S
807

PREM 19/1976

Internal Situation

TOP SECRET

UK/ Spanish Relations.

PART 1

SPAIN

PART ONE:
MARCH 1980

PREM 19/1976

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
10.3.80		[illegible]		[illegible]		[illegible]	
22.5.82		[illegible]		[illegible]		[illegible]	
[illegible]

PART ONE ends:-

CDP to FCO 21/2/86

PART TWO begins:-

LORD THOMAS to CR 7/3/86

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(81) 2nd meeting, item 2	15/01/1981
CC(81) 8th meeting, item 3	24/02/1981
CC(81) 39th meeting, item 2	03/12/1981
CC(81) 40th meeting, item 2	10/12/1981
CC(82) 47th meeting, item 2	04/11/1982
CC(83) 5th meeting, item 3	17/02/1983
CC(83) 6th meeting, item 3	24/02/1983
CC(83) 8th meeting, item 3	10/03/1983
CC(85) 25th meeting, item 2	18/07/1985

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 _____ Date 23/10/2014

PREM Records Team

Foreign and Commonwealth Office document

Reference: Diplomatic Report No 19/82

Description: Spanish Accession to NATO: The First Phase

Date: 18 December 1981

Reference: Diplomatic Report No 13/83

Description: Spain: Annual Review for 1982

Date: 1 January 1983

Reference: Diplomatic Report No 45/84

Description: Valedictory Despatch from Madrid

Date: 21 May 1984

The above FCO documents, which were enclosed on this file have been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed _____ Date 23/10/2014

PREM Records Team

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

21 February 1986

SPAIN/NATO: MESSAGE TO SENOR FRAGA

Thank you for your letter of 20 February proposing a message from the Prime Minister to Senor Fraga urging him to play a more positive role in the NATO referendum.

The Prime Minister is content to send a message slightly revised and agrees that Chancellor Kohl should be invited to follow suit. The telegram to Madrid and Bonn can therefore be despatched in the form enclosed.

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

OCMIAN 7322
CONFIDENTIAL
DD 211600Z MADRI
FM FCOLN TO MADRI
201035Z FEB
GRS 350

CONFIDENTIAL
FM FCO
TO DESKBY 211600Z MADRID
TELNO 80
OF 201035Z FEBRUARY 86
AND TO DESKBY 211600Z BONN
INFO PRIORITY WASHINGTON, UKDEL NATO

SPAIN/NATO: POSSIBLE PRIME MINISTERIAL MESSAGE TO FRAGA

1. PLEASE PASS THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO FRAGA AS SOON AS POSSIBLE. SIGNED LETTER ON THE PARTY NET FOLLOWS BY BAG.
2. BEGINS: DEAR SENOR FRAGA, I VERY MUCH ENJOYED OUR MEETING IN JULY LAST YEAR, WHEN I RECALL WE SPOKE ABOUT SPAIN'S PLACE IN NATO.

AS YOU KNOW, MY GOVERNMENT AND PARTY GREATLY VALUES SPANISH MEMBERSHIP OF THE ALLIANCE. I HAVE ACCORDINGLY BEEN FOLLOWING THE DEBATE ON THIS QUESTION CAREFULLY, AND ALTHOUGH I RECOGNISE THAT THE REFERENDUM IS A MATTER PURELY FOR THE SPANISH PEOPLE, I DO WANT TO LET YOU KNOW HOW CONCERNED I AM ABOUT THE POSSIBLE CONSEQUENCES FOR ALL OF US OF A NEGATIVE RESULT ON 12 MARCH. SPAIN HAS RECENTLY IDENTIFIED HERSELF EVEN MORE CLOSELY WITH WESTERN EUROPE BY JOINING THE EUROPEAN COMMUNITY. THIS WAS A STEP WE ALL WELCOMED AND I FEEL IT WOULD BE A TRAGEDY BOTH FOR SPAIN AND FOR THE SOLIDARITY AND SECURITY OF WESTERN EUROPE IF SPAIN WERE NOW TO RELINQUISH HER PROPER PLACE IN THE NATO FAMILY. I BELIEVE THE IMPORTANCE OF SPAIN'S CONTINUED CONTRIBUTION TO

THE ALLIANCE TRANSCENDS PARTY CONSIDERATIONS. I DO HOPE THEREFORE THAT, AS LEADER OF ALIANZA POPULAR, A PARTY WITH WHICH THE BRITISH CONSERVATIVE PARTY HAS A CLOSE RELATIONSHIP, YOU WILL BE ABLE TO FIND A WAY BEFORE THE REFERENDUM TAKES PLACE OF PUTTING YOUR OWN WEIGHT BEHIND THE PROPOSITION THAT SPAIN SHOULD REMAIN WITHIN THE WESTERN ALLIANCE. I AM SURE THIS WOULD MAKE A MAJOR DIFFERENCE TO THE OUTCOME ON 12 MARCH AND THEREFORE TO SPAIN'S FUTURE IN THE EUROPEAN FAMILY OF NATIONS.
YOURS SINCERELY, MARGARET THATCHER. ENDS.

3. FOR BONN: PLEASE INFORM TELTSCHIK OF THE PRIME MINISTER'S MESSAGE AND SAY THAT SHE BELIEVES THE EFFECTIVENESS OF SUCH A MESSAGE WOULD BE GREATLY ENHANCED IF CHANCELLOR KOHL WERE ABLE TO TAKE PARALLEL ACTION WITH FRAGA.

HOWE

OCMIAN 7322

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MAIN
LIMITED
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DEFENCE D
WED
PS
PS/ LADY YOUNG
MR DEREK THOMAS
MR DAUNT

(1)

10 DOWNING STREET

Prime Minister

I hope that you will agree the attached proposal.

I think that everything possible needs to be done to persuade Fraga to be more open towards NATO, if not in the referendum itself at least in the elections which will probably follow.

CDP 20/2

OUT TELEGRAM

	Classification	Caveat	Precedence
	CONFIDENTIAL		DESKBY210730Z

ZCZC
TC
CAVEAT
FM
TO
TELNO
OF
AND TO

ZCZC
CONFIDENTIAL

FM FCO
TO DESKBY 210730Z MADRID
TELNO
OF 201035Z FEBRUARY 86
AND TO DESKBY 210730Z BONN
INFO PRIORITY WASHINGTON, UKDEL NATO

SPAIN/NATO: POSSIBLE PRIME MINISTERIAL MESSAGE TO FRAGA

1. Please pass the following message from the Prime Minister to Fraga as soon as possible. Signed letter on the party net follows by bag.

2. Begins: Dear Senor Fraga, I very much enjoyed our meeting in July last year, when I recall we spoke about Spain's place in NATO.

As you know, my Government and Party greatly values Spanish membership of the Alliance. I have accordingly been following the debate on this question carefully, and although I recognise that the referendum is a matter purely for the Spanish people, I do want to let you know how concerned I am about the possible consequences for all of us of a negative result on 12 March. Spain has recently identified herself even more closely with Western Europe by joining the European Community. This was a step we all welcomed and I feel it would be a tragedy both for Spain and for the solidarity and security of Western Europe if

YYYY
MAIN
ADDITIONAL
NNNN

		Catchword: Spain	
File number	Dept: SED	Drafted by (Block capitals): M J LYALL GRANT	Telephone no: 233 4842
Authorised for despatch by:	Initials	Date/time	
For COD use only	Comcen reference	Telegram number	Processed by

XY48 (REV)

OUT TELEGRAM (CONT)

	Classification	Caveat	Precedence
	CONFIDENTIAL		DESKBY 210730Z

<<<<

Spain were now to relinquish her proper place in the NATO family. I believe the importance of Spain's continued contribution to the Alliance transcends party considerations. I do hope therefore that, as leader of Alianza Popular, a party with which the British Conservative Party has a close relationship, you will be able to find a way before the referendum takes place of putting your own weight behind the proposition that Spain should remain within the Western Alliance. I am sure this would make a major difference to the outcome on 12 March and therefore to Spain's future in the European family of nations.
Yours sincerely, Margaret Thatcher. Ends.

3. For Bonn: Please inform Teltschik of the Prime Minister's message and say that she believes the effectiveness of such a message would be greatly enhanced if Chancellor Kohl were able to take parallel action with Fraga.

HOWE

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MAIN
LIMITED
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DEFENCE D
WED
MR. DEREK THOMAS
MR. DAUNT
PS
PS/LADY YOUNG

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NNNN

For distribution order see Page	Catchword:

XY 48A (REV)

Foreign and Commonwealth Office

London SW1A 2AH

20 February 1986

Prime Minister
Agree to attached
Yes - as
sketch
amended
message?
CDP
20/2.

Dear Charles,

Spain/NATO: Possible Message to Sr Fraga

The Deputy Assistant Secretary for Europe in the State Department, Charles Thomas, has reported to us an approach the Americans have had from the Spanish Prime Minister. Gonzalez told the Americans he was now very pessimistic about the referendum outcome, and asked for their help with the Spanish opposition (who are recommending abstention, not because they oppose NATO membership but because they do not want to assist Gonzalez and his government out of a political difficulty). Thomas added that President Reagan had therefore sent a personal message to Sr Fraga, asking him to play a more positive role in the NATO referendum. The response had been politely negative. According to Thomas, Gonzalez had also suggested that it might still be possible to win Fraga round, if the UK and FRG also put pressure on him.

The pessimism attributed to Gonzalez in this report is in line with other Spanish assessments we have recently received. These suggest that the prospects for an affirmative result are poor and that in the event of a negative vote Gonzalez would not be likely to try to reverse the position in a general election (though Gonzalez himself is reported to have said in a Spanish radio interview yesterday that he would be willing to fight an election on the NATO issue).

Both the Prime Minister and the Foreign Secretary tackled Fraga on this issue during his visit to Britain in July last year and the Foreign Secretary is under no illusion as to the likelihood of a message succeeding now. But in view of the importance of the subject and of the unfortunate precedent that Spanish withdrawal from NATO would establish, Sir Geoffrey Howe believes that there is a good case at this juncture for a personal message from the Prime Minister to Fraga on party channels.

We have consulted the Ambassador in Bonn. He thinks that Chancellor Kohl, who has not received a similar approach from the US, might be willing to act in concert with the Prime Minister. If the Prime Minister agrees to send a message, Sir Julian, who is having breakfast with the Chancellor's Personal Adviser tomorrow, could on her behalf suggest that Kohl should follow suit.

The text of a draft message is in the attached draft telegram to Madrid and Bonn.

Yours ever,
Colin Budd

C D Powell Esq
No.10 Downing Street

(C R Budd)
Private Secretary

OUT TELEGRAM

Classification	Caveat	Precedence
CONFIDENTIAL		DESKBY210730Z

ZCZC
TC
CAVEAT
FM
TO
TELNO
OF
AND TO

ZCZC
CONFIDENTIAL

FM FCO
TO DESKBY 210730Z MADRID
TELNO
OF 201035Z FEBRUARY 86
AND TO DESKBY 210730Z BONN
INFO PRIORITY WASHINGTON, UKDEL NATO

SPAIN/NATO: POSSIBLE PRIME MINISTERIAL MESSAGE TO FRAGA

1. Please pass the following message from the Prime Minister to Fraga as soon as possible. Signed letter on the party net follows by bag.

Señor Fraga

2. Begins: Dear ~~Manuel~~, I very much enjoyed our meeting in July last year, when I recall we spoke about Spain's place in NATO.

As you know, my Government and Party greatly values Spanish membership of the Alliance. I have accordingly been following the debate on this question carefully, and although I recognise that the referendum is a matter purely for the Spanish people, I ~~did~~ do want to let you know how concerned I ~~was~~ am about the possible consequences for all of us of a negative result on 12 March. Spain has recently identified herself even more closely with Western Europe by joining the European Community. This was a step we all welcomed and I feel it would be a tragedy both for Spain and for the solidarity and security of Western Europe if

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ADDITIONAL
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		Catchword: Spain	
File number	Dept: SED	Drafted by (Block capitals): M J LYALL GRANT	Telephone no: 233 4842
Authorised for despatch by:	Initials	Date/time	
For COD use only	Comcen reference	Telegram number	Processed by

XY48 (REV)

OUT TELEGRAM (CONT)

Classification	Caveat	Precedence
CONFIDENTIAL		DESKBY 210730Z

<<<<

<<<<

Spain were now to relinquish her proper place in the NATO family. ~~I recognise that this faces you with some difficult decisions.~~ ~~But~~ I believe the importance of Spain's continued contribution to the Alliance transcends party considerations. I do hope therefore that, as leader of Alianza Popular, a party with which the British Conservative Party has a close relationship, you will be able to find a way before the referendum takes place of putting your own weight behind the proposition that Spain should remain within the Western Alliance. I am sure this would make a major difference to the outcome on 12 March and therefore to Spain's future in the European family of nations.
Yours sincerely, Margaret Thatcher. Ends.

3. For Bonn: Please inform Telt̃chik of the Prime Minister's message and say that she believes the effectiveness of such a message would be greatly enhanced if Chancellor Kohl were able to take parallel action with Fraga.

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MR DEREK THOMAS
MR DAUNT
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// PS/LADY YOUNG
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For distribution order see Page	Catchword:

XY 48A (REV)

Printed in England for HMSO Dd. 8422454 6/85 BP3958

Prime Minister (4)

CDP 19/2

24 BELGRAVE SQUARE
LONDON SW1X 8QA

SPANISH AMBASSADOR

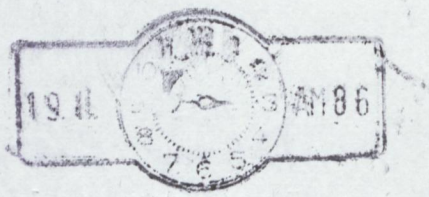
18th February 1986

Dear Charles,

I was fortunate last night to see the Prime Minister's interview on television, and cannot but write to express my admiration. Not only did she control the whole forty minutes, but her composure and grasp of every detail demonstrated her outstanding qualities of leadership, a quality all too seldom found nowadays.

JOSE J. PUIG DE LA BELLACASA

Charles D. Powell Esq.,
Private Secretary to the Prime Minister,
10 Downing Street,
LONDON SW1.



ccpc

Foreign and Commonwealth Office

London SW1A 2AH

3 February 1986

CDP
3/2

Dear Charles,

400th Anniversary of the Spanish Armada

In your letter of 14 May 1985 to Paul Thomas you conveyed the Prime Minister's interest in the proposed exhibition by the National Maritime Museum to commemorate the 400th anniversary of the Spanish Armada.

You will recall that we informally consulted the Spanish Government back in July last year to guage their reaction to this proposal. The Ambassador in Madrid has now received a letter from the Spanish MFA confirming that they endorse the project, and asking the Museum to discuss their ideas with the Spanish Ambassador here.

The Foreign Secretary has accordingly written to the Chairman of the Trustees of the National Maritime Museum to inform them of this positive development, and has agreed to be included on the Museum's Committee of Honour for the exhibition.

I am copying this letter to Paul Thomas (Office of the Minister for the Arts).

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

SPAIN 3/80

Returns,

(2)

SPANISH AMBASSADOR

24 BELGRAVE SQUARE
LONDON SW1X 8QA

Prime Minister
CDP 16/1

16th January 1986

Dear Prime Minister,

I was delighted that despite your many preoccupations you were able to attend the Reception held at the Embassy last evening.

Apart from the pleasure that this gave me personally, I want to express my appreciation of the trouble you took to be present on an occasion such as this, and so symbolise your support for Spain's accession to the European Community of Nations.

It is, I believe, a new chapter of closer relations between our two countries, on which the seal will be set by the State Visit that Their Majesties the King and Queen of Spain will undertake in April.

Yours very sincerely

José J. Puig de la Bellacasa

JOSE J. PUIG DE LA BELLACASA.

The Right Honourable
Margaret Thatcher, MP,
Prime Minister,
10, Downing Street,
LONDON.

From: The Marquess of Douro, M.E.P. CIF

EP PE

European Parliament

R 14/1

CDP 14/1

The Rt. Hon. Margaret Thatcher, M.P.,
10 Downing Street,
London SW1.

9th January 1986.

Dear Prime Minister,

Thank you very much for your letter of 23rd December at Harr. I am delighted that you have invited the King of Spain to give an address in Parliament during his State Visit. I spoke to him on the telephone while I was in Spain for the New Year and he was very pleased and honoured by the invitation.

Yours ever,
Charles

Personal Office in London: Friars House (Fifth Floor), 39/41 New Broad Street, London EC2M 1JH
Telephone 01-628 4761 Telex number 883306 Deltra G

SPAIN 3/80

INT. SITUATION

JA1 AGV

cc FCO

10 DOWNING STREET

THE PRIME MINISTER

23 December 1985

Dear Charles,

Thank you for your letter of 15 November, in which you suggest that the King of Spain should be invited to give an address in Parliament during his State Visit here in April next year. I had been pursuing such a thought for some time but, as you know, wide consultation with those concerned in Parliament is necessary.

Happily agreement all round has now been reached and the Spanish Ambassador informed. We now await the King's reaction to the proposal.

Yours ever

Margaret

The Marquess of Douro, M.E.P.

SRW

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CFPPS

CL PPS

Foreign and Commonwealth Office

London SW1A 2AH

19 December 1985

CBD
19/XII

Dear Denise,

I enclose a self-explanatory draft reply from the Lord Chancellor to Mr Greville Janner QC MP, whose letter was enclosed with yours of 12 December.

I am copying this letter and enclosure to the Private Secretaries at No 10, to the Chief Whip and the Lord Privy Seal.

Yours Sincerely,

Colin Budd

(C R Budd)
Private Secretary

Miss Denise Cook
PS/Lord Chancellor
House of Lords
LONDON SW1

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Lord Chancellor

DEPARTMENT:

TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

.....In Confidence

CAVEAT.....

TO:

The
/Hon Greville Janner QC MP

House of Commons

LONDON SW1A 0AA

Your Reference

Copies to:

SUBJECT:

Thank you for your letter of 28 November in which you suggest that King Juan Carlos of Spain might be invited to give an address in Parliament during his State Visit here in April next year.

We have had this idea in mind for some time, but as you know, such an invitation would formally issue from Parliament itself and wide-ranging consultation was was therefore required. I am delighted to say that agreement has now been reached, and the Spanish Ambassador informed. Assuming the King himself agrees, an address in Parliament will accordingly be included in the King's programme.

Enclosures—flag(s).....

SPAIN : Int Sit : Nov 1980

BF CPR

Foreign and Commonwealth Office

London SW1A 2AH

19 December 1985

Dear Charles,

Letter to the Prime Minister from the Marquess of Douro

With apologies for the delay, I enclose a draft reply to the Marquess of Douro's letter of 15 November to the Prime Minister suggesting that King Juan Carlos be invited to give an address in Parliament during his State Visit next April.

I am copying this letter to the Private Secretaries to the Lord Chancellor, the Lord Privy Seal and the Chief Whip.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Prime Minister

DEPARTMENT: **TEL. NO:**

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

The Marquess of Douro MEP
Friars House (5th Floor)
39/41 New Broad Street
LONDON EC2 M1JH

Your Reference

Copies to:

JAIAGV

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 15 November, in which you suggest that the King of Spain should be invited to give an address in Parliament during his State Visit here in April next year. I had been pursuing such a thought for some time but, as you know, wide consultation with those concerned in Parliament is necessary.

Happily agreement all round has now been reached and the Spanish Ambassador informed. We now await the King's reaction to the proposal.

CDP

Enclosures—flag(s).....

Int. Sit.: SPAIN Mar 80.

