAS THEN ASKED SPECIFICALLY WHETHER IN THE EVENT THAT THERE WAS PROGRESS TOWARDS A SOLUTION OF THE GIBRALTAR PROBLEM, OVER THE COMMAND AREA OF THE BALEARICS/STRAITS/CANARIES AXIS AND THE ISSUE OF CEUTA AND MELILLA AS WELL, HE WOULD CHANGE

145 POSITION

HIS POSITION ON NATO. HE REPLIED THAT IN THAT EVENT HIS GOVERNMENT COULD TAKE A MORE POSITIVE ATTITUDE WHICH COULD BE PUT TO THE SPANISH PEOPLE. IT WAS A QUESTION OF NATIONAL DIGNITY. THE PEOPLE OF SPAIN HAD THE RIGHT TO AN EXPLANATION OF THE FULL POSITION.

4. GOMERSALL'S TELELETTER OF 14 DECEMBER WHICH WE HAVE JUST RECEIVED SHOULD BE READ IN THE LIGHT OF THE ABOVE.

PARSONS

LIMITED

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DEFENCE D

PUSD

NEWS D

WED

PS /LORD BELSTEAD

PS/MR HURD

SIR J BULLARD

MR GOODISON

ADDIMONAL DISTRIBUTION
GERALTAR

CONFIDENTIAL

GRS 300 DESKBY 151200Z CONFIDENTIAL FM MADRID 151108Z DEC 82 TO IMMEDIATE FCO TELEGRAM NUMBER 674 OF 15 DECEMBER INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL)



YOUR TELNO 100 TO GOVERNOR GIBRALTAR (PERSONAL): GIBRALTAR FRONTIER.

- 1. IN ACCORDANCE WITH AUTHORISATION RECEIVED BY TELEPHONE. I SPOKE TO MORAN LAST NIGHT AND INFORMED HIM OF HMG'S DECISION ALONG THE LINES OF GIBRALTAR TELNO 113. HE SAID HE WAS VERY GRATEFUL AND APPRECIATED YOUR ATTITUDE. I ALSO COVERED MOST OF THE GROUND IN YOUR TELMO 358 WHICH WAS RECEIVED SUBSEQUENTLY. ON A PERSONAL BASIS, I EXPRESSED THE OPINION THAT YOUR DECISION (IN YOUR TELEGRAM UNDER REFERENCE) HAD BEEN INFLUENCED BY INDICATIONS FROM MORAN HIMSELF (MY TELNO 672) THAT THE SPANISH GOVERNMENT MIGHT BE PREPARED TO SHOW SOME FLEXIBILITY OVER THE PRACTICAL ARRANGEMENTS. (HASSAN HAS NOW TAKEN THE SAME LIME IN PUBLIC. AS REPORTED IN GIBRALTAR TELNO 114.) I MADE IT CLEAR TO MORAN THAT IT WAS NOW UP TO HIM, IN HIS DEALINGS WITH THE MINISTRY OF THE INTERIOR, TO MAKE SURE THAT THIS FLEXIBILITY WAS SEEN TO EXIST IN PRACTICE. HE ACCEPTED THE POINT.
- 2. TODAY MORAN IS UNAVAILABLE BECAUSE OF A CABINET MEETING FOLLOWED BY THE ARRIVAL OF THE AMERICAN SECRETARY OF STATE. ! HAVE HOWEVER COMMUNICATED THE MESSAGE IN YOUR TELNO 358 TO CUENCA. IN DOING SO I EXTRACTED YET ANOTHER UNDERTAKING FROM HIM THAT THEY WOULD BE IN TOUCH WITH US SHORTLY ABOUT THE POSITION OF BRITISH PASSPORT HOLDERS IN SPAIN, MANY OF WHOM HAVE CONNECTIONS WITH GIBRALTAR. (ON REFLECTION THIS MAY BE A BETTER GENERIC DESCRIPTION THAN RESIDENTS IN THE CAMPO, WITH ITS PROBLEM OF GEOGRAPHICAL DEFINITION. THERE ARE, FOR EXAMPLE, QUITE A NUMBER OF GIBRALTARIANS WHO LIVE IN MADRID AND SEVILLE. THERE WILL CERTAINLY BE PUBLIC PRESSURE ON THE GOVERNMENT FROM SUCH INDIVIDUALS WITHIN SPAIN.)
- 3. WE HAVE JUST RECEIVED FROM THE MINISTRY A FORMAL NOTE ABOUT THE ARRANGEMENTS FOR TRANSIT (TEXT BY BAG). IT STARTS OFF BY CONVEYING THE OPERATIVE PARAGRAPHS OF THE OFFICIAL BULLETIN IN MY TELNO 664 OF 11 DECEMBER. IT THEN GOES ON TO COPE WITH THE POINT I HAD RAISED WITH MORAN ABOUT THE DIFFICULTY OF ESTABLISHING RESIDENCE IN GIBRALTAR. IT SAYS THAT BRITISH CITIZENS

CONFIDENTIAL WITHOUT AN OFFICIAL CERTIFICATE TO PROVE THEIR PERMANENT RESIDENCE IN GIBRALTAR MAY PRESENT TO THE SPANISH AUTHORITIES AT THE BORDER ANY DOCUMENT WHICH DEMONSTRATES SUFFICIENTLY THAT THEY ARE RESIDENT ON THE ROCK. THE NOTE SEEMS TO BE DESIGNED · TO CLARIFY THIS PARTICULAR POINT AND SHOULD NOT (NOT) BE REGARDED AS THEIR LAST WORD ON THE MORE GENERAL ISSUE OF FLEXIBILITY. PARSONS LIMITED SED NEWS D ECD(E) ADDITIONAL DISTRIBUTION GIBRALTAR DEF D PUSD LEGAL ADVISERS PLANNING STAFF PS PS/MR HURD PS/LORD BELSTEAD PS/PUS SIR J BULLARD MR WRIGHT MR GILLMORE MR GOODISON CONFIDENTIAL

UNCLASSIFIED

FROM GIBRALTAR 151540Z DECEMBER
TO IMMEDIATE FCO TEL NO 116 OF 15.12.82
AND INFO IMMEDIATE MADRID AND ROUTINE RABAT



GIBRALTAR FRONTIER

DURING THE FIRST TWELVE HOURS OF OPENING 1635 PEOPLE CROSSED FROM SPAIN TO GIBRALTAR THROUGH THE SPANISH FRONTIER AND 732 FROM GIBRALTAR TO SPAIN. IT IS EXPECTED THAT LATER TODAY THESE FIGURES WILL COME INTO BALANCE AS SPANIARDS RETURN HOME.

2. EIGHTEEN PERSONS WERE REFUSED ENTRY INTO SPAIN BY THE SPANISH AUTHORITIES ON THE GROUNDS THAT THEY COULDNOT PROVE RESIDENCE INGIBRALTAR

WILLIAMS

LIMITED
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DEFENCE D
NEWS D
PUSD
ECD(E)
PLANNING STAFF
PS
PS/MR HURD
PS/LORD BELSTEAD
PS/PUS
SIR J BULLARD
MR GOODISON
MR GILLMORE
MR HANNAY

ADDITIONAL DISTRIBUTION
GIBRALTAR

CONFIDENTIAL

CONFIDENTIAL

FROM GIBRALTAR 151040Z DEC 82

DESKBY 151200Z DEC 82

TO IMMEDIATE FCO TEL NO PERSONAL 166 OF 15/12/82

AND INFO IMMEDIATE MADRID



MY TELNO PERSONAL 165: GIBRALTAR FRONTIER

- 1. HASSAN SENT FOR NEILSON SUBSEQUENT TO OUR CONVERSATION AND NEILSON FOUND HIM VISIBLY DISTRESSED AND IN TEARS. HE FELT HE HAD BEEN 'SOLD OUT' TO THE SPANIARDS. NEILSON WAS ABLE TO COMFORT HIM AND HIS RESILIENCE IS SHOWN BY THE FACT THAT AFTER A DIFFICULT MEETING WITH HIS COLLEAGUES HE WAS ABLE TO PRODUCE SO HELPFUL A STATEMENT AS THAT RECORDED IN MY TELNO 114. THIS DID MUCH TO STEADY OPINION LOCALLY. I HAVE WRITTEN A PERSONAL NOTE TO HASSAN THIS MORNING THANKING HIM FOR WHAT IN LOCAL TERMS WAS A COURAGEOUS INTERVENTION.
- 2. THE BORDER OPENING PASSED OFF SMOOTHLY WITH GOOD SPIRITS ON BOTH SIDES OF THE FRONTIER. AS OF 8.00 AM THIS MORNING 760 PEOPLE HAD ENTERED GIBRALTAR AND 497 HAD LEFT. 15 PEOPLE WERE TURNED BACK BY THE SPANISH AUTHORITIES FOR LACK OF PROOF OF RESIDENCE IN GIBRALTAR. THERE WERE NO UNPLEASANT INCIDENTS BUT WE SHALL NEED TO CONSIDER CAREFULY THE WAY IN WHICH SERVICE PERSONNEL (WHO I HAVE DIRECTED SHOULD NOT ATTEMPT TO CROSS FOR THE MEXT FEW DAYS UNTIL THINGS SETTLE DOWN) SHOULD BE DOCUMENTED. MY REASON FOR THIS DECISION WAS THAT IN ADDITION TO AVOIDING ANY POSSIBLE INCIDENTS IN WISHED TO PROVIDE EVERY OPPORTUNITY FOR ESTABLISHING WITH THE SPANIARDS THE APPROPRIATE DOCUMENT—ATION FOR SERVICE PERSONNEL SO THAT WHOLE CATEGORIES OF THEM WOULD NOT FIND THEIR CHANCES JEOPARDISED BY THE REJECTION OF THE FIRST APPLICATIONS IN THEIR GROUP.
- 3. THE MOOD IN TOWN TODAY IS ONE OF SOME EXCITEMENT BUT AS YET THERE ARE NO REPEAT NO SIGNS OF ANY HOSTILITY THANKS LARGELY I FEEL TO HASSAN'S STATEMENT OF LAST NIGHT

WILLIAMS

LIMITED SED NEWS D ECD(E) DEFENCE D PUSD LEGAL ADVISERS PLANNING STAFF PS PS/MR HURD PS/ LORD BELSTEAD PS/PUS SIR J BULLARD MR WRIGHT MR GILLMORE MR GOODISON

ADDITIONAL DISTRIBUTION
GIBRALTAR

CONFIDENTIAL

CONFIDENTIAL 10 DOWNING STREET From the Private Secretary 15 December, 1982. Gibraltar The Prime Minister has noted the outcome of the recent meeting between the Foreign and Commonwealth Secretary and the Spanish Foreign Minister and, in particular, the prospect of further discussions with Spain next year. Mrs. Thatcher has commented that in any such discussions, any reference by the Spanish side to sovereignty should be handled with extreme care. She believes that, when the Spaniards raise the matter, we should state that we are totally committed to respecting the freely and democratically expressed wishes of the people of Gibraltar as set out in the preamble to the Gibraltar Constitution. We know what their wishes are now. We see no prospect of them changing. If they ever did, we should of course respect them. And that is all we can say on the question of sovereignty. I think that this is a matter on which the Prime Minister would wish to be kept closely informed. A. J. COLES! Brian Fall, Esq., Foreign and Commonwealth Office. CONFIDENTIAL

GRS 680 CONFIDENTIAL 141300Z

FCO 141130Z DEC 82

IMMEDIATE MADRID

TELEGRAM NUMBER 357 OF 14 DECEMBER.

REPEATED TO FOR INFO IMMEDIATE WASHINGTON PRIORITY GOVERNOR GIBRALTAR (PERSONAL)

MIFT. MESSAGE TO SHULTZ

- 1. DEAR GEORGE. BEFORE YOU MEET THE SPANIARDS I SHOULD LIKE YOU TO KNOW HOW MATTERS HAVE DEVELOPED ON GIBRALTAR SINCE WE LAST SPOKE IN BRUSSELS ON 8 DECEMBER.
- 2. I DULY MET THE NEW SPANISH FOREIGN MINISTER IN BRUSSELS ON 10 DECEMBER AND WAS PLEASED TO FIND HIM ANXIOUS, OR SO HE SAID, TO GET ON WITH IMPLEMENTING THE LISBON AGREEMENT OF ARPIL 1980. (AS I THINK I EXPLAINED, THIS PROVIDES FOR THE LIFTING OF ALL SPANISH RESTRICTIONS ON GIBRALTAR, AND AT THE SAME TIME FOR THE START OF NEGOTIATIONS AIMED AT OVERCOMING ALL THE DIFFERENCES' BETWEEN THE BRITISH AND SPANISH GOVERNMENTS ON GIBRALTAR). WE AGREED ON A PUBLIC STATEMENT THAT WE WOULD AIM FOR IMPLEMENTATION IN THE SPRING. OFFICIALS WILL MEET EARLY IN THE NEW YEAR TO MAKE THE NECESSARY ARRANGEMENTS AND TO ENSURE THAT BOTH SIDES HAVE THE SAME VIEW OF WHAT THE AGREEMENT MEANS. WITH A NEW GOVERNMENT IN OFFICE IN MADRID IT IS IMPORTANT THAT THERE SHOULD BE NO MISUNDERSTANDING.
- 3. I VERY MUCH HOPE THAT THIS TIME WE SHALL SUCCEED IN GETTING THE LISBON AGREEMENT IMPLEMENTED. AS YOU KNOW, WE WERE DISAPPOINTED THAT THE PREVIOUS SPANISH GOVERNMENT REQUESTED A POSTPONEMENT OF THE DATE AGREED LAST JUNE. THE FULL LIFTING OF RESTRICTIONS ON GIBRALTAR WILL REMOVE A NUMBER OF DIFFICULTIES. WHICH WOULD UNDOUBTEDLY COMPLICATE FURTHER THE PROCESS OF SPAIN'S ACCESSION TO THE EUROPEAN COMMUNITY AND HER INTEGRATION INTO NATO.
- 4. THE TERMS OF THE LISBON AGREEMENT OF COURSE IMPLY THAT EACH
 SIDE WILL BE FREE TO RAISE ANY QUESTIONS IT WISHES. I RECOGNISE
 THAT THE SPANIARDS WILL WANT TO SPEAK ABOUT THE ISSUE OF

SOVEREIGNTY.

-1

CONFIDENTIAL

SOVEREIGNTY. BUT THE AGREEMENT ITSELF EMPHASISES THE BRITISH GOVERNMENT'S COMMITMENT (AS IN THE GIBRALTAR CONSTITUTION) TO HONOUR THE WISHES OF THE GIBRALTARIANS, AND MORAN TOLD ME IN TERMS THAT HE WOULD NOT MOVE AGAINST THESE WISHES.

- 5. IN MY DISCUSSION WITH MORAN, I STRESSED THAT IT WAS NOW UP TO THE SPANIARDS TO ENCOURAGE THE GIBRALTARIANS TO TAKE A MORE POSITIVE VIEW OF SPAIN. ECONOMIC DEVELOPMENT COULD BE A BEGINNING OF SUCH A PROCESS. IT MIGHT IN TIME LEAD TO A CHANGE IN ATTITUDES BUT EXPECTATIONS SHOULD NOT BE RAISED TOO QUICKLY IN SPAIN: WE SHOULD PROCEED GRADUALLY AND GENTLY. OPINION IN GIBRALTAR IS THE KEY, AND WOULD TAKE TIME TO DEVELOP. I WAS PARTICULARLY PLEASED THAT MORAN SHOWED A GOOD UNDERSTANDING OF THE LAST POINT AND OF THE SIGNIFICANCE OF THE WISHES OF THE PEOPLE OF GIBRALTAR THOUGH, OF COURSE, HE ALSO REAFFIRMED SPAIN'S OBJECTIVE TO INTEGRATE GIBRALTAR INTO SPAIN.
- 6. I FELT THIS WAS A SATISFACTORY FIRST MEETING. BUT A GREAT DEAL CAN STILL GO WRONG, AND YOU MAY HAVE SEEN HOW THE SPANISH PLAN TO START A PARTIAL OPENING OF THE BORDER ON 15 DECEMBER HAS BACK-FIRED. TO OPEN THE BORDER AT ALL WAS A STEP IN THE RIGHT DIRECTION AND OF COURSE WE HAVE WELCOMED IT. BUT IT IS ONLY A SMALL PART OF WHAT THE LISBON AGREEMENT CALLS FOR. MOREOVER, BY LIMITING THE TRAFFIC TO PEDESTRIANS ONLY, AND BY CONFINING IT TO SPANISH AND GIBRALTAR RESIDENTS, THE GOVERNMENT IN MADRID HAVE ENSURED THEMSELVES THE WORST POSSIBLE PUBLICITY IN GIBRALTAR, WHERE OF COURSE PEOPLE HAD BEEN HOPING FOR A MOVE WHICH WOULD HELP PROMOTE INTERNATIONAL TOURISM. WE ARE HAVING TO WORK HARD WITH THE CHIEF MINISTER IN GIBRALTAR TO CONTAIN HIS UNDERSTANDABLE SOURNESS.
- 7. I HOPE THAT IF THIS TOPIC COMES UP WITH THE SPANISH GOVERNMENT YOU WILL MAKE IT CLEAR TO THEM, SHOULD ANY DOUBT STILL PERSIST, THAT I ADHERE TO THE LISBON AGREEMENT. BUT THEY SHOULD UNDERSTAND THE REALITIES OF THE AGREEMENT, AND TRY TO MAKE THEIR PEOPLE DO SO ALSO. WHILE THEY ARE NOT BEING REQUIRED TO GIVE UP THEIR CLAIM TO SOVEREIGNTY, THERE CAN BE NO CONSTITUTIONAL OHANGE IN THIS RESPECT FOR A LONG TIME, AND THEN ONLY IF THEY HAVE THEMSELVES SO ACTED AS TO MAKE THE GIBRALTARIANS WANT IT.

18.

8. I HAVE ARRANGED FOR THIS MESSAGE TO BE GIVEN TO YOU BY OUR AMBASSADOR IN MADRID, RICHARD PARSONS. HE KNOWS THE SUBJECT WELL AND COULD CERTAINLY SUPPLY ANY ADDITIONAL MATERIAL THAT YOU MAY NEED.

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ADDITIONAL DISTN:

DESKBY 150800Z DEC 82 UNCLASSIFIED ENCLAIR

FROM GIBRALTAR 142230Z DEC 82

TO IMMEDIATE FCO TEL NO 114 OF 14 DEC 82

AND INFO IMMEDIATE MADRID

MY TEL NO 113 GIBRALTAR FRONTIER

FOLLOWING IS TEXT OF TELEVISED STATEMENT BY HASSAN MADE TONIGHT FOLLOWING MEETING OF GIBRALTAR GOVERNMENT MINISTERS.