SPANISH AMBASSADOR

24 BELGRAVE SQUARE
LONDON SW1X 8QA

19th December 1985

19/xii

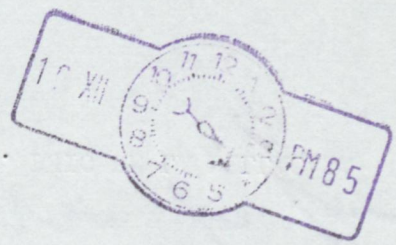
Dear Charles,

I have pleasure in enclosing a letter addressed to the Prime Minister by the President of the Spanish Government, Don Felipe González.

I should be most grateful if you would kindly ensure that she receives it.

JOSE J. PUIG DE LA BELLACASA

Mr. Charles D. Powell,
Private Secretary to the Prime Minister,
10 Downing Street,
LONDON SW1.


PM85

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

27 November 1985

CDP
20 Nov

Dear Colin,

We spoke yesterday about Charles Powell's letter of 19 November which enclosed a proposal from the Marquess of Douro that the King of Spain should be invited to address a joint meeting of the two Houses of Parliament during his State Visit next year.

The Lord Privy Seal has raised no objection to the proposal, but believes that it will be important to discuss it with the Opposition Parties in both Houses before even preliminary soundings are made abroad. If the Foreign Secretary wishes to address this point, he would no doubt wish to involve the Lord President and the Government Chief Whip in the Lords as well as those mentioned in Charles Powell's letter. In the past, Opposition Parties have been consulted not only about the principle of an address to Members of both Houses by a visiting Head of State but also about the venue: since 1945 General de Gaulle has been the only one to address Members from Westminster Hall, all other visiting Heads of State using the Royal Gallery. Depending on the venue, Ministers will no doubt wish to consider the number of places which will be available, and how these should be allocated between the Parties.

I am copying this letter to Charles Powell, Richard Stoate, Murdo Maclean, and David Beamish in the Government Whip's Office (Lords).

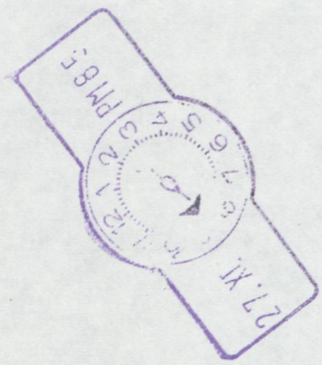
Yours,

Alison

ALISON SMITH
Private Secretary

Colin Budd Esq
Private Secretary to the
Secretary of State for Foreign and Commonwealth Affairs

Spain; Rels. + Pt 3



FROM THE PRIVATE SECRETARY

HOUSE OF LORDS,
LONDON SW1A 0PW

19th November, 1985

Colin Budd Esq.,
Private Secretary to the
Secretary of State for Foreign
and Commonwealth Affairs,
Foreign & Commonwealth Office,
Downing Street,
London,
SW1.

Dear Colin,

The Lord Chancellor has seen Charles Powell's letter of 19th November 1985 to you attaching a copy of a letter to the Prime Minister from the Marquess of Douro proposing that the King of Spain should be invited to address a joint meeting of the two Houses of Parliament during his State Visit next year. The Lord Chancellor has commented as follows.

> "So far as I am concerned I see no objection. But I would think that despite the Reagan precedent such a meeting should be in Westminster Hall. 'A King's a King for a' that'.".

I am copying this letter to Charles Powell, David Morris and Murdo MacLean.

Yours sincerely,

Richard Stoate

File

DSG (MJ2BJD)

be: PC

10 DOWNING STREET

From the Private Secretary

Ack/19 November 1985

I enclose a copy of a letter to the Prime Minister from the Marquess of Douro in which he proposes that the King of Spain should be invited to address a joint meeting of the two Houses of Parliament during his State Visit next year. I should be grateful for a draft reply.

I should add that the Prime Minister's strong view is that the King should be invited to make such an address since the visit is a historic occasion. It would be helpful if the Foreign Secretary could consider this with the Lord Chancellor, the Lord Privy Seal and the Chief Whip.

I am copying this letter to the Private Secretaries to those named.

Charles Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office.

DSG

(1)

PRIME MINISTER

I attach a letter from the Marquess of Douro in which he joins the campaign which is pressing for the King of Spain to be invited to address Parliament during his State Visit next April. As you know, the campaign is being coordinated by Tristan GarelJones.

Do you have any particular views on the matter?

Yes - the King most certainly should be invited to address both Houses. It would be a historic occasion

C.D.P.

CDP

18 November, 1985.

From: The Marquess of Douro, M.E.P.

European Parliament

15th November 1985 R16

The Rt. Hon. Margaret Thatcher, M.P.,
10, Downing Street,
London SW1

Personal

Dear Prime Minister,

As you may know, my family has very strong connections with Spain, and I am presently Chairman of the all-party Committee of the European Parliament which has been monitoring the accession negotiations with Spain for entry into the E.E.C. As you will also know, the King of Spain is coming to Britain on a state visit in April next year.

In the years before Franco's death, the King had a reputation for being somewhat of a disciple of Franco and his fascist political ideas. Ironically, the King's father, Don Juan, who is still alive, had the reputation for being more liberal-minded. As we all know, the King's reputation was false, and when Franco died he wasted little time in re-introducing democracy in Spain and stimulating the creation of a new constitution. In 1981, when the Spanish Parliament was taken over in a coup, the King personally took control of the government and ordered the officers concerned to surrender. He therefore has played a role in Spain unlike the role played by any monarch in any other European country this century.

For these reasons, I hope you will not feel it impertinent of me if I ask you to consider whether you could invite the King to address a joint meeting of the two Houses of Parliament. The King was, incidentally, given this honour when he made a state visit to Washington some years ago. I realise that this is an honour reserved for few Heads of State. However, this is the first visit to Britain by a Spanish monarch for, I believe, eighty years, and he is a rather exceptional person, who has performed for his country and for Europe a very remarkable service.

Yours sincerely,
Charles

Personal Office in London: Friars House (Fifth Floor), 39/41 New Broad Street, London EC2M 1JH
Telephone 01-628 4761 Telex number 883306 Deltra G

cc ops master

(17)

RESTRICTED

5617 - 4

e+p

OCMIAN 5617
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DD 311500Z MADRI
FM FCOLN TO MADRI
311335Z AUG
GRS 157

W&S 020/17
- 3 SEP 1985
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T156/85

RESTRICTED
FM FCO
TO DESKBY 311500Z MADRID
TELNO 342
OF 311335Z AUGUST 85

FROM RESIDENT CLERK
TELECON ASSISTANT RRESIDENT CLERK/DUTY OFFICER FRENCH RAIL CRASH

1. PLEASE PASS THE FOLLOWING MESSAGE SOONEST FROM THE PRIME MINISTER TO FELIPE GONZALES:
QUOTE I WAS MOST DISTRESSED TO LEARN OF THE TERRIBLE RAIL ACCIDENT THIS MORNING AND THE TRAGIC LOSS OF LIFE. MY SYMPATHIES AND THOSE OF THE BRITISH PEOPLE ARE WITH THE INJURED AND WITH THE FRIENDS AND RELATIVES OF THOSE CONCERNED.
2. GRATEFUL TO KNOW BY DESKBY TELEGRAM WHEN THE MESSAGE HAS BEEN PASSED.

RIFKIND

OCMIAN 5617

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MR RENWICK
MR BRAITHWAITE
MR JENKINS
RESIDENT CLERK

RESTRICTED

Draft.

10 DOWNING STREET

THE PRIME MINISTER

I was most distressed to learn of the terrible rail accident this morning and the tragic loss of life. My sympathies and those of the British people are with the injured and the friends and relatives of those concerned.

Margaret Thatcher

His Excellency Senor Don Felipe Gonzalez.

10 DOWNING STREET

H.E. Senor Don Felipe Gonzalez Marquez

To Spanish Prime Minister Felipe Gonzales.

"I was most distressed to learn of the terrible rail accident this morning and the tragic loss of life. My sympathies and those of the British people are with the injured and the friends and relatives of those concerned".

10 DOWNING STREET

THE PRIME MINISTER

I was most distressed to learn of the terrible rail accident this morning and the tragic loss of life. My sympathies and those of the British people are with the injured and the friends and relatives of those concerned.

Margaret Thatcher

His Excellency Senor Don Felipe Gonzalez.

cc OPS
Master.

file

BERMAVQ

cc: FCO

10 DOWNING STREET

THE PRIME MINISTER

5 August 1985

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 147/85

Dear Prime Minister,

Thank you for your letter of 4 June proposing that a British Minister of Health should attend an international conference in Madrid from 7 - 9 October designed to help implement the health proposals made in the Contadora Health Plan.

You will be well aware of Britain's support for the efforts of the Contadora Group to reduce tensions in Central America. We share your view that peace in the region can best be advanced through the Contadora process.

As you say there is also a real need to try to improve the social and economic conditions which are at the root of many of the region's difficulties. The European Community's readiness substantially to increase its aid to Central America can make a valuable contribution to meeting this need.

Public health is clearly one area where much remains to be done in Central America, and I believe your initiative is timely and deserves further study. I am therefore glad to agree in principle that the British Government should be represented at the international conference you have

865

proposed. Unfortunately the dates suggested coincide with the annual Conservative Party Conference, so that I must leave open for the time being the level of British participation.

Yours sincerely

Margaret Thatcher

His Excellency Senor Don Felipe Gonzalez Marquez

cc PC

Foreign and Commonwealth Office

London SW1A 2AH

1 August 1985

Dear Charles,

Contadora Health Plan

Thank you for your letter of 20 June to Colin Budd enclosing the Spanish Prime Minister's invitation to the UK to participate in an international conference of Health Ministers to discuss the Contadora Health Plan. In view of our consistent support for the Contadora process, it would be difficult for us to ignore an initiative which coincides with the objectives of the Contadora Group. Consequently, Ministers here consider that we should agree in principle to be represented at the conference.

The Pan American Health Organisation (PAHO) is the regional office of the WHO. They have prepared a Plan of Priority of Health Needs as a "bridge of peace ... amongst the peoples of Central America and Panama", and are looking for financial support both bilaterally and multilaterally. When they approached the ODA last year, they were told that we were willing to consider a "modest" contribution; it was also pointed out that increased EC aid had a knock-on effect on our bilateral programmes. The recent decision by the Foreign Affairs Council to increase Community aid to Central America gives us the opportunity to explore the possibility of channeling a modest amount of it into this proposal.

We have so far been unable to establish how our Community partners intend to react to the Spanish Prime Minister's invitation or the idea of using some of the increased EC aid to help implement the Contadora Health Plan. However, we would expect the response to be generally positive, although it is unlikely that a common position would be worked out before the Madrid Conference.

Unfortunately the dates chosen for the conference clash with the Conservative Party Conference and this will make Ministerial attendance difficult for anything except the first day of the Conference. Mr Raison would probably be able to attend on that day. A final decision on the level of attendance can be taken in the light of the level at which our major partners are represented. I attach a draft reply from the Prime Minister. I am copying this letter to Steve Godber (DHSS).

Yours ever,

Peter Ricketts

C D Powell Esq
10 Downing Street

(P F Ricketts)
Private Secretary

DSR 11 (Revised)

Bernard.

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Prime Minister

DEPARTMENT:

TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Sr Felipe Gonzalez Marquez
Prime Minister of Spain

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 4 June proposing that a British Minister of Health should attend an international conference in Madrid from 7-9 October designed to help implement the health proposals made in the Contadora Health Plan.

You will be well aware of Britain's ~~consistent and~~ active support for the efforts of the Contadora Group to ~~negotiate a comprehensive~~ advance ~~settlement of the~~ tensions in Central America. We share your view that ~~contributions to~~ peace in region can best be ~~channelled~~ advanced through the Contadora process.

As you say there is also a real need to try to improve the social and economic conditions which are at the root of many of the region's difficulties. The European Community's readiness substantially to increase its aid to Central America can make a valuable contribution to meeting this need.

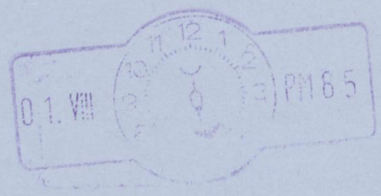
/Public

Enclosures—flag(s).....

Public health is clearly one area where much remains to be done in Central America, and I believe your initiative is timely and ~~worthy of~~ deserves further study. I am therefore glad to agree in principle that the British Government should be represented at the international conference you have proposed. Unfortunately the dates suggested coincide with the annual Conservative Party Conference, so that I must leave open for the time being the level of British participation.

CM.

Spain : Int Sit 3/80



JEJ

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Joint Parliamentary Under Secretary of State

PO(6)6381/187

NBPM
CDL
19/7.

David Thomas Esq
Private Secretary to
The Rt Hon Baroness Young PC
Minister of State
Foreign and Commonwealth Office

19 JULY 1985

Dear David

CONTADORA HEALTH PLAN: INVITATION FROM SPANISH PRIME MINISTER

can respond if required

We have seen a copy of David Joy's submission to you of 5 July and the proposed interim reply, on which we have no comments.

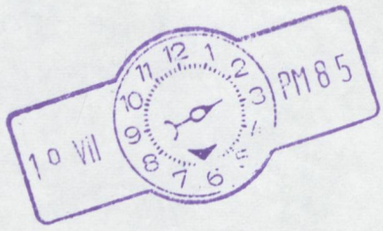
Since it has now emerged that this is a straightforward bid for overseas aid, we would not expect to field any health Ministers or DHSS officials.

I should be grateful if you would keep us informed as to whether FCO/ODA decide to be represented at the meeting on 7-9 October, and, if so, at what level, having regard to the clash with Conservative Party Conference.

Yours ever

Chris Joyce

CHRISTOPHER JOYCE
PS/Baroness Trumpington


1 o VII
PM 8 5

SUBJECT
cc Master

NOTE OF THE MEETING BETWEEN THE PRIME MINISTER AND SENOR FRAGA ON THURSDAY, 4th JULY AT 4.00 pm

Other present were:- Marques de Perinet
Senor Navarro
James Spicer MP
The Rt. Hon. Michael Alison MP
Stephen Sherbourne

The following points were raised:-

1. The European Democratic Group (EDG). Both the Prime Minister and Senor Fraga expressed their pleasure that the Allianza Popular had decided to join the EDG in the European Assembly. Senor Fraga said that this would strengthen further the co-operation between non-socialist parties. He went on to explain that for a short time the members of the European Assembly from Spain would be appointed and not elected.

2. The European Council in Milan. The Prime Minister explained that it had been a difficult council meeting. In particular she commented that "European union" was the wrong phrase and that we should instead use "increased co-operation between partners". The Prime Minister went on to explain the present arrangements concerning majority voting and the exercise by member states of the veto.

   The Prime Minister gave examples of existing barriers to trade and commerce within the Community which still had to be dismantled. Senor Fraga said that you had to use fully the provisions of the existing treaty before you started thinking about a new treaty.

.../

3. NATO. The Prime Minister raised the question of Spanish membership of NATO. Senor Fraga explained that although the Spanish Government were committed to a referendum on Spanish membership of NATO (a referendum had been promised in 1982) they were trying to back away from it in a way that would save face. However, there was still a likelihood that a referendum would take place in April or May 1986. The Prime Minister referred to the UK referendum in 1975 on British membership of the European Community and noted how the opposition party which she then led had campaigned vigorously for membership. She hoped that those parties in Spain who were in favour of membership of NATO would campaign for it.

4. International Terrorism. Senor Fraga raised the question of international terrorism and expressed the view that the West should react to such incidents. The Prime Minister in reply said that nobody should underestimate the difficulty of winning sufficient support for economic sanctions and of making them effective; nor should they underestimate the difficulty of military reprisals.

The meeting ended at 4.40 pm.

Stephen Sherbourne
5.7.85

10 DOWNING STREET

MR. POWELL

Herewith a note of the Fraga meeting. I leave it to you to circulate this to the appropriate officials.

Stephen Sherbourne
5.7.85

Rob yr.
Duty Clerk.
Please send a copy to Colin Budd in the F.C.O.
CDP.

PRIME MINISTER

MEETING WITH SENOR FRAGA

You are seeing him at 4.00 p.m. in your room in the House. He will be accompanied by the Marques de Perinat.

Points you will want to make are:

1. a welcome for the Alianza Popular's decision to join the EDG in the European Assembly;

2. encourage him to bring his party out in active support for continued Spanish membership of NATO in the referendum campaign. Lord Carrington asked you to do this;

3. while welcoming his recognition of the need for friendly resolution of differences over Gibraltar, make clear to him that we note and dislike the Alianza Popular's unrealistic policy on Gibraltar (see paragraphs 7 and 8 of background);

4. give him an account of the Milan European Council;

5. ask about the Alianza Popular's election prospects.

Fuller briefing is attached. There is a letter from Sir Henry Plumb in the back of the folder.

C.D.P.

3 July 1985

RESTRICTED

cc BL

Foreign and Commonwealth Office

London SW1A 2AH

3 July 1985

3/7.

Dear Charles,

Call on the Prime Minister by Senor Fraga

As you know, Fraga is due to call on the Prime Minister at 1600 on 4 July. He will be calling on the Foreign Secretary at 1445 on the same afternoon. I enclose a brief.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

RESTRICTED

CALL BY SR FRAGA, 4 JULY

CHECKLIST OF POINTS TO MAKE

1. AP's election prospects, in Galicia (Oct/Nov) and next general elections (1986).

2. AP's tactics during run-up to NATO referendum.

3. Explain Lisbon/Brussels process. Cooperation the first priority. Time needed.

4. Importance of greater use of airfield <u>without prejudice</u> to Isthmus sovereignty issue.

5. How will AP handle Gibraltar in European Parliament? Mutual tolerance and understanding needed.

6. (If appropriate) Gibraltarian <u>wishes</u> must count.

CALL BY SR FRAGA, 4 JULY

POINTS TO MAKE

1. Prospects for next general elections due October 1986? Significance of Galician regional elections? Your homeland, is it not?

2. How do you view impact of EC accession?

3. What attitude will AP take during run-up to NATO referendum?

Gibraltar

4. Although would take issue with some parts of your speech in La Linea, welcome emphasis on need for friendly resolution of differences. This will need time. Wounds of 20 years must heal.

5. First priority must be creation of new climate of confidence and trust in Gibraltar and Campo region. Hence promotion of cooperation across wide field, and without prejudice to either side's position on sovereignty (eg further civil use of Gibraltar airfield). Hassan has underlined need for La Linea to be seen to benefit.

6. Does Fraga have ideas for promoting closer cooperation, perhaps with opportunities offered by new relationship within EC?

7. Greatly welcome AP will sit with EDG in European Parliament. Trust that Fraga will be considering ways of using this relationship to further better relations over Gibraltar.

8. (If appropriate): HMG accepts there are only two parties to negotiations on sovereignty (Britain and Spain), and that the Treaty of Utrecht rules out independence. But HMG totally committed to respecting the wishes of Gibraltarians as to their future. Attach highest importance to this element of self-determination.

ESSENTIAL FACTS

1. Visit is at invitation of Conservative Party. Personality notes on Sr Fraga and the Marques de Perinat (who is accompanying him) are attached.