THE VIEWS OF MINISTERS ON THE QUESTION OF THE HOURS OF OPENING OF THE FRONTIER WERE CLEARLY SET OUT IN THE PRESS RELEASE ISSUED BY THEM ON 12 DECEMBER. THE POSITION ADOPTED BY MINISTERS WAS THE RESULT, SOLEY AND EXCLUSIVELY, OF THE DISCRIMINATORY ATTITUDE OF THE SPANISH GOVERNMENT IN REGARD TO THE CATEGORIES OF PERSONS WHO WOULD BE ALLOWED TO CROSS THE FRONTIER. MINISTERS WERE PART-ICUALLY DISTURBED ABOUT THE DISCRIMINATION AGAINST BRITISH SUBJECTS IN SPAIN WHO WOULD NOT BE ALLOWED ACCESS TO BRITISH TERRITORY WHILE SPANISH NATIONALS WOULD. THEIR RECOMMENDATION THAT THE HOURS OF OPENING SHOULD BE THE SAME AS PREVIOUSLY WAS INTENDED AS A GESTURE OF PROTEST WHICH WOULD NOT. IN PRACTICAL TERMS, MAKE ANY SIGNIFICANT DIFFERENCE TO THE NEW ARRANGEMENTS.

- 2. WE ARE NATURALLY VERY DISAPPOINTED THAT THE BRITISH GOVERNMENT HAVE TAKEN A DIFFERENT VIEW AND WE BELIEVE THAT OUR DISAPPOINTMENT WILL BE FELT GENERALLY BY THE PEOPLE OF GIBRALTAR WHO EXPRESSED GREAT SUPPORT FOR THE STAND WE TOOK.
- 3. AS STATED IN THE CONVENT PRESS RELEASE THE CONCERN OF MINISTERS ON THIS MATTER HAS BEEN FULLY NOTED IN LONDON AND IN A PERSONAL MESSAGE TO ME THE SECRETARY OF STATE HAS INFORMED ME THAT HE PROPOSES TO DRAW THE SPANISH GOVERNMENT'S ATTENTION TO THE ANOMALIES OF THE SITUATION AND OF THE NEED TO CORRECT THEM IF THE CHANGE IS TO BE SEEN AS A STEP FORWARD RATHER THAN AS YET ANOTHER SETBACK. THE MATTER HAD PREVIOUSLY BEEN TAKEN UP THROUGH THE EMBASSY AND THERE IS SOME INDICATION THAT THE SPANISH GOVERNMENT MIGHT BE PREPARED TO SHOW SOME FLEXIBILITY OVER THE PRACTICAL ARRANGEMENTS.
- 4. AS WE ALL KNOW, THE CONSTITUTIONAL RESPONSIBILITY FOR THE CONDUCT OF GIBRALTAR'S EXTERNAL RELATIONS LIES WITH THE BRITISH GOVERNMENT. SINCE THE RESPONSIBILITY IS THEIRS, SO TOO IS THE
- 5. BRITAIN HAS STOOD BY US OVER VERY DIFFICULT YEARS AND OUR DIFFERENCE OF VIEW OVER THIS PARTICULAR MATTER SHOULD NOT BE ALLOWED TO CLOUD OUR RELATIONSHIP TO OUR DETRIMENT. I ACCORDINGLY HOPE THAT THE PUBLIC WILL TAKE THIS NEWS IN THE CALM MANNER WHICH HAS CHARACTERISED OUR REACTIONS TO SERIOUS EVENTS OVER THE YEARS THEREBY ENSURING THE PRESERVATION OF OUR WAY OF LIFE. YOU CAN REST ASSURED THAT MY COLLEAGUES AND I WILL CONTINUE TO PRESS THE BRITISH GOVERNMENT FOR AN IMPROVEMENT IN THE SITUATION. OUR STRONG DISAGREEMENT OVER THIS MATTER DOES NOT ALTER THE FACT THAT BRITAIN IS FUNDAMENTALLY ON OUR SIDE

WILLIAMS

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DESKBY 150800Z

CONFIDENTIAL UK COMMS ONLY CYPHER CAT ALFA FROM GIBRALTAR 141900Z DEC 82 TO IMMEDIATE FCO TEL NO PERSONAL 165 OF 14 DEC 82 AND INFO IMMEDIATE MADRID



YOUR TELNO PERSONAL 100: GIBRALTAR FRONTIER

- I TOOK ACTION THIS EVENING WITH HASSAN AND LEFT WITH HIM A COPY OF THE ADMIRABLY CONSTRUCTED SPEAKING NOTES PROVIDED IN YOUR TUR.
- HIS REACTION WAS ONE OF VISIBLE COLD ANGER. HE CHARACTERISED THE DECISION AS 'ANOTHER PIECE OF APPEASEMENT TOWARDS SPAIN' . HE WOULD NEED TO CONSIDER HIS OWN POSITION IN CONSULTATION WITH HIS COLLEAGUES AND WOULD BE OBLIGED TO ISSUE A STATEMENT OF COMMENT TONIGHT.
- I ADDED MY VOICE TO YOURS IN URGING HIM TO USE HIS BEST OFFICES TO AVOID NEGATIVE REACTION IN GIBRALTAR. HE SAID THAT THIS HAD SO FAR BEEN HIS INTENTION AND HE WOULD NOT "FAN THE FLAMES ' BECAUSE OF HIS REGARD FOR GOOD ORDER IN GIBRALTAR. BUT HE COULD NOT BE RESPONSIBLE FOR THE SPONTANEOUS DEMONSTRATIONS OF ANGER WHICH WOULD BE LIKELY TO OCCUR TONIGHT OR TOMORROW. THIS FELL WITHIN MY AREA OF RESPONSIBILITY.
- TEXT OF PRESS RELEASE ISSUED LOCALLY FOLLOWS.

WILLIAMS

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FM MADRID 141153Z DEC 82

TO ROUTINE FCO

TELECRAM NUMBER 670 OF 14 DECEMBER

TELEGRAM NUMBER 670 OF 14 DECEMBER INFO GOVERNOR GIBRALTAR (PERSONAL)

UKDEL NATO TELNO 482: MOLE IN GIBRALTAR WATERS

1. IMMEDIATELY AFTER RECEIPT OF TUR THE HEAD OF CHANCERY RAISED THIS PROBLEM WITH THE (MFA) ON 10 DECEMBER. FAULKNER MENTIONED THAT YOU HAD RAISED THE MATTER WITH MORAN. HE SAID THAT A SOLUTION TO THIS PROBLEM WAS REQUIRED VERY SOON. THE MOLE WAS GROWING AT A VERY RAPID RATE AND THE INCURSION BEYOND THE MEDIAN LINE WAS NOW VERY PRONOUNCED. THE OFFICIAL CONCERNED WAS NOT ABLE TO GIVE ANY SUBSTANTIVE REPLY, THOUGH HE EXPRESSED SOME SURPRISE THAT WE HAD THOUGHT THE MATTER SUFFICIENTLY SERIOUS TO RAISE AT MINISTERIAL LEVEL. FAULKNER PRESSED FOR AN EARLY RESPONSE TO OUR VARIOUS DEMARCHES ON THE SUBJECT.

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ADDITIONAL DISTRIBUTION
GIBRALTAR

THIS TELEGRAM WAS NOT ADVANCED

CONFIDENTIAL

GIBRALTAR

You minuted on the attached telegram: "We cannot discuss sovereignty. They can raise it. But we can do nothing more than listen."

I fully appreciate how sensitive this issue is but the difficulty, as you know, is that the Government agreed to the Lisbon Agreement. Under this we are committed "to start negotiations aimed at overcoming all the differences on Gibraltar" and "to consider any proposals which" the Spanish Government "may wish to make".

I know you do not like the Agreement but it is perhaps difficult, given its terms, literally to refuse to discuss sovereignty.

Would it be acceptable to you if I made the following points to the FCO:

- (a) you have noted the outcome of the Foreign Secretary's meeting with the Spanish Foreign Minister and, in particular, the prospect of further discussions with Spain next year;
- (b) in any such discussions you would wish that any reference by the Spanish side to sovereignty should be handled with extreme care and on the following lines;
- (c) we are totally committed to respecting the freely and democratically expressed wishes of the people of Gibraltar as set out in the preamble to the Gibraltar Constitution. We know what their wishes are now. We see no prospect of them changing. If they ever did, we should of course respect them. And that is all we can say on the question of sovereignty.

Agree that I write on these lines?

Us me

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	210	INFO SAVING IMMEDIATE GIBRALTAR (P	ERSQNAL FOR GOVERNOR)
	11	UKDEL NATO TELNO 482: MY MEETING	WITH THE SPANISH FOREIGN
	12	MINISTER: COMMENT	
	13	1. At this first meeting I was s	truck by the way in which
	14	Moran seemed ready to acknowledge	the fundamental importance
	15	for us of the wishes of the people	of Gibraltar and by his
	16	concern that expectations in Spain	should not be raised too
	17	high. And he did not insist on any	ything now, in return
	18	for the limited opening of the from	ntier. He made clear
	19	nevertheless that he wanted to pres	ss ahead with the
	20	implementation of the Lisbon Agreer	ment as quickly as possible.
	21	With the cancellations of April and	d June this year in mind,
111	22	I was concerned that there should be	be no hasty agreement to
11	23	fix a date for the implementation of	of the Agreement without
1	24	each side understanding what they	meant by this. With a
	25	new government in Spain it seems de	
	1 500		

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Classification and Caveats Page CONFIDENTIAL <<<< <<<< what each side thinks the Lisbon Agreement and its accompanying 3 documents to mean and go through again the kind of educative 4 process which we conducted with their predecessors early this year. The purpose of the meeting of officials referred to 6 in paragraph 10 would be to obtain and offer clarifications 7 on each side, not (not) to negotiate. At the same time it 8 may be desirable to renew the discussion which you had earlier this year about the kind of outcome each side would 10 envisage from the first meeting. Not until those discussions have been completed ought we to fix the date of that meeting 12 and of the complete opening of the frontier. Cuenca was present and it would be wise to check with 13 14 him that his understanding of what we agreed is the same. 15 It would also be useful to explore whether the Spaniards 16 would be content to pursue the official discussions with you or whether they would expect a visit by an Under Secretary. 17 Since there may be necessity for a good deal of reference 18 back we should prefer you to be the channel. We would send you instructions in the New Year. 20 3. We must hope that MORAN will hold to thee first 21 expressions of respect for the wishes of the people of 22 Gibraltar and will not be got at by others with less flexible 23 views. We must no doubt expect the usual bargaining sessions with officials who will try to extract advantage for the 25 Spanish side. But this first meeting has at least provided some useful statements from MORAN which can be quoted back 27 28 at him. 4, (For Governor.) Please draw on TUR and this telegram 29 to brief Hassan and, as appropriate, Isola on the next steps 30 111 31 as I see them. 11 32 canol-dismis sovereignly 1 33 PYM 34 NNNN Catchword no they have NNNN ends BLANK telegram

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	10				101	
	11	Your telno 164: (SIBRALTAR FROM	NTIER	No. of the second secon	
	12	E LE CONTROL DE LA CONTROL DE			of Gibraltar Ministers .	
	13				open their gates 24	
	14				those on the Gibraltar	
	15				riod of several hours	
	16	every night as hitherto. I have concluded that I cannot allow the Gibraltar gates to be closed while those on the Spanish side are open. This would be inconsistent with our position that				
	17					
	18					
	19	restrictions on t	raffic through	gh the Gibralt	ar frontier have all	
	20	along been the fa	ault of Spain	, not of Brita	ain or of Gibraltar.	
	21	With the internat	ional press	gathering for	the opening of the	
111	22				osed gates on the	
11	23		ould present	the colony in	the worst possible	
/	24	light.				
	25	2. I realise th	at this is a	testing time	for Gibraltar and for	
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Authorised for despatch 714/2

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Planning Staff

PS/Lord Belstead

Sir J Bullard

PS!Mr Hurd

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FM FCO	6	Gibraltar	should lo	ook right in	the eyes	s of the world a	at a time
PRE/ADD	7	when consi	derable p	oublic atten	tion wil	l be focussed ur	on it.
TEL NO	8	3. Pleas	e therefo	ore speak to	Hassan	on my behalf in	the
	9	following	terms.	Begins. I	t is mos	t disappointing	that the
	10	Spanish Go	vernment	have decide	d to limi	t the categories	of those
	11	who will b	e allowed	d to cross t	he borde	r on foot from t	onight.
	12	I realise	that the	Spanish ann	ouncemen	t of these limit	ations has
	13	been badly	received	d in Gibralt	ar and h	as placed you in	a difficult
	14	position.	I am no	onetheless c	onvinced	that it would b	e a grave
	15	mistake, a	at a time	when intern	ational	attention will b	e focused
	16	upon Gibra	altar, if	the gates o	n the Gil	oraltar side of	the frontie
	17	were to be	shut wh	ile those on	the Spa	nish side are op	oen. I have
	18	therefore	instructe	ed the Gover	nor to e	nsure that Gibra	altar matches
	19	whatever S	pain does	s in the mat	ter of o	pening hours.	
	20	4. I sho	ould like	to make it	clear th	at I have taken	this
	21	decision r	ot for a	reasons c	onnected	with Britain's	relations
111	22	with Spair	, but in	the interes	ts of Gil	braltar itself,	To do
11	23	otherwise	would, I	am convince	d, invit	e ridicule and t	throw away
1	24					f the strongest	
	25	1- 1- 1- 1- 1- 1- 1- 1- 1- 1- 1- 1- 1- 1				Gibraltar which	
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Classification and Caveats Precedence/Deskby CONFIDENTIAL IMMEDIATE 141500Z ZCZC <<<< GRS 2 responsible for any restrictions on traffic across the border. 3 CLASS The Governor has told you of my conversation with the new CAVEATS Spanish Foreign Minister on 10 December, and of the possibility 5 that the Lisbon Agreement may be implemented in the spring of DESKBY FM FCO next year. I have had a message from Moran today urging me to PRE/ADD do what I can to make a success of tonight's pedestrian opening TEL NO and indicating that Spain may be prepared to show some flexibility over the practical arrangements. I propose to go back to him in 10 | a day or two, when we have seen how the new arrangements are working, drawing attention to the anomalies and to the need to correct them if the change is to be seen as a step forwards rather than as yet another setback. If there are any particular points which you would like me to press, please let the Governor know. Meanwhile I hope you will do all you can in Gibraltar, as I shall be doing here, to present the Spanish move in as positive a light as possible, in the interests of the real prize which the implementation of Lisbon would constitute. 6. On the points raised by Moran today with Sor R Parsons (Madrid 20 telno 672):-21 (a) Domicile: You should make whatever documentary arrange-111 22 ments are most convenient to enable Gibraltar residents 11 23 to identify themselves at the border. 24 (b) Customs: You have discretion to impose restrictions 25 similar to any that Spain applies, but you will no doubt Catchword NNNN ends BLANK telegram wish File number Distribution Dept Drafted by (Block capitals) Telephone number

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GRS 350 CONFIDENTIAL DESKBY 131630Z FM MADRID 131525Z DEC 82 TO IMMEDIATE FCO TELEGRAM NUMBER 666 OF 13 DECEMBER INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL)



MIPT: GIBRALTAR

- 1. I ALSO USED THIS CALL TO RAISE WITH CUENCA THE QUESTION OF TALKS AT OFFICIAL LEVEL TO PREPARE FOR THE IMPLEMENTATION OF THE LISBON AGREEMENT (YOUR TELNO 354). CUENCA AGREED THAT THE MEETING BETWEEN MORAN AND YOURSELF HAD BEEN EXTREMELY POSITIVE. HIS UNDERSTANDING OF THE WAY FORWARD COINCIDED WITH OUR OWN. HE SAID THAT THE PRELIMINARY TALKS MIGHT TAKE PLACE BETWEEN HIMSELF AND ME AND THAT THEY COULD START IN JANUARY.
- 2. I SAID THAT THE PURPOSE OF THESE PRELIMINARY TALKS SHOULD NOT (NOT) BE TO RENEGOTIATE WHAT HAD ALREADY BEEN AGREED AND COVERED IN DOCUMENTS EXCHANGED BETWEEN THE TWO COUNTRIES (THE TWO EXCHANGES OF LETTERS OF 8 JANUARY 1982 AND OUR MEMORANDUM OF 30 JULY LAST). I HOPED MORAN WOULD ENDORSE THESE. I THOUGHT THAT THE MAIN FOCUS OF OUR PRELIMINARY TALKS WOULD BE , APART FROM SETTLING THE TIME AND PLACE, TO DISCUSS THE BROAD OUTLINE OF WHAT COULD BE ACHIEVED AT THE OPENING OF THE FORMAL NEGOTIATIONS AND THE ESTABLISHMENT OF MECHANISMS TO CARRY THE PROCESS FORWARD THEREAFTER. HE DID NOT DISSENT.
- 3. I SHOULD BE GRATEFUL FOR INSTRUCTIONS BY EARLY IN THE NEW YEAR. I THINK THESE SHOULD CONTAIN SOME GUIDANCE ON THE QUESTION OF THE ESTABLISHMENT OF THE THREE COMMITTEES (POLITICAL, ECONOMIC AND DEFENCE) WHICH WERE UNDER DISCUSSION EARLIER IN THE YEAR. WHILE THERE WOULD SEEM TO BE NO DIFFICULTY OVER THE ESTABLISHMENT OF A POLITICAL AND ECONOMIC COMMITTEE, THE SETTING UP OF A DEFENCE COMMITTEE MIGHT BE MORE TRICKY BECAUSE OF THE AMBIVALENT ATTITUDE OF THE NEW SPANISH GOVERNMENT TOWARDS NATO. I SHALL NEED TO EXPLORE THIS CAREFULLY WITH CUENCA, TAKING ACCOUNT OF THE ARGUMENTS IN BOTH DIRECTIONS.

PARSONS

LIMITED SED MR GOODISON DEFENCE D MR GILLMORE ECD (E) MR HANNAY NEWS D PUSD PLANNING STAFF PS/MR HURD PS/LORD BELSTEAD PS/ PUS SIR J BULLARD

ADDITIONAL DISTRIBUTION GIBRALTAR

CONFIDENTIAL

Foreign and Commonwealth Office Myclick

London SW1A 2AH

13 December, 1982

Gibraltar: Partial Opening of the Frontier

You asked for a note about the Spanish decision to open the Gibraltar border to certain categories of pedestrians from 15 December.

The Spanish decision was published on 11 December in an official bulletin from the Ministry of the Interior. It will allow for one passage a day in each direction by Spanish nationals and the holders of British passports 'with legal and effective residence in Gibraltar'. The Spanish Foreign Minister has informed us that the gates on the Spanish side will be open 24 hours a day. In effect this means that, while all Gibraltarians and British residents in Gibraltar will be allowed into Spain, tourists and third nationals, including Moroccans, will not. Nor apparently will the Spaniards allow British residents in Southern Spain, or third country nationals, to cross into Gibraltar. They have indicated, however, that there may be room for some flexibility in practice. It is not yet clear what customs procedures will apply on the Spanish side from 15 December and hence what opportunities will exist for cross-border trade. But these opportunities are likely to be strictly limited.