Spain Internal

2. Gonzalez has hinted he will change his Cabinet this week. Next Spanish general elections due by October 1986, though there has been press speculation (denied by Gonzalez) of a snap election soon. The AP have 106 of 350 seats in Congress (they previously had only 9) and are the majority party in an opposition coalition with the Popular Democratic Party (PDP, a Christian Democratic group led by Alzaga). The PDP have over the last 12 months been attempting to establish an electoral identity distinct from the AP. Regional elections are due in Galicia (Fraga's heartland) between October/December this year and may be a significant indication for the general elections. Currently, PSOE are expected to win the elections, in which case Fraga's future would be most uncertain. AP have had difficulty in challenging the Government on major issues. Their main criticisms have been:

a) opposition to a modest abortion law and educational reforms;

b) on counter terrorist policy, in particular the Government offer to negotiate with ETA on social re-integration of ETA terrorists in exchange for an end to violence;

c) over economic policy;

3. The Spanish Government's counter-terrorist record is good. Cooperation with France resulted in major success during late 1984 - early 1985, with many arrests and arms finds. The recent ETA beach bombing campaign, and a sharply increased series of murders in the Basque country, may have been planned as an indication that ETA remains active.

4. The economy gives cause for concern. 10% inflation and 22% unemployment (2.9m). But the Spanish Government have shown determination to tackle problems. Tight monetary control, high interest rates, public sector pay restraint and re-structuring of traditional industries. The Communist trade union organisation called a general strike on 20 June to protest at social security reforms (involving reduced pension rates). Some 1 million responded. AP have not outlined an alternative policy, and have criticised more to discomfort the Government than out of significant policy differences.

Spain/NATO

5. Gonzalez has confirmed that a referendum on continued NATO membership will be held in March 1986. There have been hints that the Government will treat the referendum as consultative rather than binding. Gonzalez is working to achieve a yes vote, on the basis of a reduced US military presence in Spain and leaving the degree of Spain's future military integration into NATO open for subsequent negotiation. The AP are firmly in favour of NATO membership but their tactics for the pre-referendum phase are not clear. They wish to extract a high price from the Alliance for military integration.

6. The Spanish press has recently reported AP's draft manifesto. The foreign policy section is almost entirely on NATO. AP's position with typical Spanish insouciance is that full military integration should be negotiated in return for progress over Gibraltar, an Iberian NATO command, and facilities for Spanish civil and military industry. The draft manifesto declares that "a non-Spanish Gibraltar is a contradiction in a unified Europe".

Gibraltar

7. Sr Fraga's views on Gibraltar remain tougher than those of the present Socialist Government, whom he criticised at the time of the Geneva meeting as having "fooled the people of Spain" and as "giving way to all the British authorities' demands with nothing in return". Although he has not made a major platform of his opposition to the

Brussels process, Sr Fraga has sought to embarrass the Spanish Government over it during the last few months. Speaking in La Linea on 15 May he again lamented the lack of counter-concessions by HMG and cast doubt on whether the obligations of EC membership should have forced Spain to open the frontier. He complained about lack of information about Sr Moran's sovereignty proposals and is concerned that change to the Spanish Prohibited Airspace might imply diminution of Spain's claim to sovereignty of the Isthmus. But he indicated that differences "must be resolved in friendly fashion in step with the increased friendship" between the people of the region and referred to "the joint European undertaking that alters so many concepts and adds so many nuances to the traditional idea of sovereignty". He should not be left in a position to say HMG welcomed the thesis in this speech.

8. AP's general attitude to Gibraltar is that:

a) Gibraltarian <u>interests</u> should be protected, but not their <u>wishes</u> (the UK, Sr Fraga alleges, did not take the wishes of the Hong Kong population into account; and the Gibraltar "tail" should not wag the dog)

b) Gibraltar would be given a generous measure of regional autonomy within Spain;

c) Gibraltar's military facilities are a threat to Spain's national security;

d) only very firm negotiating tactics will yield British concessions.

<u>AP and European Parliament</u>

9. The EDG signed a "Declaration of Intent" with AP on 13 May. The Marques de Perinat signed for AP, and is likely to be the leader of the nominated AP delegation to the European Parliament. Spain will have 60 MEPs of whom about 15 would initially come from the AP. The EDG will hold a Conference in Madrid between 4-8 November to decide the final shape of policy priorities within the expanded

Group. The EDG hope that the Secretary of State would be able to attend its study days in Spain in Spring 1986.

10. Sir Henry Plumb wrote to the Secretary of State (on 27 June) to say that the two sides have an agreement to differ on Gibraltar, isolating the subject from their day-to-day dealings, and that Sr Fraga had given an assurance that he does not intend to make difficulties over Gibraltar. Sir H Plumb believes it would be useful if the Prime Minister could reinforce the message that mutual tolerance is necessary; and that Sr Fraga would be flattered to be offered occasional briefing on Gibraltar issues by the Embassy in Madrid. The Embassy already have regular contact with the AP, particularly Sr Perinat, and the Ambassador has been developing a link with Sr Fraga.

Southern European Department
2 July 1985

SR MANUEL FRAGA IRIBARNE

Deputy for Madrid. Made his early career in Spanish Diplomatic Service. Minister of Information and Tourism under Franco (1962-69). Spanish Ambassador in London (1973-75). Interior Minister in first post-Franco Government (December 1975-June 1976). Founded Alianza Popular in 1976. In 1982 elections AP unexpectedly formed largest coherent opposition group in Congress, and Fraga was given the courtesy title "Leader of the Opposition" (not a position formally recognised in the Spanish Congress). Autocratic in manner, he has found it difficult to shake off his Franquista past. Speaks English and French. Aged 63.

SR LUIS PERINAT (MARQUES DE PERINAT)

Senator for Madrid Autonomous Region. Served in the Spanish Diplomatic Service 1947-1983. Ambassador in London (1976-81) and Moscow (1981-83). Responsible for external relations in the AP. In Committee at the AP Party Congress in 1984 he proposed amendments to the resolution on Gibraltar urging a greater effort to understand and win over the Gibraltarians. Called on Sir Geoffrey Howe during visit by members of Senate Foreign Relations Committee in June 1984. Speaks English and French. Aged 60.

FLE

DA

10 DOWNING STREET

From the Private Secretary

2 July 1985

PRIME MINISTER'S MEETING WITH SENOR FRAGA

As you know the Prime Minister is seeing Senor Fraga briefly on Thursday. Lord Carrington telephoned her this evening to say that he hoped the Prime Minister would take the opportunity to urge Senor Fraga to give more active support to Spanish membership of NATO in the forthcoming referendum. His party appeared to be taking a rather neutral position on the question at present. The Prime Minister said that she would do so.

You may like to show this letter to Richard Ryder who will be attending the meeting.

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

Conservative and Unionist Party, GB
Det konservative folkeparti, DK
Ulster Unionist Party, N. Ireland

EUROPEAN DEMOCRATIC GROUP
EUROPEAN PARLIAMENT

Chairman
Sir Henry Plumb, DL, MEP
LONDON

2 Queen Anne's Gate
London, SW1H 9AA
Tel. (01)222 1720
(01)222 1729
Telex 917650 EDGLDN

GMK MA
CDP

27th June, 1985

The Rt. Hon. Sir Geoffrey Howe, QC, MP
Secretary of State for
Foreign & Commonwealth Affairs,
Foreign & Commonwealth Office,
King Charles Street,
London SW1A 2AH

Dear Geoffrey,

Although I am sure the Prime Minister will not be short of topics to discuss with Manuel Fraga on 4th July, I thought it worthwhile sending you a brief note on the EDG's past and future dealings with the Alianza Popular concerning Gibraltar. You might like to incorporate these ideas into any brief your Department is putting to the Prime Minister.

It has always been clear to both sides that the European Democratic Group and the Alianza Popular started from fundamentally different positions regarding Gibraltar: it would have been amazing had such not been the case. Because our differences on the topic were so clear and fundamental, it has happily proved possible to isolate the whole Gibraltarian question from our day to day dealings with the Alianza. In effect, the two sides have agreed to differ, and I have made clear to Fraga that I do not expect Gibraltar to figure often, if at all, upon the agendas for future meetings of our enlarged group; on such questions as the voting rights of Gibraltarians, I hope we shall simply be able to agree to differ. Fraga, in his turn, has assured me that he does not intend to make excessive difficulties for the Socialist Government on the question of Gibraltar: with occasional lapses, he has kept to his word.

.../...

I am hopeful that the European Democratic Group and the Alianza Popular can continue with this modus vivendi over Gibraltar. It would of course be helpful if the Prime Minister could reiterate the terms of this mutual tolerance to Señor Fraga. Fraga, obviously, will not regard the EDG as a channel of British governmental communication except in the most general sense. On the other hand, his links with us might provide a useful check upon any excessive denunciations on his part of the Spanish Government's existing realistic policy towards Gibraltar. If the Prime Minister could further stress to Señor Fraga that the British Embassy in Madrid and, in appropriate circumstances, other British governmental representatives are always happy to discuss such questions as Gibraltar with him, then I think Fraga will be flattered, impressed, and much less likely to rock the Gibraltarian boat.

Yours ever.

Henry.

HENRY PLUMB

10 DOWNING STREET

From the Private Secretary

20 June 1985

I write to thank you for your letter of 19 June enclosing a letter from the Prime Minister of Spain for the Prime Minister.

(Charles Powell)

His Excellency Don Jose J. Puig de la Bellacasa

EC

10 DOWNING STREET

From the Private Secretary

20 June 1985

I enclose a copy of a message to the Prime Minister from the Spanish Prime Minister inviting the United Kingdom to participate in an International Conference of Health Ministers in October to discuss the Contadora Health Plan.

I should be grateful for a draft reply.

I am copying this letter to Steve Godber (Department of Health and Social Security).

(Charles Powell)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

SPANISH AMBASSADOR

24 BELGRAVE SQUARE
LONDON SW1X 8QA

19th June 1985

Dear Prime Minister,

I enclose a letter from Don Felipe González, President of the Spanish Government, that I have just received for you.

I am attaching a translation, which I hope you will find useful.

Yours sincerely,

JOSE J. PUIG DE LA BELLACASA

The Right Honourable Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
LONDON SW1.

10 DOWNING STREET

CF

I think this is yours - we have a few PPS which end up by saying "CF have got this in hand - they're waiting for info. from Madrid".

(C.P. wrote on 14 May to OAL)

Angela.

10 DOWNING STREET

MR CATFORD

Any news on the attached?

CR

CAROLINE RYDER
18 June 1985

ECL

18 June 1985

I am so sorry that it is taking us a little time to reply to your previous letter on the subject of the Spanish Armada exhibition.

We will be writing to you again as soon as possible.

(Mrs Caroline Ryder)

R.L. Ormond, Esq.

SRW

NATIONAL MARITIME MUSEUM

Mrs Caroline Ryder
Prime Minister's Office
10 Downing Street
London SW1

2G5/4/053
14 June 1985

Dear Mrs Ryder

I wonder if you have any further news about the likelihood or otherwise of a letter being sent by the Prime Minister on the subject of the Spanish Armada exhibition. I know that the Foreign Commonwealth Office was being consulted, and realize that this will take time. Any indication of the prospects of the letter would be greatly appreciated.

Yours sincerely

Richard Ormond

R L Ormond
Head
Department of Pictures

National Maritime Museum Greenwich London SE10 9NF Telephone 01-858 4422 01-858 5265
Old Royal Observatory Telephone 01-858 1167

file BM

1) MR. POWELL

2) MR. ALISON

The attached letter from the Speaker's Secretary is self-explanatory. It is not a very good day as the Prime Minister is addressing the 1922 Committee that afternoon and I try and keep some time free for her speech. But if you think this is important I could fit this gentleman in for a few minutes straight after Questions.

(Caroline Ryder)
13 June 1985

10 DOWNING STREET

From the Private Secretary

13 June 1985

I am writing to thank you for your letter of 12 June concerning the possibility of the Prime Minister receiving Excemo Don Gregorio Peces-Barba Martinez, President of the Congress of Deputies of Spain.

This is receiving attention and a reply will be sent to you as soon as possible.

(Caroline Ryder)

W.A. Beaumont, Esq., O.B.E.,

Mr Speaker

Speaker's Office House of Commons London SW1A 0AA

12th June 1985

Dear Mrs Ryder,

We discussed the possibility of the Prime Minister sparing a few minutes after Question Time on Thursday, 18th July to receive - however briefly - Excemo Don Gregorio Peces-Barba Martinez, President of the Congress of Deputies of Spain.

In view of the high position Senor Peces-Barba holds, and the recent accession of Spain to the EEC, the Speaker would be particularly grateful if the Prime Minister could fit this in. You said this was a particularly busy day; it might be helpful if I could guarantee to get Senor Peces-Barba away very quickly, as I have arranged a meeting with Sir Geoffrey Howe very shortly afterwards, which could furnish a reason for Senor Peces-Barba to be taken away after a very short period.

Yours Sincerely,

Bill Shaw

Mrs Caroline Ryder
Personal Assistant to the Prime Minister
10 Downing Street
London SW1

TPM

10 DOWNING STREET

THE PRIME MINISTER

6th June, 1985

Dear Henry,

Thank you so much for your letter of 15th May about the signing of an agreement in principle between the European Democratic Group and the Alianza Popular It was good of you to keep me informed and I would be delighted in due course to be the guest of the newly enlarged group.

I know that you were due to meet Senor Fraga in Venice earlier this week and I think you will have received a message before that meeting, letting you know that I would very much like to meet Senor Fraga in London. Arrangements are now in hand to find a mutually convenient date.

Yours ever

Margaret

Sir Henry Plumb DL MEP

UNOFFICIAL TRANSLATION.-

Subject cc master
aft

Madrid, 4th June 1985

The Right Honourable Margaret Thatcher,
Prime Minister of the United Kingdom,
LONDON.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T104/85

Dear Prime Minister,

As you know Colombia, Mexico, Panama and Venezuela, members of the Group known as Contadora, have been working since 1983 in search of solutions to the crisis in Central America. In this conflict we find, among others, political and security issues; unhappily, violence still plays an important role. It is as well to remember however, that we are seeing the manifestations of socio-economic rooted ills, the injustice of which has served to fuel the crisis. Any contribution to the peace process, therefore, can and must be channelled through political backing for the Contadora negotiating process. But there is also need to act at the same time against the deep-rooted causes of the conflict.

In this context health is a field in which, through co-operation, it is possible to work positively and with a degree of independence from the political contest. It is with this in mind that I am now suggesting a health-related initiative, which without doubt is one of the decisive factors for social stability in the area.

Last November, the Health Ministers of Central America and Panama came to Europe accompanied by leading members of the Pan-American Health Organization (O.P.S.) and UNICEF to bring the Contadora Health Plan (health priority needs in Central America and Panama) to the notice of member countries of the Council of Europe.

Since then, some action has developed within the framework of the Plan, and it has shown the extent to which this health action is a pacifying element. Thus, the vaccination campaign in El Salvador brought about a cease-fire and close collaboration among all Salvadoreans.

At Spain's suggestion, the Plan was introduced to the II Conference of the Council of Europe Health Ministers held in Stockholm from the 15th to 17th April. The Health Minister of Panama spoke on behalf of the Contadora Group, and the Director General of the Pan-American Health Organization also intervened.

As a result of the interest aroused, this initiative was included in the conclusions of the Conference.

The Contadora Group, the countries of Central America and Panama and the Pan-American Health Organization then suggested that Spain should be the venue for an international conference to give effect to the health proposals included in the Plan. This proposal was accepted, and the Conference will be held in Madrid from the 7th to 9th October. The Latin American countries already mentioned and those of Western Europe will be invited to attend, with the participation of the Pan-American Health Organization and the Council of Europe.

My Government would welcome the presence of your country at the Conference with the assistance of the Minister of Health or the member of the Government responsible for health matters.

I avail myself of this opportunity to send you cordial greetings, and my best wishes for the peace and prosperity of your country.

(Signed) FELIPE GONZALEZ MARQUES

EL PRESIDENTE DEL GOBIERNO

Madrid, 4 de junio de 1.985

Excma. Sra. Margaret Thatcher
Primer Ministro del Reino Unido
LONDRES

Señora Primer Ministro :

Como usted sabe, Colombia, México, Panamá y Venezuela, formando el llamado Grupo de Contadora, trabajan desde 1.983 en la búsqueda de soluciones para la crisis de Centroamérica. En este conflicto se debaten, entre otras, cuestiones políticas y de seguridad; la violencia, desgraciadamente, aún juega un papel relevante. Sin embargo, no debe olvidarse que nos encontramos ante las manifestaciones de las raíces socio-económicas, cuya injusticia ha alimentado la crisis. Por ello, la contribución al proceso de paz puede y debe hacerse mediante apoyo político al proceso negociador de Contadora, pero también es necesario actuar simultáneamente sobre las causas profundas del conflicto.

En este sentido, la sanidad constituye un campo donde, mediante la cooperación, es posible ejercer una acción positiva, con relativa independencia de los contenciosos políticos. En esta línea de acción, deseo plantearle ahora una iniciativa de carácter sectorial, relacionada con la sanidad, sin duda uno de los factores decisivos para la estabilidad social en la zona.

El pasado mes de noviembre, los Ministros de Sanidad de Centroamérica y Panamá se trasladaron a Europa, junto con altos directivos de la Organización Panamericana de Salud (O.P.S.) y de UNICEF, para dar a conocer a los países miembros del Consejo de Europa el llamado "Plan Contadora Sanitario" (Necesidades prioritarias de la salud en América Central y Panamá). El Plan considera a "la salud como un puente para la paz, la solidaridad y el entendimiento entre los pueblos de América Central y Panamá".

EL PRESIDENTE DEL GOBIERNO

Desde entonces, se han desarrollado algunas acciones en el marco del Plan, en las que se ha podido comprobar cómo la acción sanitaria era, además, un elemento pacificador. Así, con la campaña de vacunación en El Salvador, se consiguió un alto el fuego y la colaboración más estrecha de todos los salvadoreños.

A propuesta de España se incluyó la presentación del Plan en los trabajos de la II Conferencia de Ministros de Sanidad del Consejo de Europa, que tuvo lugar en Estocolmo los días 15-17 de abril. Intervino el Ministro de Salud de Panamá en nombre del Grupo de Contadora, así como el Director General de la O.P.S. Esta iniciativa, debido al interés que despertó, fue recogida en las conclusiones de la Conferencia.

Quisiera ahora informarle de que el Grupo de Contadora, los países de Centroamérica y Panamá y la O.P.S. propusieron que España fuera la sede de una conferencia internacional que pusiera en marcha las actuaciones sanitarias que recoge el Plan. Esta propuesta ha sido aceptada, por lo que dicha conferencia tendrá lugar los días 7 a 9 de octubre en Madrid; a ella serán convocados los países antes citados de América Latina y los de Europa Occidental, con el concurso de la O.P.S. y del Consejo de Europa.

En consecuencia, mi Gobierno espera poder contar con la calificada presencia de su país en la conferencia, mediante la participación del Ministro de Sanidad o del responsable gubernamental en materia de salud.

Aprovecho la ocasión para enviarle un afectuoso saludo y mis mejores deseos de paz y prosperidad para su nación,

Felipe González Márquez.

RESTRICTED

Ref (57)

bc SS. PC

10 DOWNING STREET

From the Private Secretary

4 June 1985

SENOR FRAGA

The Prime Minister told the Foreign Secretary this morning that she would be ready to see Senor Fraga if he were to visit London. Arrangements for this will no doubt be made by Conservative Central Office.

We shall also need advice on a draft reply to Sir Henry Plumb's letter of 15 May to the Prime Minister about the agreement in principle between the European Democratic Group and the Alianza Popular to form a Common Group in the European Parliament.

C D POWELL

Len Appleyard, Esq.,
Foreign and Commonwealth Office

RESTRICTED

Charles Powell

SENOR FRAGA

I am told by Adam Fergusson that the Foreign Secretary wants to raise with the Prime Minister at his bilateral next Tuesday, 4th June, the question of whether and when the Prime Minister should see Senor Fraga in London. I attach the letter from Henry Plumb to the Prime Minister (which she has not yet seen as I was awaiting advice from the Foreign Secretary, but which I have acknowledged) together with a letter from the Chairman.