Although the new Spanish move means that the border will be opened 24 hours a day for the first time in 16 years, the restrictions on the categories of person who will be allowed to cross have given rise to considerable disappointment and frustration in Gibraltar. The Gibraltarians are annoyed that the new Spanish regime will discriminate against British residents in Spain. In the absence of tourist traffic, Gibraltar will be unable to obtain economic benefits; and there may even be adverse economic consequences (as a result of Gibraltarians buying goods in Spain). Sir Joshua Hassan and Gibraltar Government Ministers issued a public statement on 12 December which voices this disappointment and says they take the view that the border gates should remain closed overnight on the Gibraltar side despite the fact that the Spanish gates would be open.

CONFIDENTIAL While partial opening of the border is no substitute for full removal of restrictions as envisaged in the Lisbon agreement, it is nonetheless a step in the right direction. We must clearly look ahead to getting all the restrictions on Gibraltar removed so that normal relations can be re-established with Spain and the Gibraltar economy allowed to develop unhindered. We must also ensure that it is clear in the eyes of the world, as it has been for sixteen years, that restrictions on the frontier have always come from the side of Spain and not from that of Britain and Gibraltar. For these reasons it is right that, if the Spaniards open their gates they should be open on our side also. It would make us look absurd if, after sixteen years, the Spaniards open their gates and we close ours. Customs regulations are a separate matter. If the Spaniards impose restrictions, there is no reason why Gibraltar should not reciprocate to protect its own economy. It is unfortunate that Sir Joshua Hassan and his colleagues

It is unfortunate that Sir Joshua Hassan and his colleagues have come out in public with a strongly expressed view on what is essentially a foreign policy issue. We have asked the Governor for an assessment by tomorrow of the local consequences of ordering that border opening times should match those on the Spanish side. We shall then be in a position to decide how best to proceed.

Lu me

My Jon

(R B Bone) Private Secretary

A J Coles Esq Private Secretary 10 Downing Street DELFO 005/10 00 らんこれてつい 00 FCO DESKBY 101230Z OO MADRID DESKBY 101230Z GR 1020 CONFIDENTIAL DESKBY 101230Z FCO MADRID AND GIBRALTAR FM UKDEL NATO 101125Z DEC 82 TO IMMEDIATE FCO TELEGRAM NUMBER 482 OF 10 DECEMBER INFO IMMEDIATE MADRID GIBRALTAR (PERSONAL FOR GOVERNOR) INFO SAVING PARIS BONN WASHINGTON LISBON UKREP BRUSSELS FOLLOWING FROM PRIVATE SECRETARY/SECRETARY OF STATE'S MEETING WITH THE SPANISH FOREIGN MINISTER THE SECRETARY OF STATE HAD A FRIENDLY FIRST MEETING WITH MORAN THIS MORNING. THE TEXT OF THE AGREED PRESS LINE IS IN UKDEL TELNO 2. MORAN SEEMED PLEASED BY THE RECEPTION GIVEN TO HIS STATEMENT YESTERDAY (UKDEL NATO TEL 474). HE COULD NOT TELL HOW LONG THE SPANISH GOVERNMENT WOULD NEED TO RESOLVE THE ISSUE BUT RECOGNISED THAT IT SHOULD NOT BE PROLONGED UNNECESSARILY. IN THE MEANTIME SPAIN WAS BOUND BY THE TREATY AND ITS OBLIGATIONS. THE SECRETARY OF STATE EMPHASISED HIS UNDERSTANDING FOR THE SPANISH POSITION AND READINESS TO GIVE HER TIME TO DECIDE. IT WAS A MATTER FOR THE JUDGEMENT OF THE SPANISH GOVERNMENT BUT SHOULD NOT BE DELAYED MORE THAN THEY JUDGED ESSENTIAL. FULL SPANISH MEMBERSHIP INVOLVED MUTUAL ADVANTAGES. HE HOPED THE SPANISH PEOPLE WOULD SEE IT THAT WAY. SPAIN-EEC 3. THE SECRETARY OF STATE EMPHASISED OUR ROLE IN TRYING TO MOVE THE NEGOTIATIONS ALONG. WE HOPED THAT SPANISH ENTRY WOULD HAPPEN AS SOON AFTER 1 JANUARY 1984 AS POSSIBLE. TRADE RELATIONS 4. MORAN RAISED THE QUESTION OF CAR IMPORTS. THE SPANISH GOVERNMENT WAS WILLING TO EXPLORE, WITHIN THEIR LEGISLATION, WHAT COULD BE DONE. HE PROPOSED OFFICIAL DISCUSSIONS ON THE PROBLEM. THE SECRETARY OF STATE WELCOMED THIS, HE POINTED OUT THAT THE PROBLEM WOULD NOT EXIST IF SPAIN WAS IN THE COMMUNITY AND EMPHASISED OUR NEED TO DO SOMETHING ABOUT ARRANGEMENTS WHICH WERE INEQUITABLE AS BETWEEN US AND OTHER COMMUNITY MEMBERS.

5. MORAN EMPHASISED THAT THE DECISION TO OPEN THE BORDER TO DESTRIANS WAS THE NEW SPANISH GOVERNMENT'S FIRST DECISION. HE HAD VISITED GIBRALTAR (IN THE CONTEXT OF A QUOTE MAN ALIVE UNQUOTE PROGRAMME) BEFORE THE SPANISH ELECTION AND MADE IT CLEAR THERE THAT IT WOULD BE A MISTAKE FOR SPAIN TO TRY TO INTEGRATE X GIBRALTAR AGAINST THE WILL OF THE POPULATION. THEY HAD INHERITED THE LISBON AGREEMENT. THEY WOULD NOT NECESSARILY HAVE DONE THINGS EXACTLY THAT WAY THEMSELVES. BUT ACCEPTED THAT IT WAS A GOOD BASIS FROM WHICH TO MOVE FORWARDS AND WERE READY TO IMPLEMENT IT. 6. THE SECRETARY OF STATE EMPHASISED THAT WE HAD AT ALL TIMES BEEN READY TO IMPLEMENT IT BUT HAD AGREED TO POSTPONEMENT IN JUNE AT SPANISH REQUEST. WE DID NOT REGARD THE FRONTIER OPENING FOR PEDESTRIANS AS CONSTITUTING IMPLEMENTATION (MORAN COMMENTED THAT IT WAS IN KEEPING WITH PARAGRAPH 3 OF THE LISBON AGREEMENT). HE WAS CONCERNED THAT EXPECTATIONS SHOULD NOT BE RAISED TOO OUICKLY IN SPAIN. A PROCESS COULD START WHICH MIGHT IN DUE TIME LEAD TO SCMETHING CLOSE TO WHAT SPAIN WANTED. OPINION IN GIBRALTAR WAS HOWEVER THE KEY.

7. MORAN SAID THAT MOST PEOPLE IN SPAIN KNEW THAT THE PROCESS WOULD TAKE SOMETIME. HOWEVER RESTORATION OF THE TERRITORIAL INTEGRITY OF SPAIN REMAINED A FUNDAMENTAL OBJECTIVE HE THOUGHT WE SHOULD BOTH BE CONCERNED ABOUT THE INCREASINGLY NATIONALISTIC SPIRIT AMONG YOUNGER GIBRALTARIANS. THE DECISION TO RE-OPEN THE FRONTIER WAS BEING CRITICISED BY SOME IN SPAIN AS GIVING SOMETHING FOR NOTHING. THERE WAS NO DIRECT LINK BETWEEN IT AND BRITISH ACTIONS. HE HOPED HOWEVER THAT THERE WOULD BE A LINK IN SPIRIT. HE PROPOSED THAT TALKS SHOULD START FROM WHICH NO ISSUE WAS EXCLUDED. SOVEREIGNTY WOULD NOT BE THE FIRST ISSUE FOR DISCUSSION BUT HE WOULD EXPECT THE BRITISH SIDE TO TAKE NOTE AT THE OUTSET THAT IT WAS INCLUDED.

8. THE SECRETARY OF STATE SAID THAT THE FIRST STEP MUST BE TO SEE WHEN AND IN WHAT WAY THE LISBON AGREEMENT COULD BE IMPLEMENTED. SPAIN'S AIMS COULD ONLY BE ACHIEVED BY PERSUADING THE GIBRALTARIANS TO FEEL THAT THEY COULD MAKE PROGRESS WITH SPAIN. ECONOMIC DEVELOPMENT COULD BE THE BEGINNING OF SUCH A PROCESS. PERHAPS AND HOPEFULLY IT COULD LEAD IN A CHANGE IN ATTITUDES. IF THE SPANIARDS REFERRED TO SOVEREIGNTY HE WOULD HAVE TO RESPOND IN A WAY WHICH PROTECTED THE POSITION OF THE GIBRALTARIANS. THE MORE THIS ISSUE WAS EMPHASISED THE MORE THE GIBRALTARIANS WOULD FEEL UNCOMFORTABLE.

9. MORAN EMPHASISED AGAIN THAT HE WOULD NOT MOVE AGAINST THE WISHES OF THE PEOPLE OF GIBRALTAR. ARTICLE 144 OF THE SPANISH CONSTITUTION DEVOLVED IMPORTANT POWERS. (THERE WAS AN ANALOGY WITH CHINESE THINKING ABOUT THE FUTURE OF TAIWAN AND HONG KONG). HE HAD SAID IN GIBRALTAR THAT HE WAS THINKING OF GOING EVEN FURTHER THAN THIS. PROVIDED THAT THE INTEGRITY OF SPANISH TERRITORY WAS RECOGNISED, QUESTIONS LIKE THE RETENTION OF BRITISH NATIONALITY COULD BE ACCEPTED.

10. THE SECRETARY OF STATE EMPHASISED AGAIN THAT THE FINAL OUTCOME WAS NOT IN OUR CONTROL BUT IN THAT OF THE GIBRALTARIANS. WE SHOULD PROCEED GRADUALLY AND GENTLY. WE SHOULD CONSIDER WHEN AND WHERE TO MEET AGAIN IN THE CONTEXT OF IMPLEMENTING OF THE LISBON AGREEMENT. OFFICIALS SHOULD MEET TO DISCUSS THE DETAILS WE WOULD MEANWHILE KEEP IN CLOSE TOUCH WITH GIBRALTAR. MORAN AGREED THAT THIS PREPARATION SHOULD INCLUDE DISCUSSION OF OUTSTANDING ISSUES SUCH AS THOSE RELATING TO AIR TRAFFIC, BUT ADDED THAT RESOLUTION OF THESE SHOULD NOT BE SET AS A PRECONDITION FOR FURTHER PROGRESS. IT WAS AGREED THAT OFFICIAL DISCUSSIONS WOULD TAKE PLACE IN THE NEW YEAR. MORAN SAID THAT HE WAS THINKING OF IMPLEMENTATION IN JANUARY OR FEBRUARY. THE SECRETARY OF STATE SAID THAT IT MIGHT BE WISER TO THINK OF A LATER DATE, PERHAPS MARCH OR APRIL TO GIVE US TIME TO SORT OUT OTHER QUESTIONS. IT WAS AGREED THAT IN PUBLIC COMMENT BOTH SIDES WOULD REFER TO THE SPRING.

THE MOLE

11. THE SECRETARY OF STATE RAISED THIS ISSUE AS ONE WHICH IT WAS IMPORTANT TO RESOLVE: SIR R PARSONS WOULD TAKE THE MATTER UP IN MADRID.

VISIT BY PRIME MINISTER

12. MORAN REFERRED TO CALVO SOTELO'S VISIT TO LONDON. HIS
GOVERNMENT WOULD BE HAPPY TO WELCOME MRS THATCHER TO SPAIN. THE
FALKLAND'S ISSUE HAD CREATED NO REACTION AGAINST BRITIAN IN
SPAIN AND THEY WANTED TO CORRECT ANY IMPRESSION IN BRITAIN TO THE
CONTRARY. HE SPOKE OF A VISIT BEFORE THE SUMMER. THE SECRETARY OF
STATE SAID THAT HE WOULD CONVEY THE INVITATION BUT POINTED OUT
THAT THE PRIME MINISTERS DIARY FOR 1983 WAS ALREADY VERY FULL.

FCO PASS SAVING PARIS BONN WASHINGTON LISBON

GRAHAM

NIIIIN

Deduce by silver FCO OO MADRID ADVANCE CORY GR 233 RESTRICTED FM UKBEL NATO 100920Z DEC 32 TO IMMEDIATE FCO TELEGRAM NUMBER 431 OF 10 DECEMBER THEO INMEDIATE MADRID GIBRALTAR (PERSONAL FOR GOVERNOR) FROM HEAD OF MEMS DEPARTMENT FOLLOWING IS THE PRESS LINE AGREED BETWEEN THE SECRETARY OF STATE AND THE SPAINISH FOREIGN MINISTER AT THE END OF THEIR MEETING THIS MODRING. BEGINS THE TALKS WERE HELD I'! A WARM AND FRIENDLY ATMOSPHERE. BOTH MINISTERS EXPRESSED THE VIEW THAT THEY WANTED THE BEST POSSIBLE RELATIONS. THEY TALKED FIRST ABOUT THE PRESENT NAC MEETING, NATO WATTERS AND THE SPANISH POSITION SEMI COLON THEY THEN TALKED ABOUT SPAIN'S APPLICATION TO JOIN THE EUROPEAN COMMUNITY AND THE SUPPORT GIVEN THROUGHOUT BY BRITAIN, TOGETHER WITH THE BRITISH HOPE THAT SPANISH ACCESSION WOULD BE ACHIEVED AS SOON AS POSSIBLE. THEY THEN DISCUSCED BILATERAL RELATIONS, INCLUDING GIBRALTAR. THEY REPEATED THEIR ADHERENCE TO THE LISBON AGREEMENT AND DISCUSSED IMPLEMENTATION. THEY ARRANGED FOR OFFICIALS TO MEET TO CONSIDER DETAILS AND DECIDED TO MEET WITH A VIEW TO IMPLEMENTATION OF THE AGREEMENT IN THE SPRING. OPEN SQUARE BRACKETS IF PRESSED ON THE PRECISE LIKELY DATE CLOSE SQUARE BRACKETS THIS IS FOR FURTHER CONSIDERATION. E"IDS GRAHAM 42100

GRS 260 DESKBY 091530Z TO UKDEL NATO, GIBRALTAR AND FCO UNCLASSIFIED FM MADRID 091320Z DEC 82 TO IMMEDIATE FCO TELEGRAM NUMBER 658 OF 9 DECEMBER

INFO IMMEDIATE GIBRALTAR MODUK (D13 WEST)

INFO IMMEDIATE UKDEL NATO (FOR SECRETARY OF STATE'S PARTY)

INFO IMMEDIATE WASHINGTON

INFO IMMEDIATE MODUK DI3(W)

INFO SAVING UKREP BRUSSELS



GIBRALTAR : SPANISH PRESS REACTIONS TO PEDESTRIAN OPENING

- 1. THE SPANISH PRESS HAVE GIVEN EXTENSIVE COVERAGE AND EDITORIAL COMMENT TO THE GOVERNMENT DECISION TO OPEN TO PEDESTRIANS THE FRONTIER WITH GIBRALTAR. REACTIONS ARE VERY MIXED. ONE PARTICULARLY INFLUENTIAL COMMENT IS FROM OREJA, THE FORMER FOREIGN MINISTER (WHO SIGNED THE LISBON AGREEMENT). HE HAS DESCRIBED THE DECISION AS A MISTAKE : SPAIN HAS GIVEN AWAY A BARGAINING CARD FOR NOTHING IN RETURN. THE CONSERVATIVE AND RIGHT WING PRESS FOLLOW THIS CRITICAL LINE. THEY ALSO CALL FOR MEASURES TO PREVENT SPANISH COMMERCIAL INTERESTS IN THE AREA BEING ADVERSELY AFFECTED. THE MORE LIBERAL PRESS WELCOME THE DECISION AND ONE EDITORIAL WRITER SUGGESTS THAT A DEMOCRATIC AND HUMANITARIAN POLICY TOWARDS GIBRALTAR COMBINED WITH NATO MEMBERSHIP WOULD BE A MORE EFFECTIVE WEAPON AGAINST 'BRITISH COLONIALISM' . THE CAMPO AREA IS REPORTED TO BE POSITIVE IN ITS OPINION WHILE THAT IN CEUTA IS CONCERNED ABOUT THE EFFECTS ON ITS INTERESTS.
- 2. THE FCO SPOKESMAN'S COMMENTS ARE REPORTED FACTUALLY TOGETHER WITH HASSAN'S GENERALLY WELCOMING ATTITUDE. THE PRESS ALSO REPORTS FEELING IN THE CAMPO AREA THAT THIS INITIAL MEASURE WILL INEVITABLY LEAD TO A FURTHER LIFTING OF RESTRICTIONS.
- 3. FURTHER REPORT FOLLOWS BY BAG.

FCO PLEASE PASS SAVING TO UKREP BRUSSELS

PARSONS

[REPEATED AS REQUESTED]

LIMITED PLANNING STAFF SED DEF D PS PS/MR HURD NEWS D PUSD

SIR J BULLARD MR GOODISON MR GILLMORE PS/LORD BELSTEAD MR HANNAY

ADDITIONAL DISTRIBUTION GIBRALTAR

PS/PUS ECD (E)

P 090900Z DEC 82

FM GIBRALTAR

TO RBDWDFA/FCO LONDON

INFO RBDWDFA/MADRID

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UNCLAS

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UNCLASSIFIED ENCLAIR
FROM GIBRALTAR 090900Z DECEMBER
TO PRIORITY FCO TEL NO 109 OF 9/12/82
INFO PRIORITY MADRID



MADRID TELNO 655: GIBRALTAR FRONTIER OPENING

- 1. REACTION'S BY POLITICAL AND BUSINESS LEADERS HAS BEEN CAUTIOUS WELCOME WITH CONCERN AT THE POSSIBLE ADVERSE EFFECT. ON THE GIBRALTAR ECONOMY OF THE LIMITATIONS IN THE PROPOSED ARRANGEMENTS.
- 2. CHIEF MINISTER GENERALLY WELCOMED THE RELAXATION OF RESTRICTIONS NOTING THAT AS THE PROPOSED OPENING WAS WITHOUT REFERENCE TO THE LISBON AGREEMENT IT WAS A STEP IN THE RIGHT DIRECTION. HE EXPLAINED THAT THE 24 HOUR OPENING HAD BEEN PROVIDED FOR IN PREVIOUS DISCUSSIONS ''TO OVERCOME THE AGE-OLD COMPLAINT ABOUT SPANIARDS NOT BEING ALLOWED TO STAY IN GIBRALTAR OVERNIGHT''. HE EXPRESSED CONCERN ABOUT THE APPARENT ABSENCE OF CUSTOMS CONTROL ON THE SPANISH SIDE NOTING THAT ''THEY CANNOT EXPECT PEOPLE TO MOVE ABOUT WITHOUT CARRYING LUGGAGE OF SOME SORT''.
- 3. LEADER OF THE OPPOSITION PETER ISOLA ALSO CONSIDERED THAT THE DECISION WAS A STEP IN THE RIGHT DIRECTION. HE NOTED THAT STATEMENTS BY SPANISH MINISTERS HAD CONCENTRATED ON THE THREAT TO THE SPANISH ECONOMY AND SAID THAT GIBRALTAR WAS NO THREAT TO SPAIN BUT THAT THE PROPOSED ARRANGEMENTS WERE A DANGER TO GIBRALTAR'S ECONOMY. HE CONTINUED THAT AS THE OPENING WAS NOT THE FULL LIFTING OF RESTRICTIONS ENVISAGED IN THE LISBON AGREEMENT AND AS THE SPANISH SIDE WOULD NOT BE MANNED ON A NORMAL FRONTIER BASIS GIBRALTAR SHOULD NOT HAVE TO KEEP THEIR SIDE OF THE FRONTIER OPEN 24 HOURS A DAY.
- 4. ISOLA SUBSEQUENTLY LAID A MOTION IN THESE TERMS BEFORE THE HOUSE OF ASSEMBLY FOR DEBATE DURING THE CURRENT SESSION. THE RESOLUTION READS: 'THIS HOUSE CONSIDERS THAT SO LONG AS THERE IS ONLY A PARTIAL OPENING OF THE FRONTIER THE GIBRALTAR SIDE OF THE FRONTIER SHOULD CONTINUE TO OPEN AND CLOSE AS AT PRESENT AND FURTHER THAT URGENT CONSIDERATION SHOULD BE GIVEN TO THE POSSIBLE DAMAGING EFFECTS ON THE GIBRALTAR ECONOMY OF THE PROPOSED MANNER OF OPENING AND STEPS TAKEN TO PROTECT GIBRALTAR INTERESTS FOLLOWING FROM THE ABSENCE OF SPANISH CUSTOMS FACILITIES''.

5. LEADER OF GSLP, JOE BOSSANO, COMMENTED THAT SPANISH GOVERNMENT WERE DOING WHAT GSLP HAD ALWAYS SAID THEY SHOULD: SPAIN HAD CLOSED THE FRONTIER UNILATERALLY AND SHOULD NOW OPEN IT UNILATERALLY. HE WAS AGAINST GIBRALTAR AND BRITAIN GIVING ANY CONCESSIONS IN RETURN FOR ANY RELAXATION.

6. PRESIDENT OF CHAMBER OF COMMERCE, WILFRED GARCIA, WELCOMED SPANISH GOVERNMENT ANNOUNCEMENT IF THE MOVE WAS A GENUINE EARNEST OF NEW GOVERNMENT'S INTENT TO TAKE MORE POSITIVE APPROACH TO THE GIBRALTAR ISSUE. BUT HE TOO WAS DISTURBED BY POSSIBLE ADVERSE EFFECT ON THE ECONOMY CAUSED BY THE DISCRIMINATORY NATURE OF THE ARRANGEMENTS PARTICULARLY PREVENTING TOURISTS CROSSING AND BY LACK OF CUSTOMS FACILITIES ON SPANISH SIDE. HE ADDED THAT CHAMBER WOULD REMAIN IN CLOSE TOUCH WITH GIBRALTAR GOVERNMENT IN CASE ACTION WAS REQUIRED TO RECIPROCATE RESTRICTIONS TO PROTECT GIBRALTAR ECONOMY BUT SAID THAT INADERS WOULD "WAIT AND SEE".

LIMITED

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NEWS . D

PHANNING STAFF

PS

PS | MR HURD

PS | LORD BELSTEAD

PSIPUS
SIR J BULLARD
MR WRIGHT
MR GOODISON
MR HANNAY
MR GILLMORE

ADDITIONAL DIST:

GIBLALTAL

THIS TELEGRAM WAS NOT ADVANCED

CONFIDENTIAL GIBROUT 10 DOWNING STREET From the Private Secretary 8 December, 1982 SPAIN/GIBRALTAR The Prime Minister has seen your letter of 7 December, containing the advice of the Foreign and Commonwealth Secretary on how we should deal with the Gibraltar question during the next few weeks. The Prime Minister is content that Mr Pym should be guided by the contents of this letter during the meeting which he is likely to have with the Spanish Foreign Minister at NATO on

9/10 December.

M. T. COLES

R.B. Bone, Esq.,

Foreign and Commonwealth Office

CONFIDENTIAL GPS 680 COMFIDENTIAL FM MADRID 070834Z DEC 82 TO IMMEDIATE FCO TELEGRAM NUMBER 656 OF 7 DECEMBER INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL) UKDEL NATO INFO PRIORITY UKREP BRUSSELS

MY TELMO 653: MEETING WITH SPANISH FOREIGN "INISTER.

- 1. MORAN RECEIVED ME THIS EVENING. HIS TONE WAS FRIENDLY AND HE EXPRESSED A WISH FOR CLOSE COOPERATION. I SPOKE AS INSTRUCTED IN YOUR TELNO 346 AND AS FORESHADOWED IN MY TEL:10S 650 AND 653.
- 2. MORAN SAID HE LOOKED FORWARD TO HIS MEETING WITH YOU IN BRUSSELS. HE UNDERSTOOD THAT THIS WAS TO BE EARLY ON 10 DECEMBER. HE ADDED THAT THE SPANISH CABINET HAD DECUDED TODAY TO LIFT RESTRICTIONS ON THE PASSAGE OF PEDESTRIANS TO AND FROM GIBRALTAR WITH EFFECT FROM 15 DECEMBER. I SAID THAT, AS HAD ALREADY BEEN MADE CLEAR IN LONDON (YOUR TELMO 343) WE WELCOMED THIS EASING OF RESTRICTIONS AND LOOKED FORWARD TO THE TOTAL LIFTING OF THEM ALL. WE SHARED THE SPANISH GOVERNMENT'S WISH FOR THE RESUMPTION OF NORMAL CONTACT IN THE AREA.
- 3. I ADDED THAT IT WAS IMPORTANT TO BE PRECISE ABOUT PRACTICAL STEPS. THIS WAS NECESSARY IN ORDER TO GENERATE LOCAL GOOD WILL RATHER THAN THE REVERSE. MORAN SIAD THAT THE ACTUAL EDICT WOULD HAVE TO BE ISSUED BY THE MINISTRY OF THE INTERIOR. BUT OF COURSE HIS OFFICIALS WOULD BE GLAD TO DISCUSS DETAILS WITH US URGENTLY. HE COULD SAY STRAIGHT AWAY THAT, ON THE SPANISH SIDE, THE FRONTIER WOULD BE OPEN FOR 24 HOURS A DAY. I CONFIRMED THAT THE SAME WOULD APPLY ON THE GIBRALTAR SIDE.
- 4. MORAN THEN ADDED THAT PASSAGE WOULD BE RESTRICTED TO RESIDENTS OF GIBRALTAR, BY WHICH HE MEANT GIBRALTARIANS AND PEOPLE WITH BRITISH PASSPORTS RESIDENT ON THE ROCK. I EXPRESSED STRONG CONCERN ABOUT THIS LIMITATION. IT WAS MOST IMPORTANT FOR MORAN TO BULID ON THE FAVOURABLE IMPRESSION HE HAD ALREADY CREATED IN GIBRALTAR, I SAID, BY MAKING SURE THAT THE RELAXATION WAS EVEN-HANDED AND NON-DISCRIMINATORY (GIRRALTAR PERSONAL TELNO-155). MORAN SAID THAT THE OBJECT OF THE RELAXATION WAS HUMANTARIAN, TO BRING TOGETHER THE PEOPLE ON BOTH SIDES. LOCAL COMMERICAL INTERESTS WERE INEVITABLY AT STAKE. IN RESPONSE TO MY QUESTION, HE SAID THAT RESTRICTIONS WOULD NOT (NOT) BE LIFTED FOR NATIONALS OF THIRD COUNTRIES (HE MENTIONED MOROCCO) EVEN IF THEY WERE RESIDENT ON THE ROCK. THE SPANISH FEAR WAS THAT IF GIBRALTAR AIRPORT WERE OPENED NOW TO INTERNATIONAL TOURISM AS A PORT OF ENTRY FOR THE COSTA DEL SOL, THE DAMAGE TO MALAGA

CONFIDENTIAL

/ AIRPORT

BE SEVERE. THE LONDON-GIBRALTAR DOMESTIC FARE WAS LOWER THAN THE LONDON-MALAGA FARE. HENCE THE PROBLEM.

KNEW, THE ECONOMY OF GIBRALTAR WAS TIMY. SUSPICION OF SPAIN
WAS ENDEMIC. THERE WAS NOW A CONSIDERABLE DANGER THAT THIS GESTURE,
IN ITS LIMITED FORM, WOULD NOT HAVE THE GOOD EFFECT OF A BLANKET
OPENING FOR ALL PEDESTRIANS ON THE PURELY PRACTICAL SIDE, FOR
EXAMPLE, BRITISH TERRITORIES DID NOT ISSUE IDENTITY CARDS.
THERE WAS NOTHING IN MY OWN PASSPORT TO SHOW MY PLACE OF RESIDENCE. HOW WOULD THE SPANISH IMMIGRATION AUTHORITIES BE ABLE
TO OPERATE THIS ARPANGEMENT IN PRACTICE? MORAY SEEMED TAKEN ABACK
BY THIS AND ENCOURAGED ME TO PURSUE THE MATTER AT OFFICIAL LEVEL,
THOUGH HE MADE IT CLEAR THAT THE LIMITATION TO GIBRALTAR
RESIDENTS HAD BEEN A CABINET DECISION. I WARNED HIM THAT YOU
MIGHT WISH TO REVERT TO THE MATTER IN BRUSSELS.

I SAID OUR POSITION REMAINED THAT WE WERE PREPARED TO IMPLEMENT
THE LISBON AGREEMENT, FOR WHICH THIS VERY PARTIAL RELAXATION
WAS NOT OF COURSE A SUBSTITUTE. I SAVE HIM THE TEXT OF MR HURDS
REPLY ON THIS SUBJECT IN THE HOUSE ON 22 NOVEMBER. MORAN
ASKED WITH A SMILE WHETHER THIS MEANT THAT HMG WERE PREPARED TO
NEGOTIATE ABOUT SOVEREIGNTY. I SAID THAT WE STUCK EXACTLY TO
THE LISBON AGREEMENT. WE WERE THEREFORE PREPARED TO CONSIDER ANY
PROPOSALS WHICH THE SPANISH GOVERNMENT MIGHT WISH TO MAKE. I
RECEIVED THE IMPRESSION THAT MORAN WOULD NOT BE PUSHING THIS
ASPECT FAR FOR THE TIME BEING. (MY AMERICAN COLLEAGUE
BELIEVES THAT THE NEW GOVERNMENT, HAVING DIGESTED THE PEDESTRIAN
OPENING, MAY WISH TO RESERVE IMPLEMENTATION OF THE LISBON
AGREEMENT FOR USE IN CONNECTION WITH PREPARATIONS FOR A
REFERENDUM ON NATO, AS MENTIONED IN MY TELEGRAM UNDER REFERENCE).

7. I ASKED ABOUT MORAN'S PROBABLE ATTITUDE TOWARDS THE NATO COMMUNIQUE ON 10 DECEMBER. HE ADMITTED THIS WOULD BE DIFFICULT FOR HIM PERSONALLY. NOT EVERYONE IN THE PARTY HAD BEEN KEEN ON HIS GOING TO BRUSSELS AT ALL. THE PARTY WERE COMMITTED TO A REFERENDUM IN DUE COURSE, AS WE KNEW, AND TO THE FREEZING OF FURTHER INTEGRATION INTO THE MILITARY STRUCTURE. IN THE CIRCUMSTANCES HE WOULD JUST HAVE TO DO HIS BEST. IF HE COULD NOT SIGN THE COMMUNIQUE, HE WOULD EXPLAIN THE PROBLEM TO HIS ALLIANCE COLLEAGUES IN RESTRICTED SESSION. HE PERSONALLY WOULD TRY TO MAKE THINGS AS LITTLE DIFFICULT FOR THEM AS POSSIBLE. HE DID NOT INTENT TO BEHAVE LIKE THE GREEKS.

CONFIDENTIAL

8. MORAN SAID THAT HE HOPED TO ATTEND THE MEETING WITH EUROPEAN COMMUNITY MINISTERS, IF ONLY FOR A SHORT TIME, ON 13 OR 14 DECEMBER. THIS WOULD BE FOR POLITICAL REASONS TO SHOW THE NEW GOVERNMENT'S DESIRE FOR EARLY ENTRY. I PEMINDED HIM OF THE HELPFUL POSITION FOR SPAIN WHICH THE BRITISH PRIME MINISTER HAD TAKEN AT THE LAST EUROPEAN COUNCIL MEETING.

9. PLEASE SEE MIFT, NOT TO ALL.

PARSONS

LIMITED SED DEFENCE D NEWS D PUSD ECD (E) PLANNING STAFF PS PS/MR HURD PS/LORD BELSTEAD PS/ PUS SIR J BULLARD MR WRIGHT MR GOODISON MR HANNAY MR GILLMORE

ADDITIONAL DIST GIBRALTAR

CONFIDENTIAL

Content that he should be quided

by this latter?

The Freig Secretary in likely Thuite at NATO on London SW1A 2AH

also becamber.

7 December 1982

Jew John,

Spain/Gibraltar

In your letter of 22 November you asked for advice on how to deal with the Gibraltar question during the next few weeks in the light of the appointment of a new Government in Spain and remarks made recently by Spanish leaders. The Foreign and Commonwealth Secretary discussed the matter briefly with the Prime Minister on 26 November.

Since then Sr Gonzalez has said that he will recommend to his Cabinet that the border should be opened to pedestrians only. We do not yet know when this will happen; nor whether access for pedestrians will be unrestricted. Nevertheless, partial opening before Christmas now seems likely.

We signed the Lisbon agreement with the Spaniards in 1980, and have reaffirmed our commitment to it regularly since. It provides for the lifting of all restrictions on Gibraltar. At the same time negotiations are to start 'aimed at overcoming all the differences' between the British and Spanish Governments on Gibraltar. This implies that each side will be free to raise any question it wishes. The Spaniards will want to speak about the issue of sovereignty. But the Lisbon agreement itself emphasises our commitment (as in the Gibraltar Constitution) to honour the wishes of the Gibraltarians. There can be no question of any move from the British side on sovereignty in the near future.

If the Spaniards want to get on better terms with the Gibraltarians, they will have to counter the effects of the years of restrictions and blockade. The Spaniards must be brought to understand this. Part of this effort must involve the full removal of the border restrictions.



We too need this in order to allow the Gibraltar economy to develop and become less dependent on Britain for support. The moves made by Sr Gonzalez immediately on taking office show that he realises the ineffectiveness of the Franco policy of sanctions. But partial opening of the border is not enough. It will do little to help the Gibraltar economy. Nor should it cause us to alter our policy about changes in NATO affecting Gibraltar or, when the time comes, ratifying Spanish entry to the EC. Both require, at the least, a fully open border.

To get the border fully open Mr Pym believes that we must maintain our commitment to the Lisbon agreement. It would in any case be wrong to withdraw from such a public undertaking. But there can be no question of prior concessions on our part in order to persuade the Spaniards to implement the agreement. Furthermore, we must make it clear that, in the negotiations envisaged in the Lisbon agreement, we will maintain our commitment to honour the wishes of the Gibraltarians.

If the Spanish restrictions are not fully lifted, the problem could get more difficult. With the obstacles we would have to place in the way of Spain's integration into NATO, and the longer term prospect of vetoing Spain's application to join the EC, we would be likely to come under strong pressure from our allies to make concessions to accommodate Spanish wishes. Partial opening of the frontier makes this prospect more likely. Our allies will see Spain as having made concessions and ask why we cannot do the same. We must nonetheless maintain the position that restrictions must be fully lifted before we implement our part of the undertakings agreed at Lisbon.

Against this background, the Foreign and Commonwealth Secretary believes that we should embark upon a quiet process of making the new Spanish Government understand the realities of the Lisbon agreement. They must be brought to realise that, while they are not being required to give up their claim to sovereignty, there can be no constitutional change in this respect for a long time, and then only if they have themselves so acted as to make the Gibraltarians want it. At the same time we should continue to affirm our commitment to the Lisbon agreement

(a point



(a point about which there is considerable doubt in Spain). The forthcoming meeting of the North Atlantic Council on 9/10 December should present an opportunity for Mr Pym to meet the new Spanish Foreign Minister and to begin this process.

You are

(R B Bone)
Private Secretary

A J Coles Esq 10 Downing Street Orbratter, Pelicy, At3

CONFIDENTIAL NO 10. DOWNING STREET.

CONFIDENTIAL NO 10. DOWNING STREET.

FM MADRID 061250Z DEC 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 650 OF 6 DECEMBER

INFO PRIORITY GOVERNOR GIBRALTAR (PERSONAL), UKDEL NATO,

UKREP BRUSSELS, WASHINGTON, UKMIS NEW YORK, MOD.

INFO SAVING TO RABAT.

YOUR TELEGRAM NO. 346 (NOT TO ALL): GIBRALTAR FRONTIER

THE NEW FOREIGN MINISTER HAS SUMMONED ME TO SEE HIM TOMORROW EVENING. THIS SHOULD BE AFTER THE FIRST CABINET MEETING AT WHICH A DECISION MAY BE TAKEN TO OPEN THE FRONTIER TO PEDESTRIANS, THOUGH NOTHING IN SPAIN IS EVER CERTAIN. HE MAY ALSO POSSIBLY HAVE A MEETING WITH YOU IN THE MARGINS OF THE MEETING OF NATO FOREIGN MINISTERS ON 9 AND 10 DECEMBER. THE DEPARTMENT WILL HAVE SEEN THE ACCOUNT OF MY EARLIER TALK WITH MORAN BEFORE HE WAS NOMINATED AS MINISTER (MY TELEGRAM NO. 599 OF 16 NOVEMBER) AS WELL AS MY TELEGRAM NO. 577 OF 29 OCTOBER COMMENTING ON THE IMPLICATIONS FOR THE UK OF THE ELECTION OF A SOCIALIST GOVERNMENT IN SPAIN.

- 2. AS ALREADY REPORTED, MORAN STARTS WITH A THIRD WORLD AND PRO-ARAB BIAS. BUT IN PRACTICE HE IS LIKELY TO FIND HIMSELF LARGELY OCCUPIED WITH EUROPEAN AND ATLANTIC AFFAIRS. YOUR CONTACT WITH HIM WILL THEREFORE BE IMPORTANT IN SETTING THE TONE FOR HMG'S FUTURE DEALINGS WITH SPAIN ON THE THREE KEY ISSUES OF GIBRALTAR, NATO AND THE COMMUNITY.
- 3. ON GIBRALTAR I RECOMMEND THAT YOU SHOULD TELL MORAN THAT THE OPENING OF THE FRONTIER TO PEDESTRIANS, IF INDEED IT HAS BEEN DECIDED BY THEN, IS A STEP IN THE RIGHT DIRECTION. THE MAIN REQUIREMENT, IN THE INTERESTS OF BOTH SIDES, IS TO BRING THE PEOPLE OF THE ROCK AND THE CAMPO CLOSER TOGETHER. WITH THIS OBJECT IN MIND, THE PEDESTRIAN OPENING MUST BE IMPLEMENTED FAIRLY AND SHOULD BE PROPERLY COORDINATED. YOU COULD ADD THAT HMG REMAIN COMMITTED TO THE IMPLEMENTATION OF THE LISBON AGREEMENT. MORAN MAY TRY TO EXTRACT ASSURANCES THAT WE ENVISAGE THIS AS COVERING PROGRESS ON THE SOVEREIGNTY ISSUE. YOU WILL WISH TO DISABUSE HIM OF ANY NOTION THAT THERE COULD BE EARLY PROGRESS ON THIS FRONT UNTIL THE SPANIARDS HAVE MADE THEMSELVES MORE ATTRACTIVE TO GIBRALTARIAN OPINION. AT THE SAME TIME IT SEEMS DESIRABLE TO LET MORAN UNDERSTAND THAT WE REMAIN GENUINELY PREPARED TO DISCUSS "ALL THE DIFFERENCES" BETWEEN US ON GIBRALTAR, AS THE LISBON AGREEMENT PUT IT. IF THEY ABANDON ALL HOPE OF PROGRESS BILATERALLY, THE NEW SOCIALIST GOVERNMENT MAY BE TEMPTED TO TAKE THE MATTER TO THE UNITED NATIONS WHERE THEY COULD EXPECT SUPPORT, PARTICULARLY AFTER A PEDESTRIAN OPENING BASED ALLEGEDLY ON HUMANITARIAN SROUNDS.