Can I ask you to add this topic to the list of subjects for the meeting on Tuesday? (You will know that Henry Plumb is seeing the Prime Minister on 10th June).

SS

STEPHEN SHERBOURNE
30.5.85

Conservative Central Office
32 Smith Square Westminster SW1P 3HH
Tel. 01-222 9000 Telex 8814563

From
THE CHAIRMAN OF THE PARTY
John Selwyn Gummer MP

JSG/AM

23 May 1985

Dear Stephen

Thank you for sending me a copy of your letter to John Houston, and also a copy of Henry Plumb's letter to the Prime Minister regarding Señor Fraga of the Alianza Popular.

I really am very keen that the Prime Minister should meet Fraga.

Yours ever
John

Stephen Sherbourne, Esq.

2 copies pl

RL95

onservative and Unionist Party, GB
Det konservative folkeparti, DK
Ulster Unionist Party, N. Ireland

EUROPEAN DEMOCRATIC GROUP
EUROPEAN PARLIAMENT

CC FCO 4/6

Chairman
Sir Henry Plumb, DL, MEP
LONDON

2 Queen Anne's Gate
London, SW1H 9AA
Tel. (01)222 1720
(01)222 1729
Telex 917650 EDGLDN

15th May, 1985

The Rt. Hon. Margaret Thatcher, MP
Prime Minister,
10 Downing Street,
London S.W.1.

Steph

Can we please have a word about this.

CDP
25/5

Dear Prime Minister,

The signing in Madrid earlier this week of an agreement in principle between ourselves and the Alianza Popular to form a common Group in the Europen Parliament when Spain enters the European Community seemed to me an appropriate moment to write to you about this forthcoming enlargement of the European Democratic Group, and more generally the Group's prospects for the future.

As you know, over the past 2 years there have been many exchanges of correspondence and visits between ourselves and the Alianza Popular. It was not until the end of last year, however, that Fraga specifically told us that he would like his colleagues to enter the European Democratic Group when Spanish Members joined the European Parliament: Fraga will not himself be a Member of the Parliament.

Since the Alianza Popular is both a Member of the International Democrat Union and sits with us in the Assembly of the Council of Europe, it was not entirely surprising that Fraga should regard us as his natural associates at Strasbourg. The past 6 months have been a time of rapid consolidation in our dealings with Fraga: we have, of course, kept in regular touch with John Gummer and Geoffrey Howe on the question. The culmination of this process was reached earlier this week in Madrid.

.../...

Quite apart from the obvious philosophical similarities between ourselves and the Alianza Popular, I think it particularly appropriate that the European Democratic Group should be augmenting its numbers at this time. The Fontainebleau settlement has lanced the boil of the British budgetary problem, and the constructive British contribution in such fora as the Dooge Committee and the Committee on People's Europe have served merely to emphasise that the United Kingdom is now eager to play as full a part in the Community's development as any of our partners. Over the past 6 years, the fact that the British Conservatives sat in what was largely a Group of a single nationality has paradoxically diminished our influence in the Parliament: we have inevitably spent too much time talking to ourselves and not enough convincing our continental colleagues. The presence of Spaniards in our Group will significantly better our position. The balance of the Parliament may tilt a little to the left with the arrival of Spanish Socialist MEPs next year, but this will merely be an incentive for the Parties of the Centre and responsible Right to work even more closely together: it is perhaps worth pointing out that the Christian Democrats and the Gaullists are accepting with good grace our success in snaring the Alianza Popular.

The situation in Spain is naturally an evolving one. The Alianza Popular will not be the same in 5 years time as it is now; exposure to the European Community must surely have a beneficial effect on its policies and leadership. We British Conservatives in the European Parliament hope very much to be able to play some role in guiding the Alianza Popular's development: the strengthening of democratic practice in Spain was, after all, the most powerful single argument for Spanish accession.

I attach a copy of the English text of the agreement I signed with Fraga earlier this week. I hope very much that you will, in due course, do the newly enlarged Group the honour of being our guest, as you have so kindly been on a number of occasions over the past few years.

Yours ever,

Henry

HENRY PLUMB

Enc. P.S. I hope you will be able to receive Fraga when he comes over in June.

H.

AGREEMENT BETWEEN THE EUROPEAN DEMOCRATIC GROUP AND THE ALIANZA POPULAR

1. It is agreed in principle, following a series of meetings between the respective leaderships, the Alianza Popular will join with the three existing constituent parties of the European Democratic Group (British Conservative Party, Danish Conservative Party and Ulster Unionist Party) in forming an expanded Group within the European Parliament on Spain's entry into the European Community.
2. Both the existing European Democratic Group and the Alianza Popular look forward to the Alianza Popular playing a full part in the work of the Group, with its MEPs assuming responsibilities within the Group and, on the Group's behalf, within all the organs of Parliament, such as the Bureau of Parliament, Parliamentary Committees and Delegations.
3. In the interim period, (May-December 1985), there will be an accelerated programme of mutual preparation for the expansion of the Group within the Enlarged Community.
   This will include:
   1. The attendance of Alianza Popular Members at all Group Meetings.
   2. Visits to Spain of existing European Democratic Group Members for discussions of matters of mutual interest with the Alianza Popular.
   3. The attendance of an Alianza Popular representative at meetings of the European Democratic Group Bureau as an honorary Member.
   4. The mutual preparation of secretariat staff for the tasks related to expansion.
4. The Group will hold a week-long Conference in Madrid, 4 to 8 November, to finalise policy priorities within the expanded Group.

Madrid
13-may-1985

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 95/85

UNCLASSIFIED

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DD 271400Z MADRID
GRS 92
UNCLASSIFIED
DESKBY 271400Z
FM FCO 271050Z MAY 85
TO IMMEDIATE MADRID
TELEGRAM NUMBER 216 OF 27 MAY
INFO PERSONAL FOR GOVENOR GIBRALTAR

PLEASE PASS THE FOLLOWING MESSAGE OF SYMPATHY FROM THE PRIME MINISTER TO FELIPE GONZALES:
'' PLEASE ACCEPT MY DEEPEST SYMPATHY ON THE TRAGIC LOSS OF LIFE RESULTING FROM YESTERDAYS EXPLOSION AT PUENTE MAYORGA.
FOLLOWING THE TRAGEDY AT BRADFORD OUR THOUGHTS AND PRAYERS ARE VERY MUCH WITH YOU ''

HOWE

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DISTRIBUTION
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NEWS D
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PS
PS/LADY YOUNG
PS/PUS
MR DEREK THOMAS
MR JENKINS

COPIES SENT TO
No. 10 DOWNING STREET

UNCLASSIFIED

PRIME MINISTER

Foreign Secretary recommends you send the following message to Spanish Prime Minister.

"Please accept my deepest sympathy on the tragic loss of life resulting from yesterday's explosion at Puente Mayorjo. Following the tragedy at Bradford, our thoughts and prayers are very much with you today."

NB We received a message of sympathy from Spanish Government after the Bradford Football Club fire.

Duty Clerk

27 May 1985

Mufaxed to Chequers
27/5

PRIME MINISTER

Approved 27/5
advised FCO.

Foreign Secretary recommends you send the following message to Spanish Prime Minister.

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Duty Clerk

27 May 1985

Foreign and Commonwealth Office

London SW1A 2AH

20 May 1985

Dear Charles,

400th Anniversary of the Spanish Armada

The Foreign Secretary was glad to note that the Prime Minister is in principle prepared to cosponsor this project.

He entirely shares her view that it is essential to have the clearest account of Spanish Government views before any message is sent to Sr Gonzalez. HM Ambassador in Madrid is being instructed to take soundings.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street
LONDON SW1

cc: P Thomas Esq
Office for the Minister of the Arts

20 MAY 1985

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EP PE

EUROPEAN DEMOCRATIC GROUP
EUROPEAN PARLIAMENT

Chairman

Sir Henry Plumb, DL, MEP
LONDON

2 Queen Anne's Gate
London, SW1H 9AA
Tel. (01)222 1720
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10 Downing Street,
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Henry

HENRY PLUMB

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4. The Group will hold a week-long Conference in Madrid, 4 to 8 November, to finalise policy priorities within the expanded Group.

Madrid
13-may-1985

File

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10 DOWNING STREET

From the Private Secretary

14 May 1985

400TH ANNIVERSARY OF THE SPANISH ARMADA

The Prime Minister has seen the Minister for the Arts' minute of 8 May about the commemoration of the 400th anniversary of the Spanish Armada.

The Prime Minister thinks this is a very delicate matter vis-à-vis the Spaniards and would like to be absolutely sure that they are agreeable to what is proposed. She sees some risk that their response to Dr. Cossons' approach is simply politeness. She would therefore prefer the matter to be discussed either with the Spanish Ambassador here by the Foreign Office or by our Ambassador in Madrid with the Spanish Government before she writes to Senor Gonzalez. I should be grateful if this could be put in hand.

I stress that the Prime Minister is perfectly willing to take a hand in sponsoring the exhibition but wants to be asbolutely sure of Spanish reactions in advance.

I am copying this letter to Colin Budd (Foreign and Commonwealth Office).

Charles Powell

Paul Thomas, Esq.,
Office of the Minister for the Arts.

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

15 March 1985

SPAIN: HIGH LEVEL VISITS

Thank you for your letter of 12 March conveying the Foreign Secretary's advice about the programme of high level visits between Britain and Spain.

The Prime Minister agrees that a visit by King Juan Carlos should be advanced to spring 1986 in place of either President Chadli or King Hassan who could be postponed until the autumn. She also agrees that she should not herself go to Madrid until mid-1986. Although it is obviously impossible to be firm about dates for the moment, September looks the most likely month.

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

cc Soviet Union; PM's attendance @ funerals; Feb '84

CONFIDENTIAL

cc MATTER cPC

10 DOWNING STREET

From the Private Secretary

14 March 1985

Dear Ian,

PRIME MINISTER'S MEETING WITH THE SPANISH PRIME MINISTER ON WEDNESDAY 13 MARCH 1985

I enclose a record of the Prime Minister's meeting with the Spanish Prime Minister, while in Moscow for President Chernenko's funeral.

I am copying this letter and enclosure to Callum McCarthy (Department of Trade and Industry), Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

Yours sincerely,

C.D. POWELL

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE SPANISH PRIME MINISTER ON WEDNESDAY 13 MARCH 1985 AT THE BRITISH EMBASSY, MOSCOW

Present

Prime Minister	Senor Gonzalez
Foreign Secretary	Senor Westendorp
Mr. C.D. Powell	Two officials
Mr. L.V. Appleyard	

Senor Gonzalez said that he was very glad to be meeting at an important moment for Spain. When he had seen King Juan Carlos before he left, the King had insisted that he should press the Prime Minister to visit Spain. He very much hoped that this would be possible. The Prime Minister said she was grateful for this invitation and would see if dates could be found.

Senor Gonzalez said he was sure that both sides were very satisfied with the way the Gibraltar negotiating process had begun. The Prime Minister said she was very pleased. The Foreign Secretary said that he thought it helpful to work with Senor Moran since they understood and knew each other very well.

Senor Gonzalez said that his principal aim now was to express concern over the present state of the enlargement negotiations. He wanted to discuss the basic political issues, rather than to go into technical detail. 1985/86 would be key years for completing Spain's definition of its foreign policy, and for anchoring Spain to the West. His anxiety was that if a key element in this process, namely negotiations with the EC, fell away, it would be difficult to bring it to the right conclusion. He wanted Spain to be

integrated into the Community and into the Western system of defence. Spanish public opinion still rejected the idea that Spain should belong to the Atlantic Alliance while being enthusiastic about Spain's joining the EC. These issues were separate but psychologically linked in the minds of many people. It would be difficult if his Government had to propose that Spain should continue in the Alliance without being able to offer the other part of the process: integration into the Community. Public opinion in Spain was fluctuating. Before, 60% of the people were against joining the Alliance, with 15% in favour. But now both figures fluctuated between 30% and 40%.

Senor Gonzalez continued that he was particularly concerned over the recent figures produced by the Commission, which showed that Spain would be a substantial net contributor to the EC, up to a value of 1% of GDP. This would mean that Spain would be making a per capita contribution of £300 for the privilege of joining, while remaining one of the poorest countries in the Community. He did not want to agree to accession on any terms now and have to come back later to negotiate all the arrangements once again. He was convinced that there was no problem which was insoluble. Next week would be a very important period. It was not an electoral problem from his standpoint. It was a fundamental question of Spain's role in the future.

The Prime Minister said that we wanted Spain to come into the Community, for the sake of having Spain in the Community, which was an ideal in itself. We also wanted to have Spain in NATO. We had fully supported Spanish accession from the very start. We believed that it was important for Spanish democracy, which was important in its turn for Western democracy. It was a question of the future quality of life in Spain. If we could get the EC negotiations successfully completed, then the NATO issue would come out all right.

On the net contribution point, the Prime Minister said that it was ridiculous to have Spain as a net contributor.

But in fact Spain would need to negotiate the normal transitional arrangements to own resources. This had been foreseen. The Foreign Secretary said that the figures quoted by Senor Gonzalez were Commission calculations of the budgetary position for Spain without transitional arrangements. The latter would have to be negotiated in the usual way as the final component of the enlargement process. The Prime Minister added that, as the second largest net contributor to the Community, we had some sympathy for Spain's problems.

Senor Gonzalez said that he was not so much concerned with the purely budgetary aspect. The difficulty was that the Commission calculations represented what was on offer to Spain on the various substantive chapters of the accession negotiations. The budgetary calculation showed that the present offer did not take account of the realities of the Spanish economy. There would still have to be further negotiations on the CAP and fish. But it was clear that the Commission considered that the basic package involving all these issues would leave Spain as a net contributor, which showed that the impact of the package on Spain had not been properly calculated. The Foreign Secretary pointed out that Spain's budgetary position could not be finalised until all the substantive issues had been settled. But the figure produced by the Commission represented the calculations without the necesary corrective measures and without taking account of what would happen during the transitional period.

Senor Gonzalez repeated that the budgetary calculation nevertheless exposed the unfairness of the offer. On fish, Spain had 650 ships in EC waters in 1978. Seven years later they had only 329. They were being asked by the EC to reduce this figure still further. During these years Spain had increased its imports of fish from the Community by 700%. The Foreign Secretary pointed out that all Community countries had been obliged to undergo a major restructuring of their fishing industries. The Spanish fleet presented a particular problem, since it was 60% of the total of the Community fishing fleet.

The Prime Minister pointed out that the time for decision-making had arrived. We would like to see a settlement at the March Foreign Affairs Council. We could not renegotiate everything that had been negotiated so far. It was a time when fundamental political decisions would have to be taken. Delay would not work in Spain's favour, indeed it might well make things more difficult. Meanwhile it would be helpful if Senor Gonzalez could talk to Prime Minister Papandreou to try to make sure that the Greeks did not hold up the accession arrangements. The Community was basically valuable for the political advantages which it gave to Member States, both within Europe and internationally. She thought that most people understood this very well.

The meeting concluded with a brief discussion of Mr. Gorbachev. Senor Gonzalez asked the Prime Minister for her assessment. The Prime Minister said that he was intelligent, confident and open to discussion. But the fundamental problems of the Communist system had still not begun to be tackled. Essentially, the Soviet Government wanted economic development without providing the necessary economic incentives. Senor Gonzalez commented that they were scared to introduce greater economic incentives, since this could threaten the political system. The Prime Minister agreed, but pointed out that the Chinese had gone some way towards tackling this problem.

CDP

14 March 1985

CONFIDENTIAL

Prime Minister
Agree recommendation to advance state visit of King Juan Carlos to Spring 1986? Into your own visit is trickier. Gonzalez pressed you hard yesterday to come soon. You could go in September. But the Foreign Secretary advises a visit in mid-1986.
Dear Charles,
Agree to delay visit?
Yes no CDP 14/3

Foreign and Commonwealth Office

London SW1A 2AH

12 March 1985

Spain: High Level Visits

Following the lifting of Spanish restrictions on Gibraltar, we have been thinking about what would be the best programme of high level visits, given the Spaniards' clear enthusiasm for an early State Visit by King Juan Carlos to Britain, and a visit by the Prime Minister to Spain.

/but King Juan Carlos is of course very close to the Royal Family / both both sides have so far accepted that a State Visit has had to be ruled out until the Spaniards changed their policy over Gibraltar. The Royal Visits Committee has for some time accepted the case for an early State Visit after the removal of restrictions on Gibraltar, thereby setting the seal on the new relationship. A slot for King Juan Carlos is currently in the programme for autumn 1986. The Foreign Secretary believes however that his visit should be advanced to Spring 1986 in place of either President Chadli of Algeria or King Hassan of Morocco, who would be rescheduled for the autumn. There would be considerable disappointment in Spain if a State Visit were to be delayed until late 1986; and an invitation to King Hassan of Morocco to come here first could, despite its return nature, be misunderstood in Spain.

Developments over Gibraltar itself; the state of the EC accession negotiations; and the timing of Spain's referendum on NATO (possibly February 1986), of the next Spanish General Elections (due by October 1986) and of a State Visit by King Juan Carlos are all factors which would affect the timing of a visit to Spain by the Prime Minister. The Foreign Secretary believes that it would be best to see how his first meeting goes with Sr Moran over the handling of Spanish proposals on the question of sovereignty over Gibraltar before a decision is taken over a visit to Spain by the Prime Minister. It was agreed in the Geneva meeting on Gibraltar that that meeting will take place in December.

If a State Visit were to take place in Spring 1986, the Prime Minister might go to Madrid in mid-1986 - which would still be within the life of the present Spanish legislature.

/By

By then too the prospects for Spanish accession to the EC would be clear, without the possibility of the Prime Minister being dragged into the final bargaining stages of the negotiations. Spain's connection with NATO ought also to have been clarified, with less risk of the visit being misinterpreted as a high-level lobbying exercise.

There may, of course, be Spanish pressure for an early visit by the Prime Minister, given that she has not visited Spain, and is one of the last European Heads of Government not to have met Sr Gonzalez substantively since he became Spanish Prime Minister. Nevertheless, if a State Visit is brought forward to Spring 1986, this would show the Spanish Government that we were working seriously for closer relations. In addition, there may be an opportunity for a bilateral meeting with Senor Gonzalez in the margins of any major international gathering at which both Prime Ministers might be present.

We shall have to see how things settle down over Gibraltar, and the Royal Visit Committee will need to consider the question of the State Visit in due course but I should be grateful to know if, for planning purposes at this stage, the Prime Minister agrees to the following programme:

(a) December 1985. Visit by Sir Geoffrey Howe to Madrid;

(b) Spring 1986. State Visit to London by King Juan Carlos and Queen Sophia;

(c) Summer/autumn 1986. Visit by the Prime Minister to Madrid.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

12 MAR 1985

subject as marked

JR

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

15 February 1985

Dear Richard,

PRIME MINISTER'S MEETING WITH THE SPANISH MINISTER OF DEFENCE AT 10 DOWNING STREET ON 15 FEBRUARY AT 0900

The Prime Minister met the Spanish Minister of Defence this morning. Sr. Serra was accompanied by the Spanish Ambassador and Sr. Casa-Miranda. The Defence Secretary and HM Ambassador Madrid were also present.

The Prime Minister said that she had been very pleased at the way in which the opening of the Border between Spain and Gibraltar had been carried through. It was clear that Sir Joshua Hassan was also very satisfied. It had been important to allow him to play a full part in the discussions in Geneva about the future development of relations betwen Spain and Gibraltar. The Prime Minister continued that we attached great importance to continued Spanish membership of NATO. She would be interested to hear how Sr Serra saw the prospects for the referendum on this subject.

Sr. Serra said that he had held useful discussions with the Defence Secretary on NATO and with the Foreign Secretary on Gibraltar. On Spanish membership of NATO, the situation was a great deal better than a year ago and he thought that the Spanish people would accept their Government's position in the referendum. One had to understand that it would take time for the after effects of Spain's isolation from the rest of Europe to disappear. The Spanish people did not have the same experience of working together in wartime as the European allies and the United States, and the notion of military cooperation was not the essential feature of NATO for them. The only way to sell NATO membership to the Spanish people was to dwell less on defence and security matters and emphasise the aspect of joining Europe. For this reason, it would not be helpful to work at this stage for closer Spanish association with the integrated military structure. The stress had to be put on the broad political arguments. The Prime Minister said that she understood there were divisions in the PSOE on this subject. Sr. Serra confirmed that there was a widespread suspicion in the PSOE that membership of NATO was somehow imposed by the armed forces. But to return to his main point, Spanish entry into the European Community was the vital step and the NATO

membership referendum could be carried on the wave of that. He was confident that the referendum would be successful.

Sr. Serra said that Gibraltar was also an important element in the NATO referendum. The fact that Britain and Spain were now discussing Gibraltar would help make NATO membership more acceptable to Spanish opinion. Gibraltar was seen as a foreign military base on Spanish soil. It was necessary to be able to explain to Spaniards that one day, a very long time ahead, there would be a solution to the Gibraltar problem. The Prime Minister said that Britain's position had been made clear in the preamble to the Gibraltar constitution. There could be no change in the position of Gibraltar, except at the wish of the people of Gibraltar. There was, of course, no question of independence. If Gibraltar ever decided to cut its links with Britain, it must revert to Spain. Sr. Serra said that he believed that Spanish entry into the European Community would help change perceptions in Gibraltar. After, say, fifteen or twenty years of an open frontier with Spanish-owned hotels in Gibraltar and Gibraltar-owned businesses in Spain, the psychology of the situation would be different. He could understand the feelings of the Gibraltarians and their fear that Spain wanted to swallow them. Spain recognised that this was a long-term issue and was not in a hurry. The Prime Minister said that the essential point was to ensure that contacts between Spain and Gibraltar developed calmly, with free movement between the two. We should have to wait and see what happened. Sr. Serra said that it was enough if the Spanish man in the street could see that the problem was being discussed in a civilised and dignified manner. The Prime Minister agreed that this was very important.

The Prime Minister said that she had seen Signor Craxi last night to discuss enlargement of the Community. He would now be visiting Portugal and Spain. She very much hoped that many of the main outstanding issues could be resolved at the Foreign Affairs Council early next week. Greece was threatening to block enlargement unless it received satisfaction on integrated Mediterranean programmes. But this threat should be treated calmly: it was tactical and she was confident that Papandreou would not in practice prevent enlargement from taking place. Sr. Serra said that Spain was familiar with Greek tactics. The Prime Minister cautioned against expecting early results from membership of the European Community. Any change would be gradual. She hoped that Spain's accession would be marked by some appropriate ceremony. It would be a very important event, far more significant than Greece's accession. She would ask for thought to be given to this.

The Prime Minister referred to the importance of helping Portugal which would be far behind the rest of the EC in per capita income. Portugal had struggled bravely to avert a Communist takeover. Sr. Serra said that Spain recognised that Portugal might well not be able to abide by Common Market rules. There would also have to be extended transitional arrangements in Spanish/Portuguese relations which would allow the Portuguese to keep a number of protective measures in place.

The Prime Minister asked Sr. Serra to give her warm regards to Sr. Gonzalez whom she had not seen for a considerable time, and also to His Majesty The King. Sr. Serra undertook to do so.

I am copying this letter to Colin Budd in the Foreign and Commonwealth Office.

Yours sincerely

Charles Powell

(C. D. POWELL)

Richard Mottram, Esq.,
Ministry of Defence.

CaPC

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~230 7822~~ 218 2111/3

MO 5/16/1

13th February 1985

Prime Minister
CDP
13/2.

Dear Mr Powell,

As you requested in your letter of 23rd January, I now enclose briefing for the call by the Spanish Minister of Defence on the Prime Minister at 0900 hours on 15th February. A Personality Note on Sr Serra is also enclosed. Sr Serra will be accompanied by my Secretary of State, the Spanish Ambassador - HE Don Jose J Puig De La Bellacasa, and an interpreter from the Government Linguistic Service, Group Captain Melrose.

I am sending a copy of this letter to Colin Budd (Foreign and Commonwealth Office) and to Richard Hatfield (Cabinet Office).

Yours sincerely
James Cattermole
for
(R C MOTTRAM)

C Powell Esq
No 10 Downing Street

BRIEF FOR THE CALL ON THE PRIME MINISTER BY THE SPANISH DEFENCE MINISTER, SENOR NARCIS SERRA, 15 FEBRUARY 1985

Objective

- to build on the recent improvement in Anglo-Spanish relations following the opening of the border with Gibraltar;
- to stress the importance that the UK attaches to continued Spanish membership of NATO, and closer association with the integrated military structure.

Line to Take

- Welcome the agreement reached with Spain on Gibraltar. Geneva meeting on 5 February went well. This, and forthcoming Spanish membership of the EC, will lead to even closer contacts between our two countries.
- (If necessary) Understand Spanish desire to pursue sovereignty claim. But Gibraltarian wishes must be respected. Should concentrate on establishing practical cooperation between Gibraltar and hinterland.
- Encouraged by recent Government statements of support for continued Spanish membership of NATO. Hope prospect of full military integration will be kept open. Important for credibility of Alliance that members share responsibilities as well as benefits.
- Pleased to note increasing bilateral defence contacts. HMG ready to collaborate wherever possible on equipment projects.
- Welcome progress on promotion of increased co-operation on defence equipment. /If appropriate/ Welcome exchange of letters.

Essential Facts

1. Foreign Ministers met in Geneva on 5 February, after the Spanish restrictions had been lifted, to begin negotiations on Gibraltar. These covered both sovereignty, on which we reaffirmed HMG's commitments to Gibraltar as in the 1969 Gibraltar Constitution, and areas

for cooperation. Both sides agreed there were good opportunities for economic growth in the region. Officials will meet to consider some aspects further (eg. civil aviation, tourism, transport).

2. Spain acceded to NATO in May 82 but Spanish integration into the military structure of NATO has been frozen at the point where it stood when the Socialists (PSOE) took office in December 82. In their election campaign the PSOE pledged to hold a referendum on NATO membership, and this is due to take place in February 86. Prime Minister Gonzalez has indicated that he supports continued membership although, as at present, without full integration into the military structure. At the PSOE Congress in December he pushed through support for continued membership. Senor Serra himself is firmly pro-NATO. Much PR work needs to be done to convince Spanish public opinion which remains strongly anti-NATO.

3. Bilateral defence contacts in 1984 included an inaugural round of official level politico/military talks, the first squadron exchange of PHANTOM aircraft, Spanish participation in the UK's annual submarine exercise and an agreement on army training exchanges. The UK is anxious to promote increased co-operation on defence equipment with Spain. Agreement has been reached at official level on arrangements to effect this, including a Joint Committee to identify and pursue collaborative possibilities. We hope that Senor Serra will be able to sign an exchange of letters during his visit recording these arrangements. As yet however we are uncertain that he will be able to do so.

BRIEF No. 2

SERRA SERRA, NARCIS

Minister of Defence since December 1982.

Born Barcelona 30 May 1943. Studied Economic Sciences at Barcelona University and LSE. Professor of Economics Theory at Barcelona University. Founded the Convergencia Socialista de Catalunya party. Member of the National Council of the Partit Socialista de Catalunya. From 1977-79 he was Councillor for Urban Planning in Barcelona. Elected Mayor in 1979, he served with efficiency and firmness until he was appointed Minister of Defence for the PSOE Government in December 1982. While Mayor of Barcelona he had shown his ability to get on well with the Military Captains General during the period of the 23 February 1981 coup and preparations for the National Armed Forces celebration in that city. As Minister, he has built on these important, but tenuous, links with the military who seem to genuinely like and respect him. He has made a good start in modernising and reducing the size of the Armed Forces.

Narcis Serra has been one of the hits of the PSOE Government. Starting from the handicap of being a short Socialist with a big beard who had not done military service and had difficulty in standing to attention, he has won the respect of the military leaders by tough Catalan good sense. In private he is unabashedly pro-NATO and deeply concerned by the Gibraltar dimension.

Married. Speaks English. Likes classical music.

YES

I phoned. 12.2

10 DOWNING STREET

Charles

Meeting with Spanish Defence Minister on 15/2/85 @ 9.00

As the Spanish Ambassador is also attending, FCO wish to know if our Ambassador from Madrid can attend along with Mr Heseltine?

Could they please have an early reply

Margo

12/2/85

FILE

cc: PC
CR

207

10 DOWNING STREET

From the Private Secretary

23 January, 1985

Thank you for your letter of 22 January about the visit of the Spanish Minister of Defence to Britain on 14/15 February.

The Prime Minister would be ready to see Senor Serra at 0900 hrs on 15 February. I suggest that the Defence Secretary should accompany him. The Prime Minister will not want to see a large accompanying suite. We should, therefore, limit it to the Spanish Ambassador.

I should be grateful if briefing could reach me by the afternoon of 13 February.

I am sending a copy of this letter to Colin Budd (Foreign and Commonwealth Office), and to Richard Hatfield (Cabinet Office).

(C.D. Powell)

R. Mottram, Esq.,
Ministry of Defence

CST.

0900/15

010

CONFIDENTIAL

cc PC (1)

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7022~~ 218 2111/3

MO 5/16/1

22nd January 1985

Prime Minister
Agree to see him?

CDP
22/1

Dear Charles,

As you may be aware the Secretary of State for Defence has invited his Spanish opposite number, Senor Narcis Serra, to visit Britain on 14th/15th February. During his stay he will be calling on the Foreign and Commonwealth Secretary, and the purpose of this letter is to ask whether it would be possible to arrange a short call on the Prime Minister.

The visit comes at a very important time in Anglo-Spanish relations (just one week after the opening of the border with Gibraltar) and a call on the Prime Minister would provide a valuable opportunity to stress the importance we place on increasing bilateral contacts. In the run-up to the Spanish referendum on NATO we also wish to take every opportunity to put over our views on the importance of continued Spanish membership.

I understand that the FCO fully supports the proposed call on the Prime Minister. I should be grateful to know whether this will be possible.

I am copying this letter to Colin Budd (FCO) and Richard Hatfield (Cabinet Office).

Yours ever,

R. C. Mottram

(R C MOTTRAM)

C Powell Esq
No 10 Downing Street

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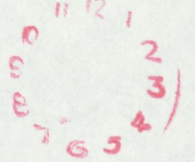
22 JAN 1985



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GRS 125
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FROM MADRID 231130Z JUL 1984
TO IMMEDIATE FCO
TELEGRAM NUMBER 392 OF 23 JULY
INFO IMMEDIATE UKREP BRUSSELS, DUBLIN, PARIS, GOVERNOR GIBRALTAR (PERSONAL).
INFO SAVING OTHER EC POSTS, LISBON.

MY IMMEDIATELY PRECEDING TELEGRAM:
SPANISH FOREIGN POLICY

1. MORAN'S REMARKS MAY REFLECT THE CONTINUING UNCERTAINTY IN POLITICAL CIRCLES HERE ABOUT THE PROSPECTS FOR MINISTERIAL CHANGES EITHER DURING OR SOON AFTER THE SUMMER BREAK. THE FONTAINEBLEAU SUMMIT WAS GENERALLY CONSIDERED TO HAVE STRENGTHENED MORAN'S POSITION, BUT RUMOURS THAT HE MIGHT BE ONE OF THE CANDIDATES FOR DISMISSAL HAVE BEGUN TO REAPPEAR RECENTLY. IT IS NOT SURPRISING THAT HE SHOULD TAKE ANY OPPORTUNITY TO PUBLICISE HIS SUCCESSES. IN ADDITION , IF CHANGES DO TAKE PLACE SOONER RATHER THAN LATER, IT IS NATURAL THAT HE SHOULD WISH TO MAKE SUCH REMARKS BEFORE THE GOVERNMENT AND THE PRESS DESERT MADRID EN MASSE FOR THE SUMMER HOLIDAYS.

2. MORAN'S COMMENTS ABOUT GIBRALTAR ARE SURPRISINGLY EXPLICIT AND OPTIMISTIC. THEY FURTHER BUTRESS THE VIEW PUT TO ME BY BERDEJO AFTER THE LAST ROUND OF LEGAL TALKS ON 13 JULY (MY TEL NO 381) THAT MORAN HAS INDEED MADE UP HIS MIND TO PUSH FOR ACCEPTANCE OF ADVANCE IMPLEMENTATION AS THE BEST BARGAIN SPAIN IS LIKELY TO GET - AND THE LISBON PROCESS AS THE CONTEXT IN WHICH SPAIN WILL RAISE THE ISSUE OF SOVEREIGNTY.

3. FCO PLEASE PASS SAVING
GORDON LENNOX

GIBRALTAR
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NEWS D
PUSD
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PLANNING STAFF

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PS TO PM. NO.10.DOWNING ST.

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FM MADRID 231140Z JUL 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 391 OF 23 JULY
INFO IMMEDIATE UKREP BRUSSELS, DUBLIN, PARIS AND GIBRALTAR
INFO SAVING OTHER EC POSTS AND LISBON

SPANISH FOREIGN POLICY

SUMMARY

1. DIARIO 16 (LIBERAL, POPULAR) GIVES FULL-SCALE COVERAGE IN ITS SATURDAY EDITION TO AN INTERVIEW WITH MORAN. SUBJECTS COVERED INCLUDE HIS RELATIONS WITH GONZALEZ, GUERRA AND BOYER, THE RECENT IMPROVEMENT IN RELATIONS WITH FRANCE, EC ACCESSION, NATO AND GIBRALTAR. WHILE DISCLAIMING ANY KNOWLEDGE ABOUT A RESHUFFLE OF THE GOVERNMENT, MORAN DESCRIBES THE INTERVIEW AS HIS POLITICAL TESTAMENT AND THE BALANCE OF NEARLY TWO YEARS AS FOREIGN MINISTER.

2. DETAIL. RELATIONS WITH HIS COLLEAGUES.

MORAN DENIES THAT HIS RELATIONS WITH THE MONCLOA ARE INDIFFERENT. HE STRESSES THAT BY VIRTUE OF BOTH PERSONALITY AND INCLINATION GONZALEZ PLAYS A MAJOR ROLE IN FOREIGN AFFAIRS. NEVERTHELESS FOREIGN POLICY SUCCESSES MUST BE ASCRIBED TO THE GOVERNMENT AS A WHOLE. THE GOVERNMENT RECORD IS MARKED BY MORE SUCCESSES IN EXTERNAL AFFAIRS THAN BY FAILURES. IN PARTICULAR THERE HAS BEEN NO ''MORAN ERROR''.

3. MORAN STRESSES THAT HIS RELATIONS WITH GUERRA ARE CLOSER THAN WITH BOYER. HE DESCRIBES THE FORMER AS ''MULTI-FACETTED'' AND AS A ''FREEWHEELING PLAYER''. BOYER IS CONTRASTED AS A FIRST-CLASS TECHNICIAN, A CLEAR INTELLIGENCE AND COOL ANALYTICAL POWER INCLINED ON OCCASION TO TRESPASS ON HIS COLLEAGUES' RESPONSIBILITIES.

4. RELATIONS WITH FRANCE.

MORAN IS QUOTED AS SAYING HE HAS LITTLE RESPONSIBILITY FOR THE GOVERNMENT'S RECENT SUCCESSES ON THE ANTI-TERRORIST FRONT. AT THE SAME TIME THERE HAS BEEN A MARKED IMPROVEMENT IN RELATIONS WITH FRANCE, IN PART, AT LEAST AS CONCERNS THE EC NEGOTIATIONS, AS A RESULT OF GOOD SPANISH INFORMATION ABOUT FRENCH INTENTIONS. MORAN CLAIMS HIS SHARE IN THE GENERAL CREDIT FOR THE UNTHAWING.

EC

5. MORAN NOTES THAT THE TARGET DATE OF 30 SEPTEMBER FOR THE ENDING OF THE NEGOTIATIONS WILL NOT BE ADHERED TO. WHAT MATTERS IS RATHER THE RATIFICATION PERIOD. IT IS IMPORTANT THAT THIS ''SHOULD NOT COINCIDE WITH OTHER EVENTS'', FOR EXAMPLE A CHANGE OF GOVERNMENT IN FRANCE. IT SHOULD NOT BE FORGOTTEN THAT CHIRAC HAS RESERVATIONS ABOUT SPANISH ACCESSION.

/NATO

NATO

6. THE REFERENDUM IS ''ESSENTIAL'' NOT LEAST FOR THE CREDIBILITY OF THE GOVERNMENT. THE NATURE OF THE QUESTION TO BE PUT HAS NOT YET BEEN DECIDED. MORAN HAS DISCUSSED THE ISSUE MANY TIMES WITH GONZALEZ WHO IS WELL AWARE OF MORAN'S VIEW: THE FORMULA WILL BE DECIDED BY A PARLIAMENTARY DEBATE, TO BE FOLLOWED BY ANOTHER AFTER THE REFERENDUM.

GIBRALTAR

7. ''THE SITUATION IS BETTER THAN IT WAS. THE LISBON DECLARATION OF 1980 WAS INTERPRETED IN AN UNBALANCED WAY AND THEREAFTER MATTERS WERE COMPLICATED EVEN MORE BY THE FALKLANDS WAR. THE BALL OF WOOL HAS TO BE UNDONE AND THE KNITTING BEGUN AGAIN. THERE HAVE BEEN MANY CONTACTS IN THESE TWO YEARS, I CAN NOW SAY, THROUGH BOTH DIPLOMATIC AND TECHNICAL CHANNELS. I WOULD LIKE TO ADD THAT GREAT BRITAIN OBSERVED WITH INTEREST THE SIGNATURE OF THE DOCUMENT BETWEEN FELIPE GONZALEZ AND RAOUL ALFONSIN IN MADRID WHICH RECOGNISES FOR THE FIRST TIME THE DESIRABILITY OF A PEACEFUL SOLUTION FOR THE FALKLAND ISLANDS. THE CLIMATE HAS CHANGED. FOR EXAMPLE SPAIN WAS ONE OF THE FEW COUNTRIES WHICH WERE WARNED BEFORE-HAND THAT CONVERSATIONS WERE ABOUT TO BEGIN BETWEEN THE BRITISH AND THE ARGENTINIANS IN BERNE. RETURNING TO GIBRALTAR: WITH EFFECT FROM THIS AUTUMN WE WILL BE ABLE TO DISCUSS ALL ISSUES WITH GREAT BRITAIN INCLUDING THAT OF SOVEREIGNTY. THIS HAS ALWAYS BEEN AN OBJECTIVE OF SPANISH DIPLOMACY.''

FCO PLEASE PASS SAVING ADDRESSEES.

GORDON LENNOX

(REPEATED AS REQUESTED)

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SIR C TICKELL
MR WESTON
MR RENWICK
MR JENKINS

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FILE

cc: PC

10 DOWNING STREET

From the Private Secretary

23 July, 1984

ANGLO-SPANISH RELATIONS: GREETINGS FROM KING OF SPAIN

The Prime Minister has read with interest Lord Gordon Lennox's letter recording his presentation of credentials to King Juan Carlos on 5 July.