- 4. ON NATO OUR MAIN OBJECTIVE MUST BE TO AVOID PRESENTING
 THE NEW SPANISH GOVERNMENT WITH STARK CHOICES AT TOO EARLY A STAGE
 (YOUR TELEGRAM NO. 1943 TO WASHINGTON OF 2 NOVEMBER). AT THE SAME
 TIME THEY MUST UNDERSTAND THAT A ''FRENCH OUTCOME'' IS NOT ON
 OFFER AND THAT INDEFINITE SPANISH NON-PARTICIPATION IN THE MILITARY
 STRUCTURE CANNOT BE ACCEPTED. IT WOULD BE NECESSARY TO RESIST
 FIRMLY ANY SUGGESTION THAT SPANISH POLICY OVER NATO COULD BE
 EASED BY A UNILATERAL BRITISH GESTURE OVER THE COMMAND STRUCTURE IN
 THE STRAITS OF GIBRALTAR, IN ADVANCE OF FULL ABOLITION OF
 RESTRICTIONS ON MOVEMENT TO AND FROM GIBRALTAR.
- IN BY 1986. THIS WILL REMAIN A HIGH PRIORITY. DESPITE THE TEXT OF THE PRESIDENCY'S CONCLUSIONS TO THE EUROPEAN COUNCIL (COPENHAGEN TELEGRAM NUMBER 427) THE IMMEDIATE REACTION HERE HAS BEEN ONE OF DISAPPOINTMENT. OUR MAIN OBJECTIVE MUST BE TO ENSURE THAT THE BLAME HERE FOR ANY LACK OF PROGRESS IS LAID AT OTHER DOORS THAN OUR OWN. IN PARTICULAR YOU COULD LEAVE MORAN IN NO DOUBT OF THE UK VIEW THAT ENLARGEMENT NEGOTIATIONS SHOULD GO AHEAD WITHOUT BEING COMPLICATED BY ADVANCE STUDY ABOUT A LINK BETWEEN ENLARGEMENT AND NEW OWN RESOURCES (PARAGRAPHS 6 AND 7 OF UKREP TELEGRAM NUMBER 4584).
- 6. IN ANY EXPRESSION TO MORAN OF CONCERN ABOUT THE OPERATION OF THE 1970 TRADE AGREEMENT, YOU MAY WISH TO TAKE ACCOUNT OF HIS PROBABLE ARGUMENT THAT THE DEVALUATION OF THE PESETA OVER THE WEEKEND IS AN INDICATION OF THE ECONOMIC DIFFICULTIES INHERITED BY THE SOCIALIST GOVERNMENT.
- 7. IT WOULD ALSO BE INTERESTING TO DRAW OUT MORAN ON HIS THIRD WORLD IDEAS, GIVEN SPAIN'S INABILITY TO PRODUCE MUCH ECONOMIC AID, HER NATIONAL INTEREST IN SUSTAINING THE KINGDOM OF MOROCCO, AND HER NEED TO MAINTAIN GOOD RELATIONS WITH THE MORE CONSERVATIVE ARAB GOVERNMENTS ON WHOM SHE DEPENDS FOR OIL.
- 8. BUT THE MAIN OBJECT OF THE EXERCISE, I SUGGEST, WILL
 BE TO PUT OVER TO MORAN OUR CONSIDERED VIEW THAT THE ONLY REAL
 HOPE OF PROGRESS OVER GIBRALTAR, WITH ALL THAT THIS IMPLIES
 FOR SPANISH MEMBERSHIP OF BOTH NATO AND THE COMMUNITY, IS TO GET
 LOCAL CONTACTS GOING: SO THAT THE PEOPLE OF GIBRALTAR THEMSELVES
 REALISE THAT THE SPANISH LEFT, OUT OF OFFICE FOR FIFTY YEARS,
 ARE AT LAST OFFERING THEM A NEW DEAL. I UNDERSTAND THAT SIR
 JOSHUA HASSAN IS ALREADY FAYOURABLY INCLINED IN THIS DIRECTION.

FCO PLEASE PASS SAVING TO RABAT.

PARSONS LIMITED SED DEFENCED NEWSD PUSD

ECD(E)
PLANNING STAFF
PS MR HURD 2

PS LORD B ELSIEAD PS PUS SIR J. BULLARD MR J. OOD ISON MR JILLMORE MR JILLMORE

ADDITIONAL DISTN: GIBRAKTAR PASSED AS REQUESTED Ref: B06645

ed. Belize: Dispute virus Gratamala: PEZ

PRIME MINISTER

c Sir Robert Armstrong

Briefing on Gibraltar and Belize

The Ministry of Defence are giving you, together with the Foreign and Commonwealth Secretary and the Defence Secretary, a briefing in 10 Downing Street at 3.30 pm on Monday, 6th December, on the problems of defending Gibraltar and Belize.

2. The Ministry of Defence team will consist of

Lieutenant General Sir James Glover, Deputy Chief of Defence Staff (Intelligence), who will open each of the two presentations and cover the threat;

Air Vice Marshal John Sutton, Assistant Chief of Defence Staff (Commitments), who will describe our military plans; and General Sir Maurice Johnston, Deputy Chief of Defence Staff, who will sum up.

The Chief of Defence Staff and the Secretary, Chiefs of Staff Committee, Captain Raymond, will also be present.

- 3. The presentation on Gibraltar is likely to last for half an hour and it is suggested that there should be a period for questions and discussion before moving on to the Belize presentation, which will be somewhat shorter.
- 4. The problems posed by Gibraltar and Belize are, of course, very different, both politically and militarily. Gibraltar is a colony, Belize an independent Commonwealth country. While both are claimed by their larger neighbours, the Joint Intelligence Committee do not believe that the Spanish Government would order military action against Gibraltar: the threat is of possible unauthorised military action. The main purpose of our reinforcement plan is to deter hostilities, as the Defence Secretary pointed out in his minute to you of 3rd November, because the vulnerability of the airfield means that we could not reinforce by air once hostilities had started. While the garrison in Belize serves as a deterrent against a Guatemalan attack, its role would be to hold the airfield so that reinforcements could be flown in.

GRS 750

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CONFIDENTIAL

FM MADRID 021628Z DEC 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 648 OF 2 DECEMBER

INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL)

INFO WASHINGTON RABAT UKDEL NATO UKREP BRUSSELS

M

MY TELNO 642 (NOT TO ALL): OPENING TO PEDESTRIANS OF FRONTIER WITH GIBRALTAR.

- ON 7 DECEMBER GONZALEZ'S PROPOSAL THAT THE BORDER WITH
 GIBRALTAR SHOULD BE OPENED TO PEDESTRIANS. AS ALREADY
 REPORTED, A DECISION OF THIS KIND HAD BEEN ON THE CARDS FOR SOME
 TIME. IT REPRESENTS AN INTELLIGENT MOVE BY THE NEW GOVERNMENT.
 IN REMOVING PART OF THE RESTRICTIONS IMPOSED BY FRANCO, IT CAN
 SHOW THAT IT HAS GONE A STEP FURTHER THAN ITS UCD
 PREDECESSOR IN DISMANTL AN UNSUCCESSFUL APPARATUS OF THE
 DICTATORSHIP. AT THE SAME TIME THE FULL REMOVAL OF
 RESTRICTIONS REMAINS TO BE TRADED AGAINST THE OPENING OF
 NEGOTIATIONS.
- 2. THE OPENING OF THE FRONTIER, EVEN THOUGH ONLY PARTIAL, WILL ALSO BE WIDELY WELCOMED IN THE CAMPO WITH ITS TRADITION OF SUPPORT FOR THE PSOE. LEADING LOCAL PERSONALITIES HAVE LONG ADVOCATED IT. NOR WILL IT BE EXPENSIVE TO IMPLEMENT. THE PRACTICAL MODALITIES (MY TELNO 645) SHOULD BE MANAGEABLE THOUGH THE EXACT TIMING NEEDS TO BE DISCUSSED. (DECEMBER 15 HAD BEEN MENTIONED IN THE PRESS.) MOREOVER THE GESTURE CAN BE PRESENTED TO GIBRALTARIANS AS THE BEGINNING OF AN ATTEMPT TO WOO OPINION IN THE COLONY RATHER THAN ANTAGONISE IT. THE NEW SPANISH GOVERNMENT MAY FURTHER HAVE CALCULATED THAT MOVEMENT OVER GIBRALTAR WOULD ENABLE THEM TO SHOW THEMSELVES IN A MORE FAVOURABLE LIGHT IN NATO AND COMMUNITY COUNTRIES, THUS OPENING BETTER PERSPECTIVES FOR THEM IN THOSE ORGANISATIONS.
- THIS MOVE MAY CAUSE FOR GIBRALTAR. (SEE THE GOVERNOR'S PERSONAL TELNO 153). THE OPENING OF THE FRONTIER TO PEDESTRIANS COULD BE A MORE COMPLICATED OPERATION THAN THE PASSAGE ACROSS THE BORDER OF HUMANITARIAN CASES ONLY, WHICH HAS BEEN HAPPENING SINCE THIS SUMMER. I WILL CONTINUE TO DRAW ATTENTION, AS WE HAVE DONE SINCE THE PROPOSAL TO OPEN THE FRONTIER TO PEDESTRIANS WAS FIRST MOOTED IN 1980, TO THE FACT THAT LIMITING OPENING OF THIS KIND IS LIKELY TO SUIT THE SPANIARDS BETTER THAN THE GIBRALTARIANS (SEMI-COLON) A VEHICLE IS MORE NECESSARY IN SPAIN THAN IN GIBRALTAR. I SHALL CONTINUE TO MAKE CLEAR, ESPECIALLY TO THE NEW FOREIGN MINISTER, THE

NEED FOR THE NEW ARRANGEMENTS TO BE OPERATED ON AN EQUITABLE BASIS (MY TELNO 645). OTHERWISE THE EFFECT ON OPINION IN GIBRALTAR COULD BE COUNTER-PRODUCTIVE.

4. IT ALSO SEEMS NECESSARY TO TELL THE MINISTER THAT, WHILE WELCOMING THIS EASING OF THE SPANISH RESTRICTIONS, WE NATURALLY CANNOT REGARD THIS AS FULFULLING THE TERMS OF THE LISBON AGREEMENT (YOUR TELNO 343). MORAN WILL BE WELL AWARE OF THIS. BUT THE DANGER IS THAT HE MAY MANOEUVRE TO HAVE THIS GESTURE REGARDED BY OUR PARTNERS AND ALLIES AS WEAKENING THE OBSTACLE OF THE CLOSED FRONTIER TO SPANISH ENTRY INTO THE COMMUNITY AND POSSIBLY THE INCLUSION OF GIBRALTAR IN A NEW COMMAND STRUCTURE FOR NATO. INDEED WE HAVE ALREADY HAD AN ENQUIRY FROM THE AMERICAN EMBASSY ON THIS LAST POINT.

5. LOOKING FURTHER FORWARD, IT WILL BE INTERESTING TO LEARN WHAT SORT OF IMETABLE MORAN HAS IN MIND FOR THE OPENING OF NEGOTIATIONS, RAGARDED BY GONZALEZ AS A PRIORITY MATTER (MY TELEGRAM NO. 640) AND FULL IMPLEMENTATION OF THE LISBON AGREEMENT. BUT I FULLY UNDERSTAND THAT YOU WOULD NOT WISH ME TO APPEAR TO BE RUNNING AFTER THE SPANIARDS. ''ALL THE DIFFERENCES'' BETWEEN US, AS MENTIONED IN THE LISBON AGREEMENT, ARE CONCEIVED BY THE SPANISH GOVERNMENT AS INCLUDING SOVEREIGNTY. THERE CAN BE NO PROSPECT OF MOVEMENT ON THAT FRONT UNTIL THE SPANIARDS THEMSELVES OVER A LONG PERIOD HAVE SUCCEEDED IN CHANGING GIBRALTARIAN OPINION. FALSE HOPES MUST THEREFORE NOT (NOT) BE AROUSED. AT THE SAME TIME WE MUST DECLINE TO GIVE THE SPANIARDS ANY EXCUSE FOR ARGUING THAT WE ARE NOT (NOT) PREPARED TO IMPLEMENT THE LISBON AGREEMENT.

- 6. IN ANY CASE, A COOLING OFF PERIOD BETWEEN THE OPENING OF THE FRONTIER TO PEDESTRIANS AND THE FULL RESTORATION OF COMMUNICATIONS MIGHT NOT WORK OUT BADLY IN PRACTICE IN THE AREA ITSELF.
- 7. IF I AM ABLE TO MEET MORAN BEFORE 7 DECEMBER, I WILL REPORT THE OUTCOME BEFORE YOU SEE HIM AT THE NORTH ATLANTIC COUNCIL ON 9 DECEMBER.

PARSONS

LIMITED
SED
DEFENCE D
NEWS D
PUSD
ECD (E)
PLANNING STAFF
PS MR HURD
PS LORD BELSTEAD
PS PUS
SIR J BULLARD
MR GOODISON
MR GILLMORE
MR HANNAY

ADDITIONAL DISTRIBUTION
GIBRALTAR

CONFIDENTIAL

RESTRICTED

GRS 230 RESTRICTED FM MADRID 291528Z NOV 82 TO PRIORITY FCO TELEGRAM NUMBER 635 OF 29 NOVEMBER INFOPRIORITY GOVERNOR GIBRALTAR (PERSONAL) INFO ROUTINE BRUSSELS

BRUSSELS TELNO 1: GIBRALTAR

MANY THANKS, WE HAVE NOW OBTAINED A TRANSCRIPT OF THE INTERVIEW WITH MORAN FROM THE RTBF CORRESPONDENT IN MADRID. THE INTERVIEW, WHICH IS TO BE PUBLISHED TODAY IN LA LIBRE BELGIQUE, ALSO CONTAINS REFERENCES TO NATO AND OTHER SUBJECTS. A COPY IN FRENCH FOLLOWS BY BAG.

2. TEXT ON GIBRALTAR IS:-

BEGINS

- Q. FELIPE GONZALEZ HAS SAID THAT HE IS IN FAVOUR OF OPENING THE FRONTIER WITH GIBRALTAR. WILL YOU OPEN IT THIS YEAR?
- A. ON GIBRALTAR, WE ARE GOING TO CONTINUE TO ASK FOR REINTEGRATION INTO SPANISH TERRITORY AND TO CONTINUE TO PRESS THE SPANISH CLAIM, BUT WE DO NOT WANT TO PENALISE THE POPULATION OF GIBRALTAR. PERSONALLY, I AM NOT CONVINCED THAT THE OPENING OF THE GATE WILL HAVE ANY IMMEDIATE CONSEQUENCES FOR THE NEGOTIATIONS, BUT I AM IN FAVOUR OF OPENING IT ON HUMANITARIAN GROUNDS AND FOR REASONS OF INTERNATIONAL ETHICS.
- Q. IMMEDIATELY?
- A. VERY SOON.
- Q. COULD ONE SPECULATE ON A PRE-CHRISTMAS OPENING?

RESTRICTED /A. YES

RESTRICTED

A. YES ONE COULD SPECULATE ON THAT (SEMI-COLON) EVIDENTLY IT DEPENDS ON THE RESPONSE FROM THE OTHER SIDE, THE ENGLISH, BUT I THINK ONE COULD SPECULATE ON THAT SORT OF DATE.

Q. BEFORE THE END OF THE YEAR, THEN?

A. YES. ONE COULD IMAGINE THAT.

ENDS

PARSONS

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DEFENCE D.

NEWS.D.

PUSD

ECD (E)

PLANNING STAFF

PS

PS/MR HURD

PS/LORD BELSTEAD

PS/PUS

SIR T BULLARD

MR. GOODISON

MR. GILLHORE

MR. HANNAY

ADDITIONAL DISTN GIBRALTAR

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Yes. A.J.C. 29



10 DOWNING STREET

Lyndry I has asked, about the meeting on 6 Dec 3.30 pm or Cibrolton, whether it is acceptable for the Collowing to attend.

Un Goodall Un Facer Un O'weil

Can 1 contin ?

Mal Ce Duty Clark 26/11/82 SUBSECT



Gebrutter comenter

10 DOWNING STREET

From the Private Secretary

26 November 1982

GIBRALTAR

There was a brief discussion of this matter when the Foreign and Commonwealth Secretary called on the Prime Minister this morning.

Mr. Pym said that he thought it best to let the new Spanish Government make the running on the question of Gibraltar. We expected that government to take office next week and he would be proposing that the Prime Minister should send a message to the new Spanish Prime Minister. He would also be writing to his Spanish opposite number to suggest a meeting in the margins of the NATO Foreign Ministers' meeting. The Prime Minister agreed that the right course was to leave it to the Spaniards to make the running on Gibraltar.

A. J. COLES

Brian Fall, Esq., Foreign and Commonwealth Office. GRS 300 CONFIDENTIAL

CONFIDENTIAL

PS. NO 10. DOWNING STREET.

FM MADRID 251627Z NOV 82

TO PRIORITY FCO

TELEGRAM NUMBER 622 OF 25 NOVEMBER INFO PRIORITY GOVERNOR GIBRALTAR (PERSONAL)



MY TELNO 613: GIBRALTAR FRONTIER

I UNDERSTAND THAT MORAN HAS SAID SOMETHING TO BELGIAN RADIO AND TV WHICH IMPLIES THAT THE SOCIALISTS PLAN TO OPEN THE FRONTIER BEFORE CHRISTMAS: AND THAT THIS WILL HAVE NO EFFECT ON THE CONTINUED NEED FOR NEGOTIATIONS BETWEEN THE UK AND SPAIN.