CP

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

18 July, 1984

Dear Charles,

Anglo-Spanish Relations: Greetings from King of Spain

I enclose a copy of a letter from our Ambassador to Spain, Lord Gordon Lennox, recording his presentation of credentials to King Juan Carlos on 5 July.

As you will see, the Ambassador had a relaxed and friendly conversation with the King, who demonstrated his usual close and warm interest in the state of Anglo-Spanish relations. The Ambassador was asked to convey King Juan Carlos's best wishes to the Prime Minister (paragraph 9). We are taking separate action with Buckingham Palace.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

10 DOWNING STREET

O.K.

Charles

You asked if there were any precedents for a visiting foreign Minister to meet Members of the Opposition.

FCO advise that although such Ministers are usually invited by the Govt., it is NOT at all unusual for them to meet the Opposition.

Nicky 20/6.

CHARLES -

10 DOWNING STREET

Visit to UK of Spanish Minister of Education.

Senor Maravall is visiting on 2 July, when he will meet Sir K. Joseph, tour schools, etc.
However, Giles Radice (Opposition Education spokesman) has offered him lunch, and would introduce him to Mr. Kinnock and other Senior

Lab. Party members.

Does No 10 have any objection to this being written into the official programme?

FCO say OK

Sir K.J. says OK.

I will let them (DES) know your views.

FCO are checking. PL!

Susan
20.6

c.f. (w/s on meeting with FCO) S.

Please find out if there are precedents. CDP

CONFIDENTIAL

File

29 March 1984

SPANISH ASSESSMENT OF CURRENT BRITISH ATTITUDE ON GIBRALTAR

The Prime Minister has noted the contents of your letter of 28 March.

A. J. COLES

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

GRS 730 CONFIDENTIAL
CONFIDENTIAL
FM MADRID 301630Z JAN 84
TO PRIORITY FCO
TELEGRAM NUMBER 56 OF 30 JANUARY
INFO WASHINGTON UKDEL NATO BONN GOVERNOR GIBRALTAR(PERSONAL)

SPAIN AND NATO

1. MY AMERICAN COLLEAGUE (ENDERS) HAS GIVEN ME THE FOLLOWING ACCOUNT IN STRICT CONFIDENCE OF RECENT TALKS WITH THE SPANISH FOREIGN MINISTER AND THEN THE PRIME MINISTER.

2. MORAN SAID THAT, WHATEVER HIS PERSONAL PREFERENCES, HE NOW ACCEPTED AS FOREIGN MINISTER THAT SPANISH NATIONAL INTERESTS WOULD BEST BE SERVED BY REMAINING IN NATO. THIS SEEMED ESSENTIAL IF SPAIN WERE TO BE A MEMBER OF THE EUROPEAN COMMUNITY AND TO RETAIN ACCESS TO WESTERN INVESTMENT. BUT, GIVEN THE STATE OF SPANISH PUBLIC OPINION, MORAN THOUGHT THAT SPAIN WOULD NEED SOME FORM OF SPECIAL STATUS. HE ACCEPTED THAT THE FRENCH POSITION WITHIN THE ALLIANCE MIGHT HAVE TO REMAIN UNIQUE BUT SOME NEW STATUS WOULD HAVE TO BE DESIGNED TO ACCOMMODATE SPAIN.

3. GONZALEZ HAD PURSUED THE SAME THEME SUBSEQUENTLY WITH ENDERS. HE HAD REVEALED THAT HE WAS NOW THINKING IN TERMS OF A REFERENDUM EARLY NEXT YEAR. THIS WOULD KEEP THE NATO ISSUE SEPARATE FROM AN ELECTION AND SO, IN THE VIEW OF GONZALEZ, INCREASE THE CHANCES OF THE REFERENDUM COMING OUT RIGHT FOR NATO. IN THE EVENT OF AN ADVERSE RESULT, GONZALEZ WOULD GO TO THE COUNTRY IN AN ELECTION BEFORE 1986. MEANWHILE HE WOULD HAVE TO PURSUE A VERY CAUTIOUS POLICY UNTIL AFTER THE SOCIALIST PARTY CONGRESS IN NOVEMBER OR DECEMBER. MORAN, THOUGHT GONZALEZ, COULD BE HELPFUL IN KEEPING TOUCH WITH THE LEFT WING OF THE PARTY. GONZALEZ WOULD MAKE A POSITIVE RECOMMENDATION TO THE ELECTORATE IN THE REFERENDUM TO APPROVE ALLIANCE MEMBERSHIP. BUT FIRST HE WOULD HAVE TO BE ASSURED OF MOVEMENT IN THE EC ENLARGEMENT NEGOTIATIONS AND OVER GIBRALTAR. IN THE LATTER CASE HE REALISED THAT MOVEMENT COULD ONLY BE SLOW. IT WAS NOT SO MUCH A QUESTION OF POSITIVE RESULTS NOW BUT OF ESTABLISHING A FAVOURABLE MOOD. GONZALEZ EMPHASISED THAT SPANISH PARTICIPATION IN THE NATO INTEGRATED COMMAND STRUCTURE WAS NOT YET POLITICALLY POSSIBLE. HE WOULD NOT WISH, HOWEVER, TO RULE IT OUT FOR THE FUTURE. MEANWHILE HE WOULD HOPE TO ALIGN SPANISH FORCES WITH ALLIANCE FORCES IN SOME SPECIAL WAY. IT WOULD BE PARTICULARLY HELPFUL POLITICALLY IF A SPANISH ADMIRAL COULD BE INTRODUCED INTO THE STRUCTURE INVOLVING THE NATO COMMAND IN GIBRALTAR. IN RESPONSE TO ENDERS' OBVIOUS OBJECTION THAT THIS WAS DIFFICULT TO SQUARE WITH SPANISH ABSENCE FROM THE INTEGRATED COMMAND STRUCTURE, GONZALEZ HAD NEVERTHELESS EXPRESSED THE VAGUE HOPE THAT THERE COULD BE SOME FORM OF ASSOCIATION.

14.

4. ENDERS ADDED THAT HE HAD TOLD BOTH THE PRIME MINISTER AND FOREIGN MINISTER THAT THE AMERICAN GOVERNMENT WOULD NO DOUBT VIEW THESE IDEAS SYMPATHETICALLY AND WOULD CONTINUE TO TRY TO AVOID MAKING DIFFICULTIES FOR THE SPANISH GOVERNMENT IN THIS IMPORTANT FIELD. HE EXPRESSED THE VIEW THAT A SPECIAL STATUS WITHIN THE ALLIANCE FOR SPAIN MIGHT BE PARTICULARLY AWKWARD FOR SOME GOVERNMENT SUCH AS THE DANES AND DUTCH WHO HAD THEIR OWN PUBLIC OPINION TO CONSIDER. HE ALSO COMMENTED THAT THE BRITISH GOVERNMENT WOULD NO DOUBT SHARE THE AMERICAN VIEW ABOUT MANAGING THINGS IN SUCH A WAY AS TO INCREASE THE PROSPECTS FOR THE CONTINUATION OF SPAIN IN NATO.

5. ENDERS COMMENTED TO ME THAT THE POINTS MADE BY GONZALEZ AND MORAN WERE ALREADY KNOWN TO OUR GOVERNMENTS. BUT IT DID SEEM TO BE A NEW DEVELOPMENT THAT GONZALEZ WAS NOW THINKING IN TERMS OF TRYING TO GET NATO MEMBERSHIP APPROVED BY REFERENDUM EARLY NEXT YEAR AND THAT MORAN WAS PREPARED TO SWALLOW HIS IDEOLOGICAL SCRUPLES AND COOPERATE. AMONG COLLEAGUES HERE HE WAS ONLY INFORMING THE GERMAN (BRUNNER). HE WOULD NOT WISH HIS OWN NAME TO BE DIRECTLY QUOTED TO THE STATE DEPARTMENT IN THIS CONNECTION.

6. I SAID I WOULD REPORT DISCREETLY. I ADDED THAT OF COURSE YOU RECOGNISED THE IMPORTANCE OF KEEPING SPAIN WITHIN NATO. BUT HMG HAD THEIR OWN PARTICULAR PROBLEMS OVER GIBRALTAR TO WHOSE PEOPLE WE HAD GIVEN FIRM COMMITMENTS. OUR ROOM FOR MANOEUVRE WOULD NOT (NOT) HAVE BEEN IMPROVED BY THE OUTCOME OF LAST WEEK'S ELECTION THERE (GOVERNOR GIBRALTAR TELNO PERSONAL 5). THE FIRST ESSENTIAL STEP WAS FOR THE SPANISH GOVERNMENT TO NERVE THEMSELVES TO REMOVE ALL RESTRICTIONS ON COMMUNICATION WITH GIBRALTAR.

7. COMMENT. ENDERS (ASSISTANT SECRETARY OF STATE BEFORE AND DURING THE FALKLANDS CONFLICT) MAY NOT BE THE AMERICAN DIPLOMAT WHOM YOU WOULD WISH TO SELECT AGAIN AS HONEST BROKER. NEVERTHELESS IT IS IMPORTANT TO MAINTAIN CONTACT WITH HIM AND I HOPE HIS CONFIDENCE CAN BE RESPECTED. THE SPANISH PRIME MINISTER'S REASON FOR MENTALLY MOVING THE REFERENDUM FORWARD MAY WELL BE THE ASSURANCES RECENTLY RECEIVED FROM THE FRENCH THAT THE ENLARGEMENT NEGOTIATIONS CAN BE VIRTUALLY FINISHED BY THIS SEPTEMBER. THIS OF COURSE REMAINS TO BE SEEN. THE AMERICANS, BOTH IN WASHINGTON

AND MADRID, SEEM TO BE UNDER NO ILLUSIONS ABOUT OUR LIBERTY OF MANOEUVRE OVER GIBRALTAR. BUT IT WILL BE IMPORTANT TO KEEP EMPHASISING TO THEM THAT, IF FELIPE GONZALEZ WANTS OUR HELP FOR HIS WIDER PURPOSES, AN ESSENTIAL FIRST STEP IS THE COMPLETE OPENING OF THE GIBRALTAR FRONTIER AS SOON AS POSSIBLE.

8. PLEASE SEE MIFT.

PARSONS

GIBRALTAR

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SUBJECT

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. 207 AE/83

cc Ops + MODUS

3 folder.

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5998 - 1

OO MADRID
GRS 70
RESTRICTED
FM FCO 091253Z DEC 83
TO IMMEDIATE MADRID
TELEGRAM NO 331 OF 9 DEC 1983
MADRID AIRLINE DISASTER

1. THE PRIME MINISTER WISHES TO SEND A MESSAGE OF SYMPATHY TO THE SPANISH PRIME MINISTER ABOUT THE AIR DISASTER IN MADRID. PLEASE ARRANGE FOR THE FOLLOWING MESSAGE TO BE DELIVERED AS SOON AS POSSIBLE:

'MY DEEPEST SYMPATHIES GO OUT TO YOU AND TO ALL THOSE AFFECTED BY THE TERRIBLE TRAGEDY AT MADRID AIRPORT.'

HOWE

NNNN
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BrC

10 DOWNING STREET

From the Private Secretary

9 December 1983

This is to confirm my telephone conversation earlier today when I told you that the Prime Minister has agreed to the dispatch of the following messages:-

a) To the Spanish Prime Minister (Roger Bone's letter of 8 December).

b) To the Venezuelan President-elect (your letter of 7 December).

c) To the new Prime Minister of Turkey and the outgoing Prime Minister (your letter of 8 December).

A. J. COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office

R

(1)

620

Foreign and Commonwealth Office

London SW1A 2AH

8 December 1983

Prime Minister.

Agree message?

A.J.C. 8/12

Dear John,

As requested, I enclose a draft telegram to Madrid containing a message of sympathy from the Prime Minister to the Spanish Prime Minister about yesterday's airline crash at Madrid airport. If you agree, we will arrange for the message to be delivered by the Charge d'Affaires at Madrid today.

Yours ever

Roger

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

XY 42

File No. .....

Department .....
Drafted by
(Block Capitals) .....

Tel. Extn. .....

OUTWARD

TELEGRAM

Security Classification
Precedence
DESKBY .....Z

FOR COMMS. DEPT. USE

Despatched *(Date)* .....
(Time) .....Z

POSTBY .....Z

PREAMBLE

(Time of Origin).....Z(G.M.T.)

(Security Class.).....RESTRICTED.....

(Codeword).....

(Restrictive Prefix).....

(Caveat/ Privacy marking).....

(Deskby).....Z

TO.....IMMEDIATE..... .....MADRID..... *Tel. No.* .....*of*.....
(precedence) (post)

AND TO (precedence/post).....

.....

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AND TO SAVING.....

INFO.....

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INFO SAVING.....

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[TEXT]

MADRID AIRLINE DISASTER

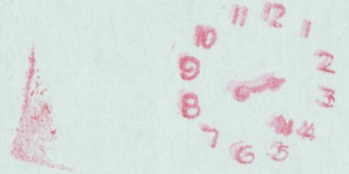
1. The Prime Minister wishes to send a message of sympathy to the Spanish Prime Minister about the air disaster in Madrid yesterday. Please arrange for the following message to be delivered as soon as possible:

My deepest sympathies go out to you and to all those affected by yesterday's terrible tragedy at Madrid airport.

MT

Dd 8200201 200M S&K 6/81

8 DEC 1983



NOTHING TO BE WRITTEN IN THIS MARGIN

PS/10. DOWNING STREET.

RESTRICTED

GRS 215
RESTRICTED
FM BRASILIA 191735Z MAY 83
TO PRIORITY FCO
TELEGRAM NUMBER 161 OF 19 MAY
INFO MADRID

YOUR TELNO143: GIBRALTAR/FALKLANDS

1. ON 17 MAY THE SPANISH FOREIGN MINISTER GAVE A LENGTHY INTERVIEW TO THE PRESS IN BRASILIA IN THE MARGIN OF THE CURRENT STATE VISIT BY THE KING AND QUEEN OF SPAIN, IN THE COURSE OF WHICH HE REITERATED SPAIN'S SUPPORT FOR THE ARGENTINE CLAIM TO THE FALKLANDS, BUT DREW A CLEAR DISTINCTION BETWEEN ARGENTINA'S BEHAVIOUR LAST YEAR AND SPAIN'S PURSUIT OF HER OWN CLAIM TO GIBRALTAR.

2. MORAN IS QUOTED AS HAVING SAID: ''WE DO NOT LAY CLAIMS BY FORCE. WE MAKE IT QUITE CLEAR THAT WE LAY CLAIM TO GIBRALTAR ACCORDING TO THE PROVISIONS OF INTERNATIONAL LAW. WE DO NOT PUT THE QUESTION IN TERMS OF FORCE, OF MILITARY PRESSURE. WE THINK THAT ARGENTINA HAS FULL RIGHTS OVER THE MALVINAS: BUT WE CONDEMN HER RECOURSE TO THE USE OF FORCE. ON THE LEGAL PLANE, WE RECOGNISE THAT ARGENTINA HAS SUFFICIENT TITLE TO MAKE HER SOVEREIGNTY PREVAIL: BUT WE CONDEMN THE MEANS USED BY THE ARGENTINE GOVERNMENT TO DEFEND HER RIGHTS AND INTERESTS''.

3. ELSEWHERE IN THE INTERVIEW MORAN MADE CLEAR SPAIN'S DISSATISFACTION WITH THE ARGENTINE GOVERNMENT'S EXPLANATIONS OF THE ''DISAPPEARED''. IN SPAIN NO ONE ''DISAPPEARS'', HE SAID. THE ARGENTINE GOVERNMENT'S RECENT REPORT ON THE SUBJECT WAS INADEQUATE.

4. REPORT ON STATE VISIT FOLLOWS BY BAG.

HARDING

[COPIES SENT TO NO 10 DOWNING STREET]

FALKLAND ISLANDS GENERAL

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GIBRALTAR

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Spain
Top Copy on European Policy, Budget, Pt 20

Ref. A083/0708

PRIME MINISTER

Cabinet: Community Affairs

The Foreign and Commonwealth Secretary will want to report on the outcome of today's consideration by the bureau of the European Parliament of the Paisley/Taylor resolution that the Parliament has no competence to enquire into Northern Ireland's constitutional and political affairs. It is expected that the bureau will decide to refer the resolution to the Parliament's Legal Affairs Committee and that any further action will have to await that Committee's report. The effect would be to delay the enquiry at least for several months. You will have noted A the advice on the legal position enclosed with Mr Bone's letter to Mr Coles of 3 March, which offers little hope of our being able to institute successful proceedings against the European Parliament in the European Court or to obtain an order from the Court which would prevent the Parliament's Political Affairs Committee from going ahead with the study. It is, however, now clear that the Committee will not hold any public hearings and that the European Parliament still considers itself bound by its 1981 resolution not to interfere in the constitutional status of Northern Ireland.

2. The Foreign and Commonwealth Secretary will also wish to report that Commissioner Dalsager announced to the European Parliament on 8 March that the Commission is to resume subsidised exports of surplus butter to the Soviet Union. Although the United Kingdom has made clear its opposition to such a move, once the formal go ahead has been given by the appropriate Management Committee there is little more we can do to prevent the implementation of the Commission's decision. It should however clear the way to the full implementation of the 1983 New Zealand butter quota, which has been held up by France and the Republic of Ireland pending the renewal of butter sales to Russia.

Friday

3. The Secretary of State for Trade will want to report the conclusion of the further negotiations with Spain on duty quotas for car imports from the Community. These have produced an improvement in the proposed quota on mid-range cars, which will now cover 5,000 cars at a tariff of 19 per cent. This represents an increase of 1,000 cars and a further 1 per cent tariff reduction and means that the new tariff will be virtually half the present rate of 35 per cent. The duty quota on upper-range cars remains 10,000 at a reduced tariff of 25 per cent. These quotas will be available to the Spanish subsidiaries of Community manufacturers or to the manufacturers' main distributors in Spain. The Spaniards also expressed the "firm hope" that they would introduce draft legislation on VAT this year so that its introduction could take place in 1984. They further expressed their intention of removing the discrimination on the maturing period for imported and domestic whiskies. The agreement records British Leyland's intention of opening talks on industrial collaboration with their Spanish associate Santana, the fact that the United Kingdom Government will engage its goodwill to minimise interference with the supply of Spanish cars to the British market, and that, barring unexpected developments, the British Government "should not intend to introduce further claims" about the operation of the 1970 EC/Spain Agreement. The Spaniards will be informing the Commission and other member states of their intentions before the Foreign Affairs Council on 14/15 March.

4. The two Council meetings during the past seven days do not require a report to Cabinet: the informal meeting of Development Ministers on 3 March had a preliminary discussion of the impact of falling oil prices on the Community's development policies, the Commission's preparation for the next Lomé Convention, and the reform of food aid; and the special meeting of the Agriculture Council on 8/9 March had a further discussion on the reform of the Mediterranean acquis.

5. During the next seven days, the Foreign Affairs and Agriculture Councils will meet on 14/15 March. The Foreign Affairs Council will prepare for the European Council meeting on 21/22 March, while the Agriculture Council will continue its consideration of the 1983 CAP price fixing. The Foreign and Commonwealth Secretary will meet Commissioner Tugendhat on 10 March to impress upon him the need to work within the Commission for rapid progress on both the long-term and the interim solutions to the United Kingdom's budget problem so that firm decisions can be taken by the time of the June European Council.

RA

ROBERT ARMSTRONG

9 March 1983

CONFIDENTIAL

Spain

Gawkine

Wdym sort of this sort? I can't see why CP's 2 offices can't talk to one another occasionally - like, twice a day? MES 7/3

Have had a word all is arranged. CJ.

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster
and
Paymaster General

7 March 1983

Dear Michael,

SPANISH CARS

Thank you for copying to me your letter of 4 March to John Rhodes about Friday's meeting.

This gives me an opportunity to raise a problem which frequently arises from Mr Parkinson's being both a Cabinet Minister and Chairman of the Party. The papers for the meeting (the minutes of 1 & 3 March from Lord Cockfield and Mr Hurd) had been circulated on the Private Office net and had come here. The meeting arrangements were made with Mr Parkinson's Office at Smith Square. They, of course, had no access to the papers and did not know of their existence. We had no idea the meeting was taking place.

I wonder whether I could ask you, and the other Private Secretaries at No 10, to ensure that whenever Mr Parkinson is invited to a meeting involving papers which have been circulated via Private Offices, we are at least told that the meeting is to take place? We can then make sure that Mr Parkinson has a complete set of the papers on the subject (and even perhaps some briefing).

Yours ever,

Alex Galloway

A K GALLOWAY
Private Secretary

Michael Scholar Esq
10 Downing Street

P.S. We do try to have "fail-safe" arrangements with Central Office, but on this occasion they didn't work.

CONFIDENTIAL

Alex.

Space
Mar '80
Int Sit.

7 MAR 1955

SUBJECT
cc Martes

CONFIDENTIAL

file
bc Sir AP
JV
BI

JP

10 DOWNING STREET

From the Private Secretary

4 March 1983

Dear John,

SPANISH CARS

The Prime Minister held a meeting today to discuss the minutes of 1 March from the Secretary of State for Trade and 3 March from the Minister of State, Foreign and Commonwealth Office, about Anglo-Spanish trade in cars. The Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretary of State for Trade, the Minister of State, Foreign and Commonwealth Office, the Minister of State, Department of Industry and Mr. R.W. Gray (Department of Trade) were present.

The Prime Minister said it was agreed that the United Kingdom should accept the best terms for improved access for United Kingdom car exports to Spain which could be negotiated. The alternative options for putting pressure on the Spaniards by blocking the accession negotiations or unilaterally restricting Spanish imports should not be pursued. The Prime Minister said that important considerations in this decision were British Leyland's inability to export up to the enlarged quota they were seeking, the fact that other trade with Spain had shown some improvement and was currently roughly in balance, and the risk of adverse repercussions on other matters if the United Kingdom sought to put undue pressure on the Spaniards.

In discussion of the ways in which the current Spanish offer could be improved, it was noted that Spain were aware that the United Kingdom found their present proposals inadequate and would be seeking improvements. It was suggested that, while Spain had designed their proposals to favour British Leyland as against French and German manufacturers, it would be helpful if a duty quota on small cars could be obtained in order to facilitate exports of the British Leyland Metro car. It was pointed out, however, that in the previous negotiations Spain had been adamant that they were not prepared to offer anything below the mid-range cars, and that in 1982 British Leyland had sold 750 Metros in Spain in spite of the tariff, in addition to 1,000 light commercial vehicles; the company also assembled Landrovers in Spain and Portugal. The Secretary of State for Trade said that there were four possible improvements which might be negotiable:

/(a)

JP

(a) an increase in the quota for mid range cars from 4,000 to 5,000;

(b) a further reduction in the tariff on these cars to 18 per cent. This would be particularly important since it would enable us to claim that we had succeeded in reducing the tariff by half;

(c) a further reduction, though probably of only a few percentage points, in the duty on upper range cars;

(d) a formula which would preserve the United Kingdom's right to seek further improvements.

It would be important that concessions obtained from Spain should last for at least three years in order to justify the establishment of dealer networks in Spain by United Kingdom exporters. It was agreed that an unqualified assurance to this effect could not be expected, and that while the United Kingdom should seek to obtain improvements along the lines the Secretary of State for Trade had indicated, our negotiators could not be tied down.

In discussion of the way in which such an improved deal could be sold to domestic opinion, it was recognised that it was unlikely to be welcomed by the car industry in the West Midlands and that it was therefore important that it should be presented in a single package together with the announcement of other improvements in our trade relations with Spain. The Secretary of State for Trade said that there were a number of measures of this kind which could be incorporated in such a package, including the introduction of VAT in Spain in the course of 1984, the re-sourcing of the Fiesta, and the dramatic increase in this country's exports to Spain of components. It was noted that the presentation of the package would be considerably improved if the support of the component manufacturers could be obtained. It would also be helpful if the United Kingdom could be seen to be seeking to improve the terms of our trade with Spain in such other sectors as machine tools. Action could also be taken with the automobile manufacturers themselves, both to impress on the major American multi-nationals how reasonable Britain's attitude had been, and to encourage United Kingdom manufacturers to improve their exports, particularly of the larger goods vehicles for which there were big market opportunities.

I am sending copies of this letter to the Private Secretaries to the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Minister of State, Foreign and Commonwealth Office, the Minister of State, Department of Industry, and Sir Robert Armstrong.

Yours sincerely,

Michael Scholar

John Rhodes, Esq.,
Department of Trade.

Covering CONFIDENTIAL

Tg 01614

MR COLES

cc Sir Robert Armstrong
Mr Hancock
Miss Lambert
Mr Sparrow
Mr Gregson
Mr Goodall

SPANISH CARS

... I attach a draft letter to record this afternoon's meeting.

GUY STAPLETON

4 March 1983

Cabinet Office

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bc BI
FM

PI Type
pics.

CONFIDENTIAL

DRAFT LETTER TO THE PRIVATE SECRETARY TO THE SECRETARY OF STATE FOR TRADE

Copies to Private Secretaries to the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Minister of State, Foreign and Commonwealth Office, the Minister of State, Department of Industry, and Sir Robert Armstrong.

SPANISH CARS

The Prime Minister held a meeting on Friday 4 March to discuss the minutes of 1 March from the Secretary of State for Trade and 3 March from the Minister of State, Foreign and Commonwealth Office, about Anglo-Spanish trade in cars. The Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Secretary of State for Trade, the Minister of State, Foreign and Commonwealth Office, the Minister of State, Department of Industry, Mr R W Gray (Department of Trade) and ~~Mr Butler~~ were present.

2. The ~~meeting~~ PM said it was agreed that the United Kingdom should accept the best terms for improved access for United Kingdom car exports to Spain which could be negotiated. The alternative ... (X on p3) ~~The Prime Minister said that~~ PM said important considerations in this decision were British Leyland's inability to export up to the enlarged quota they were seeking, the fact that other trade with Spain had shewn some improvement and was currently roughly in balance, and the risk of adverse repercussions on other matters if the United Kingdom sought to put undue pressure on the Spaniards.

3. In discussion of the ways in which the current Spanish offer could be improved, it was noted that Spain were aware that the United Kingdom found their present proposals inadequate and would be seeking improvements. It was suggested that, while Spain had designed their proposals to favour British Leyland as against French and German manufacturers, it would be helpful if a duty quota on small cars could be obtained in order to facilitate exports of the British Leyland Metro car. It was pointed out, however, that in the previous negotiations Spain had been adamant that they were not prepared to offer anything below the mid range cars, and that in 1982 British Leyland had sold 750 Metros in Spain in spite of the tariff, in addition to 1,000 light commercial vehicles; the company also assembled Landrovers in Spain and Portugal. The Secretary of State for Trade said that there were four possible improvements which ~~he felt~~

might be negotiable:

a. an increase in the quota for mid range cars from 4,000 to 5,000;

b. a further reduction in the tariff on these cars to 18 per cent. This would be particularly important since it would enable us to claim that we had succeeded in reducing the tariff by half;

c. a further reduction, though probably of only a few percentage points, in the duty on upper range cars;

d. a formula which would preserve the United Kingdom's right to seek further improvements.

~~It was pointed out that~~ It would be important that concessions obtained from Spain should last for at least three years in order to justify the establishment of dealer networks in Spain by United Kingdom exporters. It was agreed that an unqualified assurance to this effect could not be expected, and that while the United Kingdom should seek to obtain improvements along the lines the Secretary of State for Trade had indicated, our negotiators could not be tied down.

4. In discussion of the way in which such an improved deal could be sold to domestic opinion, it was recognised that it was unlikely to be welcomed by the car industry in the West Midlands and that it was therefore important that it should be presented in a single package together with the announcement of other improvements in our trade relations with Spain. The Secretary of State for Trade said that there were a number of measures of this kind which could be incorporated in such a package, including the introduction of VAT in Spain in the course of 1984, the re-sourcing of the Fiesta, and the dramatic increase in this country's exports to Spain of components. It was noted that the presentation of the package would be considerably improved if the support of the component manufacturers could be obtained. It would also be helpful if the United Kingdom could be seen to be seeking to improve the terms of our trade with Spain in such other sectors as machine tools. Action could also be taken with the automobile manufacturers themselves, both to impress on the major American multi-nationals how reasonable ~~this country's~~ Britain's attitude had been, and to encourage United Kingdom manufacturers to improve their exports, particularly of the larger goods vehicles for which there were big market opportunities.

5. It was agreed that the alternative options for putting pressure on the Spaniards by blocking the accession negotiations or unilaterally restricting Spanish imports should not be pursued. It was suggested however that sooner or later the United Kingdom would need trade legislation to strengthen our hands in such disputes. The Prime Minister said that the present issue was not of sufficient importance to warrant either impeding Spanish admission to the Community or introducing legislation which would breach the EC Treaty.

6. I am sending copies of the letter to [as above].

Prime Minister

Covering CONFIDENTIAL

Tg 01612

MR COLES

cc Sir Robert Armstrong
Mr Hancock
Miss Lambert
Mr Sparrow
Mr Gregson
Mr Goodall

SPANISH CARS

I attach a brief for tomorrow afternoon's meeting.

GUY STAPLETON

3 March 1983

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CONFIDENTIAL

Tg 01612A

PRIME MINISTER

Spanish Cars

References: Trade Secretary's minute of 1 March — FLAG A
Minister of State, Foreign and Commonwealth Office, minute of 3 March — FLAG B
E(82)22nd Meeting — FLAG C
E(82)24th Meeting — FLAG D.
CC(83)5th Conclusions, Minute 3 — FLAG E

BACKGROUND

1. E(82)24th Meeting agreed that pressure should be kept on the Community to seek improvements in the present unequal trade arrangements with Spain, especially over cars. The Commission have since been in desultory negotiation, but more successful parallel negotiations by the United Kingdom led the Spaniards to agree last month to a number of minor concessions, including duty quotas on cars of 4,000 mid-range cars from the Community as a whole at a tariff of 20 per cent instead of 36 per cent and 10,000 upper range cars at a reduced tariff of 25 per cent. Cabinet decided on 17 February that these were inadequate, and attempts are being made to negotiate a better deal with the Spaniards. This will need to be ready by the Foreign Affairs Council on 14-15 March, when the Commission is due to make substantive recommendations on what deal, if any, can be made with the Spaniards.

2. The Trade Secretary's minute describes an approach from the Managing Director of Austin-Rover setting out the Spanish tariff reductions he would like to see. The Trade Secretary points out that these are not likely to be negotiable and that British Leyland (BL) would be unable to export more than small quantities of cars to Spain even if the proposed tariff reductions were achieved: their real concern is with the prospective imports of Spanish-manufactured Novas, though these and Fiestas are unlikely to mean any significant increase in total United Kingdom car imports from Spain. The Trade Secretary notes the seriousness with

CONFIDENTIAL

which back-bench opinion views this question, and presents three options for government action: to try to sell to industry and Parliament an improved deal with the Spaniards (5000 mid-range cars at a lower tariff of around 18 per cent and a slightly smaller tariff of around 22 per cent on upper-range cars might be negotiable); or to put pressure on the Spaniards for more significant concessions either by blocking the accession negotiations or by restricting Spanish imports under the Import Export and Customs Powers (Defence) Act 1939. He prefers the last course, but recognises that the associated amendment of the European Communities Act could raise constitutional and Community policy objections and that it might limit the United Kingdom's freedom of action in the budget negotiations.

3. In his minute, the Minister of State, Foreign and Commonwealth Office, suggests that the first option provides a good basis for an acceptable deal, notes the need for a clear indication of how things are going before the March Foreign Affairs and European Councils, and draws attention to the potentially damaging implications of the second and third options.

The Main Issues

4. The main issues seem to be:

i. Could an improved package on the lines the Trade Secretary believes to be negotiable be sold to industry and Parliament if coupled with the announcement of other measures?

ii. Could we obtain the deal we want by putting pressure on the Spaniards in some more drastic way?

iii. Would the means of pressure proposed (blocking the accession negotiations or using the 1939 Act powers) involve unacceptably high costs in other fields?

Acceptability of package under negotiation

5. The Trade Secretary notes that the improved deal which is probably negotiable with the Spaniards will not satisfy BL demands and that there is a risk they will criticise it. Public and Parliamentary opinion may also not see the package as such as an adequate step forward. But given BL's admission that they would be unable to export more than very small quantities of cars to Spain even with the full tariff reductions they seek, their criticism may be muted. It may also be possible to dress up the package by announcing various other measures at the same time, as suggested in paragraph 11(i) of the Trade Secretary's minute. In addition, it could be presented as a first step only, with an announcement of the Government's intention to continue the pressure on Spain for further improvements. The Meeting may feel that such an approach would not exclude subsequent recourse to one of the Trade Secretary's other two options.

Possibility of negotiating a more acceptable package by putting pressure on the Spaniards

6. The Trade Secretary has suggested (his paragraph 11(ii) and (iii)) two options for putting pressure on the Spaniards to do a better deal:

a. Blocking the accession negotiations
b. Using the 1939 Act powers to restrict car imports from Spain

Both would be a striking demonstration of the Government's determination to obtain real improvements in the terms of Anglo-Spanish trade in cars. It is doubtful, however, how effective the first would be as a means of pressure on the Spaniards in the short term when the accession negotiations are already virtually blocked by France. The second might be more effective at bringing the Spaniards to offer more substantial concessions, and would also have the advantage, for the duration of the measures, of restricting Nova imports. But even if they were brought to agree to tariff reductions along the lines proposed by BL, Nova

imports would then have to be admitted again. By the second half of the year, these could be a significant new competitor, even if they are unlikely to represent an absolute increase in Spanish car imports over previous years. As the Trade Secretary points out, the possibilities of significantly restricting Nova imports by other means seem limited, but this is something which the Meeting may feel it worth asking officials to explore (the Transport Secretary has already done some work on the use of type approval to slow car imports, in response to E Committee's remit on 16 December).

Possibility of Spanish retaliation

7. The Minister of State, Foreign and Commonwealth Office, who will be representing the Foreign and Commonwealth Secretary, will no doubt comment that these options involve a substantial risk of retaliation by Spain. The most obvious area for retaliation is Gibraltar. Both sides have agreed to aim for the implementation of the Lisbon Agreement this spring, and the Spanish Foreign Minister is visiting London on 16 March to discuss how to carry matters forward. Progress would obviously be jeopardised by a major trade dispute. Other trade with Spain (with whom our trade is currently roughly in balance at about £1 billion each way) could also be affected; in particular, the Ministry of Defence have hopes of a £130 million Rapier contract which would be endangered.

Community complications

8. Blocking the accession negotiations might be seen by our EC partners as an over-reaction, but given their virtual blockage by France such action might not cause us too much trouble in the Community context in the short term. Use of the 1939 Act would be very much more difficult, because of the need, as the Trade Secretary points out, to amend the 1972 European Communities Act to avoid the risk of immediate challenge in the European and United Kingdom courts. E(82)22nd Meeting ruled out a proposal for similar unilateral action (a Trade Reciprocity Act) involving an amendment of the European Communities Act on the grounds that it would be highly controversial and a breach of the EC Treaty, that the

United Kingdom would undoubtedly be defeated in the European Court and that there would be a strong possibility of cases being brought against the Government in the UK Courts. It was also noted that it would be fundamentally subversive of our membership of the Community and could undermine the possibility of dealing effectively with abuses within the Community framework. The Meeting may feel that these considerations apply to the action now proposed. As the Trade Secretary points out, since we may need to set aside part of the European Communities Act to permit withholding part of our contribution to the Community Budget, there is also the question of whether we should deploy what in Community terms is our ultimate weapon in the present cause. The Meeting may in any case consider that the Law Officers should be consulted before any decision along these lines were taken.

HANDLING

9. You will wish to ask the Trade Secretary to introduce the subject. The Minister of State, FCO (Mr Hurd) will wish to comment on the implications for relations with Spain in other fields and on the Community aspects. The Industry Secretary can be asked to comment on the extent of the threat caused by Nova imports and on likely British Leyland reactions.

CONCLUSIONS

10. You will wish the Meeting to reach conclusions on the following:

(i) Whether the Government should

a. adopt the Trade Secretary's first option and try to negotiate an improved deal, presenting this in the best possible light to industry and Parliament and leaving the possibility of further action for a later stage;

or b. bring one of the Trade Secretary's other options into play as soon as it is clear that the Spaniards will not agree to more than minor improvements.

(ii) In the case of (i)(b) how best to minimise any adverse impact on other political and commercial matters under discussion with Spain, and whether the European Communities Act 1972 could be left unamended and the risk of challenge in the courts accepted.

(iii) Whether officials should be instructed to explore other ways in which Nova imports could be restricted.

GUY STAPLETON

3 March 1983

Prime Minister

SPANISH CARS

1. I have seen Arthur Cockfield's minute of 1 March. I am commenting in Francis Pym's absence in California.

2. It was agreed in Cabinet that we should make a determined effort to get a better agreement out of the Spaniards. I think the improvements set out in paragraph 9 of Arthur Cockfield's minute provide a good basis for this.

3. We need to move quickly if we are to keep up the pressure and build on what the Spaniards have already offered, and if we are to have any chance of solving the problem before it becomes unhelpfully tangled up in other matters in the Community and in Anglo-Spanish relations. The Commission's contacts with the Spaniards are likely to be discussed again at the Foreign Affairs Council on 14/15 March, and we shall in any case want to know where we are going before the European Council a week later. All this points to a resumption of contacts with the Spaniards on cars within a very few days. I am therefore glad that we shall be meeting to consider the way ahead on 4 March.

4. The immediate task is to decide what sort of a deal we could accept. I do not think we need to decide now what action we should take in the event of failure. Alternatives (ii) and (iii) in paragraph 11 of Arthur Cockfield's minute raise important and far-reaching questions about where our real interests lie. We could do ourselves considerable damage if we pursued either of them.

/5.

5. I am copying this minute to the recipients of Arthur Cockfield's, and - in view of his interest in possible Spanish defence contracts - to Michael Heseltine.

3 March 1983

Douglas Hurd

3 - MAR 1983

SPAIN

CONFIDENTIAL

Prime Minister (1)

CF
IJ30.0-
FRI, FCO
Industry will send Reps. cf.

Agree to a meeting, as proposed in para 13?

MLS 1/3

PRIME MINISTER

SPANISH CARS

1 I reported to Cabinet on 17 February the outcome of our negotiations to date with the Spanish government to improve access for United Kingdom car exports to Spain. The Spanish offer was considered inadequate. I have since had discussions with Mr Ray Horrocks, the Managing Director of Austin-Rover.

2 Mr Horrocks' immediate preoccupation is clearly the prospective imports of new General Motors' "Nova" car from Spain which will be launched in the United Kingdom this summer. It will be a small car competitor in the Metro and Fiesta range.