- 2. WE SHOULD NOT TAKE TOO LITERALLY COMMENTS BY MORAN AND OTHER SOCIALISTS BEFORE THEY GET INTO THE SADDLE. BUT WE UNDERSTAND FROM THE SOCIALIST PARTY THAT IN GENERAL THEY ARE LOOKING FOR SOME SPECTACULAR EARLY GESTURES. WE SHOULD ACCORDINGLY BE PREPARED FOR SOME RAPID MOVE ON GIBRALTAR DESIGNED TO:
 - A) SATISFY LOCAL SOCIALIST PRESSURE IN THE CAMPO.
 - B) TAKE THE WIND OUT OF OUR SAILS.
 - C) SHOW MOVEMENT IN AN AREA WHERE THE UCD GOVERNMENT HAD BECOME STALLED.
- 3. THE MOST LIKELY POSSIBILITY, IF THERE IS ACTIVITY AT ALL. WOULD BE THE OPENING OF THE FRONTIER FOR PEDESTRIANS ONLY. WE WERE WARNED OF THIS CONTINGENCY BY THE OUTGOING UCD FOREIGN MINISTER.
- 4. BUT WE CANNOT ENTIRELY RULE OUT THE POSSIBILITY THAT THE SOCIALISTS MIGHT DECIDE TO OPEN THE FRONTIER ALTOGETHER AND CALL ON US TO BEGIN NEGOTIATIONS AT AN EARLY SUBSEQUENT DATE. IN EFFECT THIS WOULD NOT BE A UNILATERAL OPENING OF THE FRONTIER BUT ACCEPTANCE OF THE LISBON AGREEMENT, WHICH REMAINS ON OFFER AS MR HURD TOLD THE HOUSE ON 22 NOVEMBER. SUCH A TACTIC WOULD NOT BE INCOMPATIBLE WITH WHAT MORAN SAID TO ME ON 16 NOVEMBER (MY TELNO 599). BUT IT WOULD BE A LONG SHOT AND OPENING FOR PEDESTRIANS ONLY SEEMS MORE PROBABLE.
- 5. NEEDLESS TO SAY, I SHALL PURSUE THE MATTER WITH THE NEW FOREIGN MINISTER ONCE ESTABLISHED. BUT IT IS HARDLY FOR US TO MAKE THE RUNNING. THIS TELEGRAM

PARSONS

PS

LIMITED SED DEF .D NEWS.D

PS MR HURD ML GODISON
PS LORD BELSTEAD HL GILLMORE
DOLD NG. LENNOX PSIPUS SIR J BULLARD

GIBRALTAK

WAS NOT ADVANCED

ADDITIONAL DIST:

CONFIDENTIAL

CONFIDENTIAL Avait reply from Clanullar. A.J. C. 25.

MINISTRY OF DEFENCE WHITEHALL LONDON SWIA 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 5/16

25th November 1982

Dear Gerlfres

GIBRALTAR DOCKYARD - REDUNDANCY COMPENSATION

The Foreign and Commonwealth Secretary announced on 23rd November his plan for aiding the commercialisation of Gibraltar Dockyard. The effective date for this to be complete is 1st January 1984. So far as the locally engaged civilians are concerned Appledore are expected to take on about 700 staff in the first instance. The likelihood is that Appledore will not be able to match their existing terms and conditions of service, particularly in respect of pensions. If they did it is very doubtful if they could make commercialisation a success.

Both the Prime Minister's office and Defence Ministers have given public pledges to the Gibraltarians that all the locally engaged civilians in the Dockyard who on commercialisation cease to be our employees except on normal retirement will receive redundancy compensation at the rates applicable to the UK Civil Service. There is no escaping these pledges, which are a vital feature of the policy and of the prospects for selling the concept politically in Gibraltar. When these pledges were given, we were working on the assumption, as were your officials, that the legislation would not bite on people in Gibraltar.

1

The Rt Hon Sir Geoffrey Howe QC MP



The people concerned are either in the Principal Civil Service Pension Scheme (PCSPS), in a by-analogy local pension scheme or subject to special local arrangements. As a result I am now advised that those in the first two of these categories are liable to be caught by the provisions of the Civil Service and Related Bodies (Redundancy Compensation) Bill, which I understand is to be published on Friday, 26th November. Unless some way of avoiding this can be found, the effect would be to rule out the payment of full redundancy compensation to those accepting offers from Appledore although a separate payment could be made in compensation for worse terms and conditions of service. To avoid this I should be grateful for your agreement to treating the Gibraltar Dockyard as was suggested for the National Maritime Institute at the meeting of the Legislation Committee, namely that the Government would be ready to pay ex gratia compensation up to the level that they would have got under the PCSPS. I would then ask my officials to get in touch with yours about the text of a reassuring note for guidance which can be issued in Gibraltar on Friday.

In the light of the pledges that have been given and against the background of the delicate political balance in Gibraltar, we cannot allow a situation to develop where our earlier assurance on redundancy compensation are questioned. The existence of Sir Joshua Hassan's Government could even be at stake. It will be vital when the Bill is published to make it clear in Gibraltar that we stand by what has already been said and will pay compensation up to the level available under the PCSPS. You should know that the costs of redundancy compensation for all those affected have been included in the costings which the Treasury has had, and have been taken fully into account in the overall assessment.



On this basis I should be grateful for your agreement to treating the Gibraltar Dockyard on the same basis as agreed for the National Maritime Institute.

I am copying this letter to Members of the Cabinet and to Sir Robert Armstrong.

Drus ever Sh.

John Nott



2861 AON 9 Z

RESTRICTED



GRS 65

AMENDED DISTRIBUTION 25 NOVEMBER 1982

RESTRICTED

FM MADRID 241122Z NOV 82

TO PRIORITY FCO

TELEGRAM NUMBER 614 OF 24 NOVEMBER
INFO PRIORITY GOVERNOR GIBRALTAR (PERSONAL), MOD DS5.

MOLE IN GIBRALTAR WATERS

1. THE SPANISH NAVY HAS JUST PUBLISHED A NOTICE TO MARINERS
GIVING A CHART AMENDMENT COVERING THE NEW MOLE. A COPY OF THE NOTICE
AND A SKETCH OF THE LINE OF THE MOLE ARE BEING SENT BY NEXT BAG.
THE CHART AMENDMENT SHOWS THAT THE MOLE IS INTENDED TO CONTINUE
WEST FROM THE SHORE TO A DISTANCE OF 1,160 METRES BEFORE TURNING
NORTH WEST AND EVENTUALLY NORTH.

PARSONS

LIMITED

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DEFD

MAED

NEWSD

LEGAL ADVISERS

PUSD

PS

PS/MR HURD

PS/LORD BELSTEAD

PSIPUS

MR ADAMS

MR GILLMORE

SIR J BULLARD

HR GOODISON

ADD. DISTN.

GIBRALTAR

THIS TELEGRAM WAS NOT ADVANCED

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Gibrallas PS. NO 10, DOWNING STREET. GRS 120 UNCLASSIFIED FM MADRID 231650Z NOV 82 TO PRIORITY FCO TELEGRAM NUMBER 513 OF 23 NOVEMBER INFO GIBRALTAR GIBRALTAR 1. THE MADRID DAILY DIARIO 16 REPORTS TODAY, QUOTING SOURCES IN GIBRALTAR, THAT THE BORDER MIGHT OPEN FOR PEDESTRIANS ON 15 DECEMBER. IT QUOTES SIR JOSHUA HASSAN AS SAYING THAT THERE IS NOW A CLIMATE OF HOPE IN GIBRALTAR 'BECAUSE THE SOCIALIST PARTY HAS BEEN THE ONLY ONE TO HAVE A CLEAR POSITION ON THE OPENING OF THE FRONTIER. THERE IS AN ATMOSPHERE OF CALM HOPE BECAUSE WE KNOW THAT THE PSOE WILL FULFIL ITS PROMISES. " HE ADDED THAT HE HOPED THAT THE OPENING WOULD NOT IMPLY ANY DISCRIMINATION BETWEEN THE PEOPLE OF BOTH SIDES. THE ARTICLE STATES THAT THERE IS NO CONFIRMATION ON EITHER SIDE OF THE BORDER OF THE DATE MENTIONED, BUT BOTH SIDES EXPECT AN OPENING BEFORE CHRISTMAS FOR HUMANITARIAN REASONS. PARSONS ADDITIONAL DISTRIBUTION LIMITED GIBRALTAR SED DEF D PS PS/MR HURD PS/LORD BELSTEAD PS/PUS SIR J BULLARD MR GOODISON MR GILLMORE

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PS. NO 10. DOWNING STREET.

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OO MADRID

GRS 574

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DESKBY 230830Z

FM FCO 221800Z NOV 82

TO IMMEDIATE GOVERNOR GIBRALTAR

TELEGRAM NUMBER PERSONAL 92 OF 22 NOVEMBER

INFO IMMEDIATE MADRID, MODUK (FOR DS12, CPO, HDCFS CO-ORD),

HD CM (IR), HD CM (P AND S)

GIBRALTAR DOCKYARD: MY FIRST IPT

FOLLOWING FORWARDED TO YOU AT REQUEST OF MOD. BEGINS.

- 1. FOLLOWING TEXT WILL BE RELEASED TO MOD INDUSTRIAL AND NON INDUSTRIAL TRADE UNION REPRESENTATIVES IN LONDON AT 1700 GMT ON 23 NOVEMBER.
- ''I ENCLOSE A COPY OF A PARLIAMENTARY QUESTION THAT WILL BE ANSWERED ON 23 NOVEMBER. I WILL KEEP YOU INFORMED OF FURTHER DEVELOPMENTS AND OF ARRANGEMENTS FOR CONSULTATION.'' PLEASE ASK FOGIB TO ARRANGE FOR THE DOCKYARD MANAGER TO RELEASE THIS TEXT AND THE PARLIAMENTARY QUESTION AND ANSWER TO LOCAL TRADE UNION REPRESENTATIVES AT 1800 LOCAL TIME. HE SHOULD GIVE THEM WARNING DURING THE AFTERNOON THAT AN UNSPECIFIED STATEMENT IS TO BE MADE.
- 2. THE FOLLOWING DEFENSIVE Q AND A MATERIAL MAY BE DRAWN ON FREELY. IT WILL BE DRAWN ON AS NECESSARY BY MOD SPOKESMAN IN LONDON.
- Q EXACT CLOSURE DATE OF ROYAL DOCKYARD?
- A NOT YET DECIDED.
- Q CONTINUING NAVAL WORK FOR GIBRALTAR?
- A WILLING TO ALLOCATE A CERTAIN AMOUNT OF NAVAL WORK TO COMMERCIAL DOCKYARD DURING ITS OPENING PHASE.
- Q VALUE OF THIS WORK?
- A TO BE DECIDED IF COMMERCIALISATION GOES AHEAD.
- Q OTHER MOD ASSISTANCE?
- A WILLING SUBJECT TO PARLIAMENTARY APPROVAL TO UNDERTAKE FREE TRANSFER TO GIBRALTAR GOVERNMENT OF SURPLUS DOCKYARD LANDS

1 CONFIDENTIAL BUILDINGS AND MOVEABLE ASSETS REQUIRED FOR COMMERCIAL OPERATION OF DOCKYARD.

- Q SAVINGS TO MOD FROM CLOSING DOCKYARD?
- A UP TO 10 MILLION POUNDS STERLING A YEAR.
- Q PROSPECTS FOR EXISTING DOCKYARD WORKFORCE?
- A IF COMMERCIALISATION GOES AHEAD THERE ARE LIKELY TO BE SUBSTANTIAL OPPORTUNITIES FOR EMPLOYMENT IN THE YARD.
- Q REDUNDANCY PAYMENTS?
- A DISCUSSIONS HAVE BEEN OFFERED TO LOCAL TRADE UNIONS REPRESENTATIVES.
- Q WOULD A COMMERCIAL DOCKYARD IN GIBRALTAR COMPETE FOR WORK WITH UK YARDS?
- A NOT A MATTER FOR MOD. (IF PRESSED) SOR FAR AS NAVAL WORK IS CORCERNED ALREADY SAID THAT MOD WILLING TO ALLOCATE A CERTAIN AMOUNT OF NAVAL WORK TO A COMMERCIAL DOCKYARD DURING ITS OPENING PHASE.
- Q WHY AID GIBRALTAR?
- A GIBRALTAR DOCKYARD ONLY SIZEABLE INDUSTRIAL ENTERPRISE IN GIBRALTAR AND ITS CLOSURE WILL HAVE SERIOUS EFFECT ON ECONOMY. SUCCESSIVE GOVERNMENTS HAVE RECOGNISED NEED TO SUPPORT AND SUSTAIN ECONOMY OF GIBRALTAR.
- Q WHY NO AID UK SHIP REPAIR?
- A NOT A MATTER FOR MOD (IF PRESSED) MOD PROVIDES SIGNIFICANT VOLUME OF NAVAL WORK TO COMMERCIAL YARDS, MOST RECENTLY REPAIR OF SHIPS TAKEN UP FROM TRADE FOR FALKLANDS CRISIS.
- Q TRADE UNION INVOLVEMENT?
- A TRADE UNIONS WILL BE KEPT INFORMED AND WILL BE INVITED TO JOIN THE DISCUSSION PROCESS ENVISAGED IN THE STATEMENT.
- Q IS GIBRALTAR DOCKYARD NEEDED TO REPAIR SHIPS RETURNING FROM THE SOUTH ATLANTIC?
- A GIBRALTAR HAS PLAYED A ROLE IN REPAIRING SHIPS RETURNING FROM THE SOUTH ATLANTIC BUT NO FURTHER WORK IS PLANNED.
- Q EFFECT ON PAY?
- A MATTER FOR OPERATOR IF COMMERCIALISATION TAKES PLACE.
- Q ANY EFFECT ON PAY PARITY FOR NON DOCKYARD WORKERS?
- A IF COMMERCIALISATION TAKES PLACE IT WILL NOT AFFECT THE

37520 - 1

PRESENT ARRANGEMENTS FOR SETTLING THE PAY OF THOSE WORKERS IN GIBRALTAR CONTINUING TO BE EMPLOYED BY HMG.

Q FUTURE OF SURPLUS DEFENCE LANDS OUTSIDE DOCKYARD?

A CONSIDERING WHETHER ANY CHANGES SHOULD BE MADE TO THE ARRANGEMENTS COVERING THE TRANSFER TO GIBRALTAR GOVERNMENT OF SURPLUS LANDS AND BUILDINGS OUTSIDE THE DOCKYARD.

Q RN ABANDONING GIBRALTAR?

A NAVAL BASE WILL REMAIN FULLY OPERATIONAL. ENDS.

PYM

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Gonton . CONFIDENTIAL 37519 - 1 GRS 412 CONFIDENTIAL DESKBY 230830Z FM FCO 221810Z NOV 82 TO IMMEDIATE GOVERNOR GIBRALTAR TELEGRAM NUMBER PERSONAL 91 OF 22 NOVEMBER INFO IMMEDIATE MADRID, MODUK (DS12) GIBRALTAR DOCKYARD: MIPT 1. FCO AND ODA WILL TAKE THE FOLLOWING LINE IN ANSWERING PRESS ENQUIRIES FOLLOWING THE STATEMENT IN PARLIAMENT ON 23 NOVEMBER. (I) NATURE OF FORTHCOMING DISCUSSIONS BETWEEN OFFICIALS OF TWO GOVERNMENTS AND APPLEDORES: OBJECT IS FIRST TO CARRY OUT A DETAILED EXAMINATION OF A AND P APPLEDORE'S PROPOSALS, TAKING ACCOUNT OF OTHER RELEVANT FACTORS: AND SECOND, IF IT IS DECIDED THAT THERE IS A SATISFACTORY BASIS FOR COMMERCIALISATION, THEN TO NEGOTIATE A DETAILED SCHEME. (II) TIMING: ROYAL DOCKYARD CLOSING IN 1983. WOULD EXPECT A COMMERCIAL ENTERPRISE TO START OPERATIONS IMMEDIATELY THE NAVAL DOCKYARD CLOSES. PRECISE TIMING DEPENDS ON OUTCOME OF NEGOTIAT-IONS. (III) NATURE OF BRITISH INVOLVEMENT: HMG'S AIM WOULD BE TO MAKE SURE THAT A COMMERCIAL ENTERPRISE IS GIVEN A CHANCE TO GET OFF TO A GOOD START. THE PRECISE NATURE AND EXTENT OF HMG'S FINANCIAL INVOLVEMENT WOULD BE SUBJECT TO NEGOTIATIONS. (IF PRESSED) FUNDS FROM HMG WOULD COVER ESSENTIAL REFURBISHMENT AND REEQUIPMENT AND CERTAIN OTHER INITIAL COSTS. IT IS NOT POSSIBLE AT THIS STAGE TO GIVE A PRECISE FIGURE. (IV) UNIONS: TRADE UNIONS IN LONDON AND GIBRALTAR ARE BEING INFORMED OF THE PARLIAMENTARY STATEMENT. THEY WILL OF COURSE BE CONSULTED DURING THE DISCUSSION PROCESS ENVISAGED IN THE STATEMENT (IV) CHOICE OF APA: CONSULTANTS TO THE GIBRALTAR GOVERNMENT CONSIDERED PROPOSALS FROM 8 COMPANIES. THEY RECOMMENDED A AND P APPLEDORE AS THE PREFERRED OPERATOR AFTER CAREFUL COMPARISON OF ALL THE PROPOSALS. THIS CHOICE WAS ENDORSED BY THE GIBRALTAR GOVERNMENT AND HMG. (IF PRESSED ABOUT BLANDS). AS A LOCAL / COMPANY CONFIDENTIAL

COMPANY THEY HAVE CONSIDERABLE EXPERTISE TO OFFER. THEY AND OTHER LOCAL GIBRALTAR INTERESTS WILL BE CONSULTED DURING THE FORTHCOMING DISCUSSIONS.

- (VI) AID: THE LEVEL OF BRITISH AID TO GIBRALTAR'S LATEST DEVELOP MENT PROGRAMME HAS NOT YET BEEN DECIDED. AN ANNOUNCEMENT CAN BE EXPECTED SOON.
- 2. UNATTRIBUTABLY WE SHALL EMPHASISE THE IMPORTANCE OF WORKFORCE COOPERATION TO THE SUCCESS OF ENTERPRISE AND SAY THAT, IF A DECISION IS TAKEN BY BOTH GOVERNMENTS TO GO AHEAD WITH COMMERCIAL-ISATION, IT IS CLEARLY IN THE WORKFORCE'S BEST INTERESTS TO ENSURE THAT THE SCHEME WORKS.
- 3. SUGGESTIONS THAT DECISIONS ABOUT THE DOCKYARD ARE CONNECTED IN ANY WAY WITH SPAIN OR ANGLO/SPANISH DISCUSSIONS ABOUT GIBRAL-TAR'S FUTURE WILL BE DISMISSED.

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From the Private Secretary

22 November, 1982

Spain/Gibraltar

The Prime Minister has seen Madrid Telegram No. 599 reporting Sir Richard Parsons' conversation with Mr. Fernando Moran on the above subject. Mrs. Thatcher has noted in particular Moran's statement that the Socialist Government would require that any opening of the frontier with Gibraltar should be matched by negotiations "on all our differences" in the language of the Lisbon Agreement.

The Prime Minister will probably wish to discuss with the Foreign and Commonwealth Secretary at an early stage our approach to the Gibraltar problem in the light of what is known about the attitude of the new Government in Spain. Meanwhile, she would find it helpful to have Mr. Pym's advice on how we might deal with the question in the coming weeks.

A. J. COLES

B. Fall, Esq., Foreign and Commonwealth Office

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GRS 700

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FM MADRID 161830Z NOV 82

TO PRIORITY FCO

TELEGRAM NUMBER 599 OF 16 NOVEMBER
INFO PRIORITY UKDEL NATO GOVERNOR GIBRALTAR (PERSONAL)
INFO MODUK BONN UKREP BRUSSELS, MASHINGTON

YOUR TELNO 329: SPAIN/GIBRALTAR/NATO

1. I HAD LUNCH TODAY WITH FERNANDO MORAN, WHO ALONG WITH OTHERS
IS BEING CANVASSED AS A POSSIBLE NEW SOCIALIST FOREIGN MINISTER.

- 1. I HAD LUNCH TODAY WITH FERNANDO MORAN, WHO ALONG WITH OTHERS IS BEING CANVASSED AS A POSSIBLE NEW SOCIALIST FOREIGN MINISTER. WHILE I HAVE DOUBTS ABOUT HIS GETTING THAT PARTICULAR JOB, HE WILL, AS A FORMER SENATOR, A CONGRESSMAN ELECT AND A PROFESSIONAL DIPLOMAT WITH PREVIOUS SERVICE IN LONDON, PROBABLY HAVE A CONSIDERABLE INFLUENCE ON THE FOREIGN POLICY OF THE SOCIALIST GOVERNMENT.
- 2. MORAN BEGAN BY ASKING WHAT OVERTURES THE BRITISH
 GOVERNMENT MIGHT MAKE TO THE NEW SOCIALIST GOVERNMENT ON
 GIBRALTAR. I REPLIED THAT NONE WERE NEEDED. OUR POSITION WAS
 QUITE CLEAR. WE STOOD BY THE LISBON AGREEMENT (MOSCOW TELNO
 729). THAT AGREEMENT REPRESENTED A FAIR BALANCE FOR SPAIN
 AND BRITAIN, NAMELY THE OPENING OF THE FRONTIER IN RETURN
 FOR THE START OF NEGOTIATIONS.
- A. MORAN SEEMED TO ACCEPT THIS. HE SAID THAT, CONTRARY TO EXPECTATIONS RAISED IN THE PRESS AS A RESULT OF STATEMENTS MADE DURING THE SUMMER BY ALFONSO GUERRA IN SAN ROQUE, THERE WAS NO PROSPECT OF A UNILATERAL OPENING OF THE FRONTIER IN RESPONSE TO PRESSURE FROM THE SOCIALISTS IN THE CAMPO. THE SOCIALISTS WOULD REQUIRE ANY SUCH OPENING TO BE MATCHED BY NEGOTIATIONS 'ON ALL OUR DIFFERENCES' IN THE LISBON LANGUAGE. BEFORE AGREEING TO GO AHEAD, HE THOUGHT THAT THERE WOULD BE NEED FOR A MEETING OF MINDS BETWEEN BOTH GOVERNMENTS AS TO WHAT MIGHT BE EXPECTED FROM THOSE NEGOTIATIONS. I EMPHASISED THAT THE LISBON AGREEMENT WAS AN ENTIRELY REASONABLE ONE AND THAT IT WOULD BE A GREAT MISTAKE FOR SPAIN TO TRY TO EXTRACT, AS A CONDITION FOR THE OPENING OF THE FRONTIER, MORE THAN WAS ALREADY ON THE TABLE.
- 4. MORAN DESCRIBED THE SOCIALIST STANCE ON NATO IN SPANDARD TERMS: A FREEZE ON INTEGRATION INTO THE MILITARY STRUCTURE TO BE FOLLOWED IN SLOW TIME BY A REFERENDUM ON MEMBERSHIP. BUT HE ADDED THAT THERE WAS A SCHOOL OF THOUGHT WITHIN THE PARTY WHICH WAS IN FAVOUR OF AN EARLY REFERENDUM TO PREVENT SPAIN BEING SUCKED INTO NATO ACTIVITIES IN THE WAY PAPANDREOU HAD BEEN.

15. I POINTED

5. I POINTED OUT THAT OPENING OF THE GIBRALTAR FRONTIER COULD LEAD TO COOPERATION BETWEEN BRITAIN AND SPAIN ON NATO COMMAND STRUCTURES. THIS WOULD HAVE THE ADVANTAGE OF GIVING THE NEW GOVERNMENT A POSITIVE REASON TO PRESENT IN DUE COURSE TO THE SPANISH PUBLIC FOR REMAINING IN NATO AND AT THE SAME TIME SHOW MOMENTUM IN ANY NEGOTIATIONS ARISING OUT OF IMPLEMENTATION OF THE LISBON AGREEMENT. I EMPHASISED, HOWEVER, IN ACCORDANCE WITH YOUR INSTRUCTIONS THAT IT WOULD BE GOUNTER-PRODUCTIVE TO MAKE ANY LINKAGE BETWEEN SPANISH MEMBERSHIP OF NATO AND RECOVERY OF GIBRALTAR.

6. MORAN AGREED (UNLIKE SERRA). BUT HE SAID THAT SOME PEOPLE IN THE PARTY WERE SUGGESTING THAT THEY SHOULD TAKE THE LINE THAT SPAIN WOULD ONLY REMAIN IN NATO ON CONDITION THAT THERE WAS PROGRESS TOWARDS THE RECOVERY OF GIBRALTAR. THE GOVERNMENT WOULD BE UNDER PRESSURE FROM THE MILITARY AND FRAGA WHO WOULD BEAT THE NATIONALIST DRUM AT ANY SIGN OF WEAKNESS. THAT WAS WHY GENUINE NEGOTIATIONS WERE REQUIRED IN RETURN FOR THE OPENING OF THE FRONTIER. HE HIMSELF WAS AGAINST ANY OVERT LINKAGE BETWEEN SPANISH MEMBERSHIP OF NATO AND THE RESOLUTION OF THE GIBRALTAR PROBLEM. HE AGREED WITH ME THAT BOTH QUESTIONS NEEDED TO BE HANDLED IN THEIR OWN TIME SCALE. THE GIBRALTAR QUESTION COULD ONLY BE RESOLVED IN THE LONG TERM BY SPAIN BECOMING MORE ATTRACTIVE TO GIBRALTARIANS. ON NATO, HOWEVER, DECISIONS WOULD BE NEEDED EARLIER. THERE WAS, FOR EXAMPLE, A MEETING OF THE NORTH ATALNTIC COUNCIL ON 9/10 DECEMBER. PRESENT THINKING WAS THAT THE NEW SOCIALIST MINISTERS, IF APPOINTED BY THEN, WOULD ATTEND. BUT ATTENDANCE IN ITSELF WOULD POSE DIFFICULT PROBLEMS. THERE WOULD NO DOUBT BE A COMMUNIQUE AND THE QUESTION OF WHETHER A SOCIALIST FOREIGN MINISTER COULD SUBSCRIBE TO IT WOULD ARISE. THIS SITUATION WOULD NEED TO BE HANDLED WITH A GREAT DEAL OF TACT BY OTHER NATO GOVERNMENTS AND HE HOPED THAT THEY WOULD DO NOTHING TO EMBARRASS THE SPANISH GOVERNMENT ON THAT OCCASION. HE REFERRED TO THE PARALLEL WITH THE NEW GREEK GOVERNMENT LAST YEAR. I ASSURED HIM THAT THE UK AND OTHER NATO GOVERNMENTS WOULD BE ALIVE TO SPANISH SENSITIVITIES.

7. HE ALSO MENTIONED THAT THE OCCASION MIGHT PROVIDE THE OPPORUNITY FOR A BILATERAL MEETING BETWEEN YOU AND YOUR NEW SPANISH COUNTERPART WHICH MIGHT TOUCH ON GIBRALTAR. HE SUGGESTED THAT THEREAFTER A MEETING EARLY NEXT YEAR BETWEEN GONZALEZ AND THE PRIME MINISTER MIGHT BE ONE WAY OF GETTING THE LISBON PROCESS UNDERWAY. (THIS ECHOES SIMILAR REMARKS MADE BY ELENA FLORES TO US EARLIER THIS YEAR).

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8. ON THE NEW US BASES AGREEMENT, MORAN SAID THAT HE PREFERRED TO TALK OF THE NEED FOR ADJUSTMENTS RATHER THAN A RENEGOTIATION SO LONG AS SPAIN WAS NOT FULLY IN NATO, CONTINUATION OF THE AGREEMENT WOULD BE AN IMPORTANT CONTRIBUTION TO WESTERN DEFENCE. THEY HAD UNTIL MAY TO REACH A SOLUTION. OTHERWISE THE EXISTING AGREEMENT WOULD HAVE TO BE EXTENDED FOR A FURTHER YEAR. I POINTED OUT THE OBVIOUS ADVANTAGES OF A MULTILATERAL ALLIANCE.

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FROM GIBRALTAR 120845Z NOV 82
TO ROUTINE FCO LONDON TEL NO 102 OF 12/11/82
AND INFO ROUTINE MADRID

TELECON CULVER WILDE: SPANISH CONSTRUCTION IN GIBRALTAR WATERS

1. AFTER HEAVY STORMS ON 6 AND 7 NOVEMBER AND CONTINUING HEAVY
SEAS INFOLLOWING DAYS, ABOUT 30 METRES OF CONSTRUCTION HAS BEEN
WASHED AWAY. AT LEAST 10 METRES OF REMAINING SEAWARD END IS BADLY
DAMAGED AND SPANIARDS ARE MAKING INTENSE EFFORTS TO REPAIR THIS.

WILLIAMS

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FM FCO 111645Z NOV 82
TO IMMEDIATE GOVERNOR GIBRALTAR
TELEGRAM NUMBER PERSONAL 83 OF 11 NOVEMBER
PRIORITY MADRID, MODUK (FOR DS12)

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YOUR TELNO PERSONAL 139: GIBRALTAR DOCKYARD

- 1. MR MCQUARRIE MP HAS WITHDRAWN HIS PQ. HOWEVER, SIR PATRICK WALL MP HAS TABLED ANOTHER FOR WRITTEN REPLY ON MONDAY 15 NOVEMBER:
- '' TO ASK THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS WHAT SUPPORT HER MAJESTY'S GOVERNMENT IS GIVING THE GOVERNMENT OF GIBRALTAR TO COMMERCIALISE GIBRALTAR DOCKYARD.''
- 2. WE PROPOSE TO REPLY AS FOLLOWS:
- '' RECOMMENDATIONS BY CONSULTANTS FOR COMMERCIALISING HM DOCKYARD AT GIBRALATAR HAVE BEEN STUDIED CAREFULLY BY THE BRITISH AND GIBRALTAR GOVERNMENTS. HMG HAVE NOW OUTLINED TO THE GIBRALTAR GOVERNMENT THE MEASURES THEY WOULD BE PREPARED TO TAKE TO ASSIST THE ESTABLISHMENT OF A COMMERCIAL DOCKYARD PROVIDING SATISFACTORY ARRANGEMENTS CAN BE AGREED. FURTHER DISCUSSIONS WILL BE HELD SHORTLY BETWEEN OFFICIALS OF THE TWO GOVERNMENTS.''
- 3. THE REPLY WILL BECOME AVAILABLE PUBLICLY AT 1700Z ON 15 NOVEMBER. THERE IS NO OBJECTION TO THE CHIEF MINISTER TIMING HIS OWN ANNOUNCEMENT TO COINCIDE. THE MOD PROPOSE TO INFORM TRADES UNIONS IN LONDON AND GIBRALTAR SIMULTANEOUSLY AT 1715Z.

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FM MADRID 081632Z NOV 82

TO PRIORITY FCO

TELEGRAM NUMBER 590 OF 8 NOVEMBER

INFO GOVERNOR GIBRALTAR (PERSONAL), UKDEL NATO, MODUK,

UKREP BRUSSELS, WASHINGTON, BONN.



GIBRALTAR AND THE NEW SPANISH GOVERNMENT

I TALKED RECENTLY IN BARCELONA TO NARCIS SERRA, THE
SOCIALIST MAYOR OF THAT CITY, WHO IS TIPPED AS A POSSIBLE
FUTURE MINISTER OF DEFENCE. HE PUT ME ON NOTICE THAT, IN ORDER TO
COPE WITH THE SITUATION THEY HAVE CREATED FOR THEMSELVES BY
CALLING FOR A REFERENDUM ABOUT NATO MEMBERSHIP, THE SOCIALISTS
WHEN IN OFFICE WOULD BE LIKELY TO LINK THE MATTER WITH PROGRESS
OVER GIBRALTAR. I MADE IT CLEAR THAT THERE WAS NO POSSIBILITY
OF PUTTING THE HEAT ON BRITAIN THROUGH THE AMERICANS AND OUR
OTHER ALLIES, AS HE SEEMED TO THINK. THE MATTER SHOULD BE VIEWED
FROM THE OPPOSITE ASPECT. REMOVAL OF ALL RESTRICTIONS ON
COMMUNICATIONS WITH GIBRALTAR WOULD ALONE MAKE IT POSSIBLE TO
HOLD CONSTRUCTIVE TALKS ABOUT THE ARRANGEMENTS FOR THE JOINT
DEFENCE OF THE STRAITS OF GIBRALTAR IN THE INTEREST OF THE
WHOLE ALLIANCE.

- 2. SERRA'S FRANK SPEAKING COINCIDES WITH WARNINGS GIVEN ME
 BY THE PRESENT FOREIGN MINISTER THAT SOCIALIST TACTICS WOULD BE
 ALONG THESE LINES. IN THE CIRCUMSTANCES IT WILL BE IMPORTANT
 TO HOLD OUR ALLIES FIRM. I AGREE WITH THE LINE IN PARAGRAPH 3 OF
 YOUR TELEGRAM NO. 1943 TO WASHINGTON THAT CHANGES IN COMMAND
 BOUNDARIES MUST BE SEEN TO BE OUT OF THE QUESTION WHILE THE
 BORDER REMAINS SHUT. I ALSO AGREE THAT FOR GIBRALTAR REASONS WE
 SHALL NOT WISH TO TAKE A LEAD IN DISCUSSIONS AT NATO ON SPANISH
 ACCESSION.
- 3. I LIKEWISE HAVE NO TROUBLE WITH THE LINE IN PARAGRAPHS
 10 TO 12 OF THE PAPER ENCLOSED WITH CROWE'S LETTER TO ME OF 20
 OCTOBER ABOUT THE GIBRALTAR ASPECT OF NEGOTIATIONS FOR SPANISH
 ENTRY INTO THE COMMUNITY. IT WILL BE BEST TO TRY TO IMPOSE ON THE
 COMMISSION OR PRESIDENCY, REPRESENTING THE COMMUNITY AS A WHOLE,
 THE RESPONSIBILITY FOR MAKING IT EXPLICITLY CLEAR TO THE NEW SPANISH
 GOVERNMENT THAT THE GIBRALTAR FRONTIER HAS TO BE OPENED FROM THE
 DATE OF ACCESSION.

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4. OUR TACTICS IN BOTH NATO AND THE COMMUNITY SHOULD BE CLOSELY RELATED. OUR POSITION ON THE LISBON AGREEMENT IS UNASSAILABLE AND WE SHOULD STAND PAT ON THAT. THIS SHOULD BE USED TO ENCOURAGE OUR ALLIES AND PARTNERS TO MAKE IT CLEAR TO THE NEW SOCIALIST GOVERNMENT HERE THAT FULL OPENING OF THE FRONTIER (AND NOT JUST FOR PEDESTRIANS ONLY) IS A PREREQUISITE FOR DISCUSSION ON COMMAND BOUNDARIES INVOLVING GIBRALTAR IN NATO AND FOR THE FINALISATION OF NEGOTIATIONS FOR SPANISH ENTRY INTO THE COMMUNITY. SUCH REPRESENTATIONS ARE MORE LIKELY TO BE EFFECTIVE IF THEY ARE MADE IN PRIVATE. SPANISH PRIDE AND INSECURITY, COUPLED WITH THE PROBLEM OF HANDLING THE ARMED FORCES AND RIGHT WING, WOULD MAKE IT MORE DIFFICULT FOR GONZALEZ TO OPEN THE FRONTIER IF THIS APPEARED TO BE THE RESULT OF INTERNATIONAL PRESSURE. OUR ALLIES AND PARTNERS WILL PRESUMABLY BE ONLY TOO WELL AWARE OF THIS CONSIDERATION. IN PRACTICE THE DIFFICULTY IS MORE LIKELY TO BE TO PERSUADE THEM TO GIVE ROBUST SUPPORT FOR THE OPENING OF THE FRONTIER THAN TO DISSUADE THEM FROM PUSHING THIS TOO FAR IN PUBLIC AT THE PRESENT TRICKY TIME OF TRANSITION HERE.

PARSONS

SED CAGNET OFFICE ADDITIONAL DISTN GIBRALTAR



PIECE/ITEM 19 PIECE/ITEM 1038 (one piece/item number)	Date and sign
Extract/Item details: Folio 5 Letter Coles to Fall dated 8/11/1982	
CLOSED FORYEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	24/1/2013 5. Gray
TEMPORARILY RETAINED	
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NUMBER NOT USED	

Instructions for completion of Dummy Card

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PIECE/ITEM 10.38 (one piece/item number)	Date and sign
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10 DOWNING STREET

From the Private Secretary

8 November, 1982

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The Defence of Gibraltar

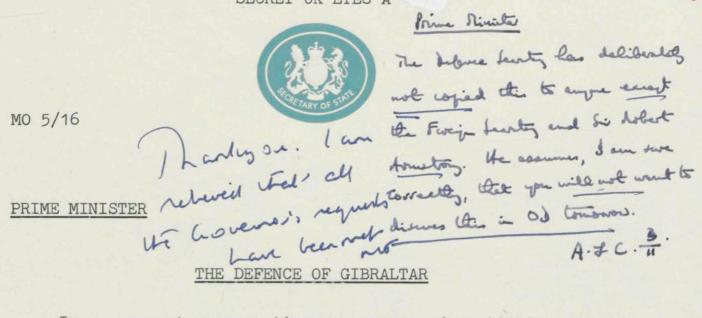
The Prime Minister was grateful for the minute of 3 November by the Secretary of State for Defence on this matter. Mrs. Thatcher has minuted that she is relieved that all the Governor's requests have been met.

I am copying this letter to Brian Fall (Foreign and Commonwealth Office) and Richard Hatfield (Cabinet Office).

M. J. COLES

Richard Mottram, Esq., Ministry of Defence

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In our recent conversation you expressed continuing concern about our ability to defend Gibraltar against an attack from Spain. In the light of our conversation, I have reviewed:

- a. Our reinforcement capability.
- b. The implications of early denial of the airfield.
- c. Steps which have already been taken to enhance the Garrison.
- 2. Our contingency reinforcement plans are set out in Joint Theatre Plan (JTP)52. This provides for three stages of reinforcement of the Garrison. Details of each of these three stages are set out at Annex.
- 3. The main purpose of JTP 52 is to deter hostilities through deployment as a major and hence probably authorised threat develops, but before it materialises. It relies heavily on the use of the airfield. After the start of hostilities, deployment by air would almost certainly be impossible because of the vulnerability of the airfield. Deployment by sea would still be possible but hazardous in the face of determined and co-ordinated Spanish opposition. This emphasizes the need for timely and accurate intelligence about the intentions of the Spanish Government and senior armed forces commands.
- 4. JTP 52 is not intended to deal with a localised unauthorised attack which could materialise quickly (although the JIC assesses



even this risk as slight). Forces already in-place in Gibraltar are capable of resisting such a threat in the terms in which it is defined by the JIC.

- 5. As you know, the following measures to strengthen the Garrison, requested by the Governor, have been implemented to cover the present period of uncertainty in Spain:
 - a. The Guardship is remaining in the immediate area.
 - b. An increased presence of RAF offensive support aircraft above the normal level of routine training deployments. Two Jaguars will be stationed there until further notice rather than paying periodic visits.
 - c. Provision of a UK-manned Blowpipe troop (8 firing posts).
 - a. THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4)
 - e. Cancellation of routine UK training for the Garrison regiment.
 - f. A Sea Skua armed Lynx helicopter to improve surveillance and provide anti-ship attack capability (due to return shortly to UK).
 - g. A low level exercise deployment of one frigate and one diesel submarine (due to depart from Gibraltar on 8th November).
- 6. Although the Governor has said he is content with the force level of the Garrison, a further Spanish amphibious exercise is planned for 22nd November to 3rd December. In view of this exercise and recognising the continuing political situation in Spain, retention of the Lynx helicopter and the Blowpipe unit and maintenance of the current level of RAF aircraft presence in



Gibraltar is being ordered.

- 7. These steps represent a substantial improvement in Gibraltar's ability to defend itself, and they cover all requests made by the Governor for immediate enhancements, with the following exceptions:
 - a. <u>Light Gun</u>. The Governor requested replacement of his existing 4 x 104 mm Pack Howitzers manned by the Gibraltar Regiment with a battery of 6 x 105 mm Light Guns. These can be provided although/military justification for this re-equipping has not been totally proved. Nevertheless, the guns and ammunition are available; the cost to the defence vote is small; deterrence is increased; and modernisation is achieved at no penalty to UK forces. I, therefore, intend to authorise this re-equipment.
 - b. Blowpipe. While we can continue our policy of providing Blowpipe forces to Gibraltar during periods of perceived tension and recalling them to UK as necessary, the opportunity occurs now to meet the Governor's long-term request for provision of Blowpipe to the Gibraltar regiment. Such provision would involve a slight reduction of our reserves for two years. I intend to authorise replacement of the 4×8 Bofors with 8×8 Blowpipe as soon as we can train the Gibraltar Regiment.
 - THIS IS A COPY. THE ORIGINAL IS
 RETAINED UNDER SECTION 3 (4)
 OF THE PUBLIC RECORDS ACT
- 8. I hope this meets the concerns which you expressed.



9. I am copying this minute to the Foreign and Commonwealth Secretary and to Sir Robert Armstrong.

Ministry of Defence 3rd November 1982 Approved by The Defence secretary and sozned in his absence.



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FM MADRID 031116Z NOV 82

TO IMMEDIATE FCO

PS. NO 10. DOWNING STREET.

TELEGRAM NUMBER 582 OF 3 NOVEMBER
INFO IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL), UKMIS NEW YORK

YOUR TELNO 322 (NOT TO ALL):

REPRESENTATIONS TO SPANISH FOREIGN MINISTER

INFO PRIORITY UKDEL NATO. WASHINGTON

I CARRIED OUT YESTERDAY WITH THE FOREIGN MINISTER YOUR
INSTRUCTIONS ABOUT SPANISH CONSTRUCTION IN GIBRALTAR WATERS.
HE TOOK THE POINT AND PROMISED TO FOLLOW THE MATTER UP PERSONALLY.
HE SAID THAT MAY WRITTEN REPLY WOULD INEVITABLE HAVE TO BE
UNHELPFUL. THE SPANISH LEGAL POSITION WAS TO DENY THE
EXISTANCE OF GIBRALTAR WATERS AT ALL. FOR THAT REASON HE
WOULD PREFER TO DEAL WITH THE MATTER ORALLY WITH ME. HE
EXPECTED TO BE IN OFFICE UNTIL ABOUT 26 NOVEMBER.

2. PEREZ-LLORCA WAS IN AN UNDERSTANDABLY DESPONDENT MOOD.

HE SAID THAT HE SAW LITTLE POLITICAL FUTURE HERE FOR HIMSELF

OR FOR OTHER POLITICIANS OF THE CENTRE. HE HAD BEEN PESSIMISTIC

ABOUT THE OUTCOME OF THE ELECTIONS BUT EVEN THE PESSIMISTS

IN THE UCD HAD FAILED TO PROGNOSTICATE THE EXTENT OF THE PARTY'S

POLITICAL COLLAPSE. HE EXPECTED THE POLITICAL TRANSITION TO BE

RESONABLY SMOOTH. THE CURRENT VISIT BY THE POPE SHOULD BE

A HELP. THE KING HAD BEEN VERY GOOD. GONZALEZ

HIMSELF WAS A MODERATE BUT HE FEARED THE INFLUENCE OF GUERRA

WHO HAD LEANINGS TOWARDS EXTREMISM. IN PARTICULAR, WE SHOULD

STUDY WITH CARE WHAT GUERRA SSID THIS MONTH BECAUSE OF HIS

RADICAL APPROACH TOWARDS INTERNATIONAL AFFAIRS.

3. PEREZ-LLORCA CONTINUED THAT, WHILE OUT OF OFFICE. THE SOCIALISTS HAD ENJOYED THE LUXURY OF BEING ABLE TO SAY DIFFERENT THINGS TO DIFFERENT PEOPLE. BUT A SOCIALIST GOVERNMENT WOULD NOW HAVE TO ADOPT FIRM POSITIONS. ON NATO THE SOCIALISTS HAD LET IT BE KNOWN PRIVATELY TO FOREIGN GOVERNMENTS THAT THEY WERE IN NO GREAT HURRY TO HOLD THE PROPOSED REFERENDUM. BUT PEREZ-LLORCA DID NOT THINK WE SHOULD RELY ON THIS. IT WOULD BE EXTREMELY DIFFICULT FOR THE NEW GOVERNMENT TO GET OFF THE REFERENDUM HOOK AND GUERRA MIGHT NOT WISH TO DO SO. I SAID THAT, AS HE WOULD HAVE HEARD FROM RUPEREZ IN BRUSSELS. THERE SEEMED TO BE AN UNDERSTANDING AMONG NATO GOVERNMENTS THAT NOTHING WOULD BE SAID PUBLICLY TO FORCE THE HAND OF THE NEW SPANISH GOVERNMENT. THEY WOULD BE TREATED AS ALLIANCE MEMBERS IN THE NORMAL WAY UNLESS THEY SIGNIFIED OTHERWISE. MY AMERICAN COLLEAGUE WAS RETURNING TO WASHINGTON SHORTLY TO MAKE SURE THERE WAS NO MISUNDERSTANDING ON THIS POINT, MEANWHILE. THE AMERICANS WERE SIGNALLING PRIVATELY TO THE SOCIALISTS THAT THEIR CURRENT DEFENCE AGREEMENT WAS NOT A VIABLE OPTION WITHOUT

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FULL ALLIANCE MEMBERSHIP. PEREZ-LLORCA SAID THAT ALL THIS WAS QUITE RIGHT. BUT AT SOME POINT PRACTICAL DECISIONS WOULD HAVE TO BE TAKEN. (SINCE THEN I HAVE SEEN UKDEL NATO TELNO 411).

4. PEREZ-LLORCA SAID HE WAS SURE WE WERE NOT TAKING TOO LITERALLY SOCIALIST COMMENTS ABOUT OPENING THE BORDER WITH GIBRALTAR QUICKLY. THEY HAD TO PLEASE THEIR CONSTITUENCY IN THE SOUTH. IN GENERAL HE DID NOT THINK I SHOULD FIND HIS SOCIALIST SUCCESSOR ANY EASIER TO DEAL WITH THEN HE HAD BEEN. THE SOCIALISTS MIGHT OPEN THE BORDER TO PEDESTRIANS QUITE SOON. WE SHOULD FIND THAT DIFFICULT TO RESIST, WHATEVER THE STATE OF GIBRALTAR OPINION. BUT HE THOUGHT THE SOCIALISTS WOULD MAKE THE FULL RESTORATION OF COMMUNICATIONS DEPENDENT ON THE OPENING OF NEGOTIATIONS ON ALL OUTSTANDING ISSUES. IN OTHER WORDS, WE SHOULD NOT BE OFFERED BETTER TERMS THAN THE LISBON AGREEMENT. (THIS ACCORDS WITH THE DEPARTMENT'S VIEW AS RECENTLY DISCUSSED IN LONDON.)

5. I SAID THAT I HAD PERSONALLY APPRECIATED THE WORK THAT PEREZ-LLORCA HAD PUT IN TO OBTAINING THE CONSENSUS ON GIBRALTAR FOR THE FOURTH COMMITTEE (UKMIS NEW YOK TELNO 1768). THIS HAD BEEN A WISE DECISION BECAUSE IT HAD AVOIDED CONFRONTATION DURING THE INTER-REGNUM HERE. I HOPED THAT DE PINIES WOULD BE KEPT UNDER SIMILAR CONTROL IN THE DEBATE ON THE FALKLAND ISLANDS. THE SPANISH POSITION ON SOVEREIGNTY AND ON NEGOTIATIONS WAS WELL KNOWN. BUT I HOPED THERE WOULD NOT (NOT) BE YET ANOTHER EXAMPLY OF THE SPANISH MISSION APPEARING TO TAKE THE LEAD AGAINST BRITAIN. PEREZ-LLORCA, WHO DISCUSSES SUCH MATTERS VERY FRANKLY, ASSURED ME THAT DE PINIES WOULD NOT BE ALLOWED TO MAKE AN ATTACK ON HMG. (I HAD NOT AT THAT TIME HEARD ABOUT THE LATEST AMERICAN POSITION.)

PARSONS

LIMITED
SED
DEFENCED
NEWSD
LEJAL ADVISERS
PUSD
PS MR HURD
PS LORD BELSTEAD
PS IPUS
SIR J. BULLARD

MR WRIGHT MR GODISON MR GILLMORE ADDITIONAL DISTN. SIBRAKTAR

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Ref: B06621

PRIME MINISTER

c Sir Robert Armstrong

Gibraltar: Dockyard and Aid (OD(82) 71)

BACKGROUND

In November 1981 the Committee agreed that the Gibraltarians should be told that the naval dockyard would close, but that we should explore with them, without commitment, what alternative economic activities might be introduced, including possible commercialisation of the dockyard. The consultations should also cover the associated loan and aid issues.

- 2. The Government of Gibraltar have consistently opposed closure of the naval dockyard, and in consultations have taken the position that it is for the British Government to decide on the alternative economic activities to be introduced; their preference is for the naval dockyard to continue. But it is clear that they see commercialisation of the dockyard as the least unattractive option; a decision not to commercialise but to support Gibraltar's economy by grant-in-aid would probably result in the resignation of Gibraltar Ministers and the consequent need to impose direct rule by the Governor. A decision on the dockyard is required in the near future, both to dispel the uncertainty in Gibraltar and to allow initial steps to be taken to close the naval yard as planned during 1983.
- 3. The note by officials attached to OD(82) 1 does not make firm recommendations. Officials could not agree whether the large investment (at least £32 million) involved in commercialisation, with no guarantee that the enterprise would not require further subsidy, would be justified in order to avoid the political problems which would ensue if there were no commercialisation and the dockyard closed. Officials of the Overseas Development Administration, in particular, believe that when the border opens, the stimulus to Gibraltar's economy will be sufficient to offset almost completely the unemployment resulting from dockyard closure. In these circumstances, a commercialised dockyard operating at a loss (a real danger) would be an expensive liability. They believe Gibraltar's economy should be sustained by the much cheaper option of grant-in-aid at least until the border opens.

4. The Foreign and Commonwealth Secretary is likely to be briefed to support commercialisation as the only possible means of avoiding a major political and constitutional crisis in Gibraltar, notwithstanding the actual costs involved, the potential requirement for a continuing operating subsidy, and the risks of criticism from the United Kingdom's own shiprepairing industry. The Committee will also have discussed the situation in Gibraltar generally under Item 1 of the Agenda.

HANDLING

- 5. You should invite the Foreign and Commonwealth Secretary to introduce the subject. It might be convenient to reach a conclusion on the question of commercialisation first, and then turn to the specific actions needed to implement a decision to commercialise. On commercialisation, points to establish in discussion are
 - a. Is commercialisation in fact the only viable option? Is the alternative (and cheaper) option of a grant-in-aid to be ruled out on political grounds including the risks to internal security in Gibraltar set out in the recent JIC report (JIC(82)(N) 195)?

 Might dockyard closure without commercialisation be acceptable if there were a firm prospect of an early opening of the border and lifting of Spanish restrictions?
 - b. What are the intentions of the new Spanish Government? Should these be probed further before a decision on commercialisation is taken, to establish whether an early opening of the border is likely? How long (if at all) could we afford to wait?
 - c. Given the possibility that a commercial dockyard might require continuing subsidy, and the substantial investment required to set it up, would it be cheaper to maintain the naval dockyard in being, at least until the border reopened? The <u>Defence Secretary</u> should be invited to comment on the implications, including the effect on employment in United Kingdom yards.
 - d. Is the Committee satisfied that the problems for British ship repair interests which a decision to commercialise the Gibraltar dockyard would involve would be containable? The Secretary of State for Industry should be invited to comment.

- 6. If the Committee decides on commercialisation, it might then turn to the specific actions involved in a decision to commercialise. Points to establish are
 - a. Can we be confident that we should succeed in securing European Commission approval of British Government funding of commercialisation? The Secretary of State for Industry should be invited to comment.
 - b. How will the public expenditure aspects be handled? The Foreign and Commonwealth Secretary should be asked whether he is willing to meet the cost from within existing Aid Budget totals and the Chancellor of the Exchequer whether he is prepared to agree to provide additional funds.
 - A and P Appledore are the preferred operator of the dockyard?
 What can be done to ensure that the dockyard is managed as a commercial operation without interference from the Gibraltar Government and Trade Unions?
- 7. If the Committee decides against commercialisation, or postpones a decision, the question of presentation to the Gibraltar Government arises. The Foreign and Commonwealth Secretary should be invited to comment on how this might best be handled.

CONCLUSIONS

Subject to the discussion, the Committee might be guided to agree that a decision should be taken in principle to support commercialisation of the dockyard, provided that the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer can reach agreement on its funding. Committee might agree that a significant proportion of the costs should be found from within the existing Aid Budget (partly by postponing other aid projects for Gibraltar), the precise split between this and new money to be settled bilaterally. The Gibraltar Government should be informed in confidence and discussions opened to define the project. It should be the aim to limit the British Government's liability to the initial package of support, to secure arrangements giving incentives to the management and to prevent control of the yard from being subject to political or trade union considerations in Gibraltar: the operator must be free to engage only that amount of labour which he judges necessary to meet his initial market forecasts and not be expected to take over the existing workforce as it stands. AM Rosell



Ref: B06619

PRIME MINISTER

c Sir Robert Armstrong

OD: Gibraltar and Spain

BACKGROUND

One of the first reported remarks of Senor Gonzalez after his Socialist Party won an overwheliming victory in the Spanish elections was to reaffirm Spain's claim to Gibraltar. The JIC have produced an assessment (JIC(82)(IA) 196) following the elections which has been circulated to members of the Committee. It concludes that the arrival of a Socialist Government is likely to reduce, not increase, the already low risk of authorised military action against Gibraltar and says that they have no reason to believe that Spanish military units would take unauthorised action, though some risk will remain until the new Government has taken office.

- 2. You have also asked for a discussion of the problem presented by the Spanish construction of a mole near La Linea which encroaches upon Gibraltar's territorial waters and projects into "the Loop", an area of water which both we and Spain claim as territorial waters. The problem was drawn to your attention in the letters dated 22nd and 26th October from the Foreign and Commonwealth Secretary's Private Secretary to Mr Coles, the second of which covers the Attorney General's Opinion.
- 3. The Attorney General has been invited for this item.

HANDLING

- 4. It will be convenient first to have a report on the general situation following the Spanish elections and then discuss the Spanish mole. You should invite the <u>Foreign and Commonwealth Secretary</u> to open the discussion and, if necessary, ask the <u>Defence Secretary</u> to report on our defence dispositions.
- 5. On the Spanish mole, you may like to ask the Attorney General if he wishes to add to his Opinion and the Foreign and Commonwealth Secretary to say whether there has been any response to the protest lodged with the previous Spanish Government and what action he recommends taking with the new one.

Ms Find OVA

Janes 12.



10 DOWNING STREET

From the Private Secretary

2 November 1982

GIBRALTAR

Following the Ministerial meeting about Belize this morning, the Prime Minister had a brief word with your Secretary of State about Gibraltar.

Mrs Thatcher said she assumed that the Chiefs of Staff had considered what action we should take if Spain invaded Gibraltar. Mr. Nott said that there was a full plan which he believed had been recently revised. He undertook to send the Prime Minister a note describing the plan in some detail.

I am copying this letter to Brian Fall (Foreign and Commonwealth Office) and Richard Hatfield (Cabinet Office).

A. J. COLES

Richard Mottram, Esq., Ministry of Defence.

SEGRET.

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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Spain/Gibraltar

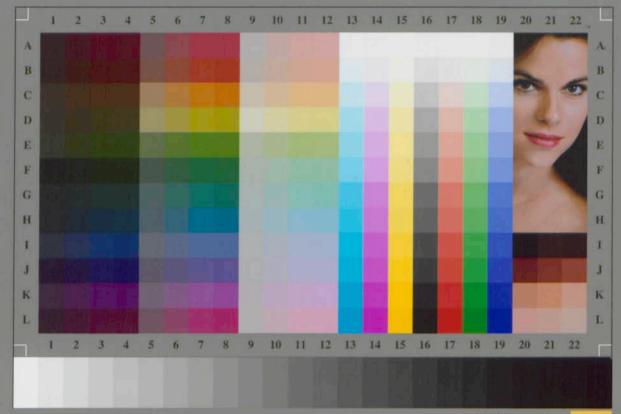
Thank you for your minute of 27 October in which you state that a new assessment of the Spanish threat to Gibraltar should be available before 4 November. You should know that the Prime Minister, when considering your business note of 29 October, minuted with reference to the OD discussion on Gibraltar: "We must also have a situation report on defence aspects following the remarks of Gonzales after the Spanish elections".

It may be that the JIC assessment will rehearse our defensive dispositions. If not, the Defence Secretary may wish to be ready to speak on this point at the OD meeting.

I am copying this minute to Brian Fall (Foreign and Commonwealth Office) and Richard Mottram (Ministry of Defence).

A.J. COLES





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