3 GM's precise plans for its world marketing of the Nova are unknown. It has already begun in Germany, and we know they plan to start in the United Kingdom in the early summer. But we do not know in exactly what numbers. Similarly, the exact impact of Ford United Kingdom's plans for resourcing the bulk of its Fiesta imports from Spain to Cologne are unknown. The one development will tend to cancel out the other. This means that in 1983, at any rate, the combined Nova and Fiesta exports from Spain are unlikely to result in a significant increase in total United Kingdom imports of Spanish cars. Over the last three years, imports have fallen from 70,000 to 60,000 and last year to 50,000. If the figure stabilises at that level, we are unlikely to be able to claim a surge of injurious imports from Spain this year entitling us to look for Community safeguards in the form of import quotas.

4 This does not rule out considering countervailing duties to offset the element of subsidy in Spanish exports. But this could not be large enough - even pushed to the maximum - to affect GM's marketing strategy here. And it might have adverse effects in discouraging GM from further investment in the United Kingdom.

5 Mr Horrocks has demanded a three year programme, with progressive tariff reductions within tariff quotas covering the entire Austin-Rover range including small cars. The first year is broadly in line with what we have already secured. This is because his dealer network could not cope with more. But his objective is to get tariffs reduced to 10% by Year 3, and for the full range of cars, including small cars, to be included. The total quota for which he asks would rise from 14,000 in Year 1, out of which he could sell 2,000 cars only, rising to 30,000 in Year 3, out of which he would sell 14,000. Details are given in the sheet appended.

6 The following points need to be made:-

(1) The quota has to extend to the Community as a whole. This means that although the Spaniards are prepared to bend the rules in our favour, the total number of cars they would have to admit substantially exceeds the number BL would be able to sell.

(2) Even on BL's own demands they expect to be able to sell only 2,000 cars in Year 1 and 14,000 cars in Year 3.

Clearly Mr Horrocks does not regard Spain as a major market. But for Ford re-sourcing of the Fiesta, the export of Spanish cars to this country next year could be 100,000. Mr Horrocks' ultimate objective - on his own terms - of 14,000 cars in Year 3 looks pretty puny. Even this figure, I suspect, contains an element of braggadocio.

7 We do not consider Mr Horrocks' package as remotely negotiable now. The new Spanish government will not now commit itself to more than general wording beyond the first year. Nor at this stage will it make any concession on small cars. And Mr Horrocks

knows it. Indeed his real motive is almost certainly to keep the GM Nova out of the United Kingdom rather than to get BL cars into Spain.

8 Any resumed negotiations will need to be undertaken quickly in order to maintain the pressure, and avoid EC complications. Neither the Commission nor other Member States are aware of what we have already achieved, and, because of the deliberate bias of the Spanish offer towards United Kingdom exports would not welcome it but would only seek further concessions to the rest of the Community. This the Spaniards are determined to avoid.

9 We believe that we could secure some improvement on the terms presently on offer. Thus we think that the quota on the mid-range cars could be increased to 5,000 compared with the 4,000 on offer. We may also be able to reduce the tariff to around 18% for those cars (ie half the present level). We might also be able to squeeze a reduction in the tariff on the upper range - for Rovers - further to, say, 22%. Finally, we would hope to secure an understanding that the size, tariff level, and coverage of the quotas was the first not the final step in reducing tariffs in this sector prior to accession.

10 Such a package would fall short of BL's demands although I have no doubt that under pressure they would modify their position somewhat. Nevertheless, there is a real risk that they will attack a package on the lines set out above. But we must look at the realities of BL's position. Even if Mr Horrocks got what he wanted, he would not expect to be able to put more than 2,000 BL cars on the Spanish market in the first year, not least because he has to build up his dealer network. It would not be until 1986 that he would reach 14,000 cars. If his sights are set as low as this, he might hesitate before launching a full-scale attack on whatever deal we did succeed in negotiating. But I doubt whether he would give it much public support.

11 So we have a situation in which the volume of Spanish cars imported this year is unlikely to go up, thus making it very difficult to justify emergency action; and one in which BL do not believe they can export to Spain any very substantial number of cars even if they get what they wanted. Strong feelings have been voiced in the West Midlands and by our own backbenchers. In the circumstances, we have three choices:-

(i) To try for an improved deal along the lines of paragraph 9 and sell the result as a significant improvement on the present tariff imbalance - which it is; possibly we could couple this with the announcement of other measures such as the resourcing of the Fiesta, increased exports to Spain of components from this country, and surveillance licensing on car imports from other new or minor suppliers.

(ii) To get tough with the Spaniards by threatening to block the accession negotiations unless we get a significantly better offer on cars - with the risks this would entail for our general relations, including Gibraltar.

(iii) To be prepared to exert leverage by restricting imports of cars from Spain, using our 1939 Act powers and accepting the risk of challenge in the Courts. The only way to eliminate this risk is by special trade legislation which would override the European Communities Act (1972). I have suggested this course before but it has so far been opposed by colleagues.

12 My own inclination would be to go for (iii) but essentially as a means of exerting sufficient pressure. But it is the sort of threat which cannot be made unless we are prepared to carry it out. There will be strong objections on constitutional grounds and on grounds of EC policy. And there is the question whether we ought to deploy our ultimate weapon in what - on BL's own showing - is not an issue of first line importance; or whether we would not be wiser to hold it in reserve against our possible need to use it in the budget negotiations.

13 I would think it valuable to have a meeting at which we could determine just what kind of deal we feel could be sold to our own backbenchers. It would be pointless negotiating better terms if what we agree was then thought to be inadequate.

14 I am copying this to Geoffrey Howe, Francis Pym, Patrick Jenkin, Norman Tebbit, Cecil Parkinson and to Sir Robert Armstrong.

RP LORD COCKFIELD

[Approved by the Secretary of State and signed in his absence.]

Department of Trade
1 Victoria Street
London, SW1H OET

1 March 1983

BL's DEMANDS

Passenger Cars

	Small (Below 1275 cc)			Medium (1275-1600 cc)			Large (1993-2600 cc)		
	Duty	Quota	BL	Duty	Quota	BL	Duty	Quota	BL
YEAR 1	-	-	-	20%	4,000	1,000	25%	10,000	1,000
YEAR 2	20%	5,000	2,500	15%	8,000	4,000	15%	10,000	1,000
YEAR 3	10%	10,000	5,000	10%	10,000	7,000	10%	10,000	2,000

Light Commercial Vehicles

Corresponding reductions would be sought leading to an increase in sales from the present level of 1,000 to 3,000 in Year 3.

Spain: UK. Relations
3/60

Spain

21 February 1983

CEUTA AND MELILLA

The Prime Minister has noted the contents of your letter of 16 February.

A. J. COLES

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

288

GRS 180 RESTRICTED

RESTRICTED AMENDED DISTRIBUTION 17 FEBRUARY 1983

FM MADRID 161355Z FEB 1983

PS/10. DOWNING STREET.

TO ROUTINE FCO

TELEGRAM NUMBER 87 OF 16 FEBRUARY

INFO MODUK, RABAT, GIBRALTAR

INFO SAVING WASHINGTON

RABAT TELNO 103 AND MADRID TELNO 151533Z TO MODUK:

CEUTA AND MELILLA

1. THE SPANISH PRESS HAVE REPORTED EXTENSIVELY THE STATEMENTS MADE AT THE WEEKEND BY BOUCETTA. THE PRESS ALSO REPORT TODAY A STATEMENT ISSUED BY THE US EMBASSY REBUTTING PRESS SPECULATION THAT THE US IS ENCOURAGING MOROCCO IN ITS CLAIM TO CEUTA AND MELILLA.

2. THE MINISTRY OF DEFENCE YESTERDAY CONFIRMED THAT THE AIRCRAFT CARRIER DEDALO AND ESCORTS WILL CARRY OUT SEA EXERCISES OFF CEUTA AND MELILLA FROM 15-23 FEBRUARY AND WILL CALL AT CEUTA ON 17 FEBRUARY. THE STATEMENT ADDS THAT THE EXERCISE PROGRAMME WAS ARRANGED LAST NOVEMBER AND THAT THE PROGRAMME INCLUDES SIMILAR EXERCISES FROM 7-13 MARCH AND 7-15 MAY.

3. PRESS EXCITEMENT MAY NOW BE ON THE WANE FOLLOWING THE GOVERNMENT'S FIRM BUT COOL REACTION TO RECENT EVENTS. THE TREATMENT ACCORDED TO THE ISSUE IN THE MEDIA THIS MORNING IS MARKEDLY LESS SENSATIONALIST THAN IN RECENT DAYS.

4. IT HAS BEEN ANNOUNCED THAT THE SPANISH MINISTER OF TRANSPORT AND AGRICULTURE WILL TRAVEL TO RABAT ON 18 FEBRUARY TO START NEGOTIATING A GENERAL AGREEMENT OF COOPERATION. THE VISIT WAS ORIGINALLY DUE ON 11 FEBRUARY (OUR TELNO 80).

FCO PLEASE PASS SAVING ADDRESSEE.

PARSONS [REPEATED AS REQUESTED]

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MR HANNAY

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(2)

Prime Minister

A useful constraint on Spain over Gibraltar.

A.J.C. 17/2

Copy: Sir A. Parsons.

Foreign and Commonwealth Office

London SW1A 2AH

16 February, 1983

Dear John,

Ceuta and Melilla

You asked today for a note on Spanish worries about the revival of interest in the question of the status of Ceuta and Melilla.

Ceuta and Melilla are two enclaves on the Mediterranean coast of Morocco over which, together with three other very small pieces of territory, Spain exercises sovereignty. The current interest in them arose from a resolution adopted at a meeting of the Arab Parliamentary Union (APU) in Rabat on 10 February. This called on Spain to engage in urgent consultations with Morocco with a view to Morocco regaining sovereignty over Ceuta and Melilla and the other territories.

The Spanish press reacted sharply to this news, drawing attention to the risks of political instability in Morocco and to comparisons with the Moroccan campaign in 1975 for the return of the Spanish Sahara. The Spanish Government have urged calm and discouraged speculation about the possibility of direct Moroccan action against the enclaves. In a radio interview on 10 February, the Spanish Prime Minister said that Spain was in a position to defend Ceuta and Melilla and that Spaniards should realise that it was open to others to say what they wanted. The Spanish Foreign Minister has taken a similar line. Nevertheless, according to a Spanish news report yesterday, a Spanish aircraft carrier and escorts will be exercising off Ceuta and Melilla for a few days this week and again from 7-10 March.

Morocco has disputed Spain's possession of these enclaves since 1937. She has not actively pressed her claim since the return of the Spanish Sahara in 1975. But, in the light of recent publicity about Gibraltar and the implementation of the Lisbon agreement, Moroccan leaders have made clear that their claim to the enclaves would be pressed if the Spaniards were successful in their claim to Gibraltar. Press reactions in Morocco have been much calmer than in Spain. There appears to be no good reason for Morocco to make an issue of the question now. Their main aim is still to establish sensible and good neighbourly relations with the new Government of Spain.

/Nervousness

Nervousness about revived interest in the status of Ceuta and Melilla, and public interest in the subject, may be a factor inhibiting Spain from fixing an early date for implementation of the Lisbon agreement.

(R B Bone)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

Spain

GRS 430
CONFIDENTIAL ~~CONFIDENTIAL~~ DOWNING STREET.
FM MADRID 241145Z JAN 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 40 OF 24 JANUARY
INFO PRIORITY GOVERNOR GIBRALTAR (PERSONAL), UKREP BRUSSELS, DOT
INFO ROUTINE BONN

MF

ANGLO-SPANISH RELATIONS

1. THE NEXT TWO MONTHS SHOULD WITNESS A PERIOD OF CONSIDERABLE ACTIVITY. WE NEED TO PLAY THE CARDS IN THE BEST WAY FOR OUR NATIONAL INTERESTS. TIME IS SHORT.

2. WE REQUIRE QUICKLY FROM THE SPANISH GOVERNMENT SOME PALPABLE IMPROVEMENT IN THE PRESENT IMBALANCE OF OPPORTUNITY ON THE TRADE FRONT. THEY NEED FROM US ACTIVE SUPPORT IN THE ENLARGEMENT NEGOTIATIONS. FELIPE GONZALEZ STRESSED THE IMPORTANCE OF THE LATTER IN A RECENT TELEVISION ADDRESS TO THE NATION. AT THE SAME TIME THE MOMENT MAY NEVER BE MORE PROPITIOUS THAN IT IS NOW FOR THE IMPLEMENTATION OF THE LISBON AGREEMENT ON GIBRALTAR. THIS IS DESIRED BY BOTH GOVERNMENTS FOR THEIR OWN PURPOSES.

3. THE TIME TABLE PROVIDES SOME SPECIFIC DATES. THE FOREIGN AFFAIRS COUNCIL MEETING WITH SPAIN IS ENVISAGED FOR 21 OR 22 FEBRUARY. WE DISCOVERED DURING GRAY'S RECENT VISIT TO MADRID THAT ONE MAIN MOTIVE BEHIND THE SPANISH FOREIGN MINISTRY'S WISH TO BE HELPFUL OVER THE AUTOMOBILE INDUSTRY ETC WAS A DESIRE TO GET THINGS RIGHT BEFORE THE EUROPEAN COUNCIL MEETING IN MARCH. ON 21 JANUARY MARIN (SECRETARY OF STATE FOR COMMUNITY RELATIONS) DECLARED PUBLICLY THAT THE SPANISH GOVERNMENT HAD PRESSED THE GERMAN PRESIDENCY TO OPEN THE AGRICULTURAL CHAPTER IN THE NEGOTIATIONS SHORTLY AFTER THE MARCH MEETING.

4. WE SHOULD TRY TO PLAY THIS TIMETABLE TO OUR ADVANTAGE, OVER BOTH TRADE AND GIBRALTAR. OF COURSE WE SHOULD MAKE NO CRUDE LINKAGE BETWEEN THESE TWO SUBJECTS. BUT IT WILL NOT BE DIFFICULT TO REINFORCE THE SPANISH GOVERNMENT'S EXISTING PERCEPTION THAT THE PRIME MINISTER'S ATTITIDE TOWARDS ENLARGEMENT AT THE EUROPEAN COUNCIL WILL INEVITABLY DEPEND ON THEIR DEGREE OF COOPERATION IN THE NEXT TWO MONTHS. THE CALENDAR ENVISAGED IN LONDON FOR THE INTERIM PERIOD ACCORDS WELL WITH THESE TACTICS. I HAVE TODAY PROPOSED TO THE SPANISH GOVERNMENT THAT BILATERAL TRADE TALKS AT SENIOR OFFICIAL LEVEL SHOULD BE HELD ON 7 AND 8 FEBRUARY (YOUR TEL NO 18). I HAVE ALSO, ON INSTRUCTIONS FROM HANNAY, SUGGESTED THAT MARIN SHOULD VISIT MR HURD IN LONDON ON 23 FEBRUARY FOR WIDER TALKS ABOUT COMMUNITY POLICY. I LIKEWISE WELCOME THE IDEA, ON WHICH

CONFIDENTIAL I AWAIT

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I AWAIT INSTRUCTIONS, THAT WE MIGHT PROPOSE 10 AND 11 MARCH FOR IMPLEMENTATION OF THE LISBON AGREEMENT. NOT ONLY WOULD THIS STEER WELL CLEAR OF THE IMPORTANT SPANISH MUNICIPAL ELECTIONS IN MAY (MY TELEGRAM NO 32) BUT IT COULD ALSO PROVIDE A POSITIVE RUN UP TO THE EUROPEAN COUNCIL MEETING ON 21 MARCH.

5. THUS, NOW THAT THE SPANISH GOVERNMENT HAVE NAILED THEIR COLOURS SO FIRMLY TO THE MAST OF A SUCCESS AT THE EUROPEAN COUNCIL, WE SHOULD NOT SCRUPLE TO USE THE PRESSURE POINT PROVIDED BY OUR CAPACITY TO BE EITHER HELPFUL FOR HARMFUL ON THAT OCCASION.

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Spain

10 DOWNING STREET

From the Private Secretary

10 January 1983

I enclose for your information a copy of a letter we have received from the Charge d'Affaires at the Spanish Embassy conveying a message from the President of the Government of Spain.

TIMOTHY FLESHER

Roger Bone, Esq.,
Foreign and Commonwealth Office.

10 DOWNING STREET

From the Private Secretary

10 January 1983

Thank you for your letter of 10 January addressed to Mr. Butler, in which you convey a message to the Prime Minister from the President of the Spanish Government. I shall place this before the Prime Minister.

TIMOTHY FLESHER

Senor Don Luis de la Torre de Andres.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 3A/83

cc Ops
Master

SPANISH EMBASSY
ARGYLL HOUSE
LONDON W8 7DA

London, 10th January 1983

Dear Mr. Butler,

I have received the following message from Don Felipe Gonzalez, President of the Government, for Mrs Margaret Thatcher:

"I am extremely grateful for the greetings you have sent me through the British Ambassador in Madrid, and I would ask you to extend this appreciation to the remaining members of your Government.

I for my part send you my best wishes for 1983, and look forward to the opportunity of renewing our personal contacts."

I shall be most grateful if you will kindly convey this message to the Prime Minister.

Yours sincerely,

LUIS DE LA TORRE
Minister Counsellor
Chargé d'Affaires, a.i.

F.E.R. Butler Esq.,
Principal Private Secretary to the
Prime Minister,
10 Downing Street,
LONDON SW1.

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re Spain

10 DOWNING STREET

From the Private Secretary

2 December 1982

Spain/Gibraltar

Roger Bone wrote to me on 1 December proposing messages for the Prime Minister to send to Senor Gonzalez and Senor Calvo Sotelo.

As regards the former, the Prime Minister wishes to send a shorter message reading as follows:

"I offer you Her Majesty's Government's congratulations on your appointment as President of the Government of Spain. I much look forward to renewing our acquaintance and send you my personal best wishes for dealing with the tasks which lie ahead."

The message to Senor Calvo Sotelo can be sent as drafted.

Brian Fall, Esq.,
Foreign and Commonwealth Office.

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(1)

Foreign and Commonwealth Office

London SW1A 2AH

1 December 1982

It is so obviously leading on the ice that Lord Carrington would rather not - I should think. Send it, now

Prime Minister

Agree to send these 2 messages to Gonzalez and Calvo Sotelo?

A.J.C. 1/12

Spain/Gibraltar

Since Mr Pym's brief discussion with the Prime Minister about Gibraltar on 26 November, it has become clear that the new Spanish Government are likely to be sworn in on 2 December. Mr Pym believes that it would be appropriate for messages to be sent to Sr Gonzalez, to the new Spanish Foreign Minister when he is appointed, and to their predecessors, Sr Calvo Sotelo and Sr Perez Llorca.

I accordingly enclose draft messages from the Prime Minister and Mr Pym. If the Prime Minister agrees, we would instruct the Embassy in Madrid to deliver the messages as soon as appropriate.

Mr Pym has not lost sight of the Prime Minister's request for advice on how to deal with the Gibraltar question during the next few weeks, as mentioned in your letter of 22 November. We shall be letting you have a reply on this soon.

Yours ever

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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OUT TELEGRAM

	Classification and Caveats	Precedence/Deskby
	CONFIDENTIAL	IMMEDIATE

ZCZC	1	ZCZC
GRS	2	GRS
CLASS	3	CONFIDENTIAL
CAVEATS	4	
DESKBY	5	
FM FCO	6	FM FCO
PRE/ADD	7	TO IMMEDIATE MADRID
TEL NO	8	TELEGRAM NUMBER
	9	1. Please pass on following messages as soon as is appropriate.
	10	Message from Prime Minister to Senor Felipe Gonzalez
	11	I should like to offer you Her Majesty's Government's
	12	~~warm~~ congratulations on your appointment as President of the
	13	Government of Spain. As fellow European allies and future
	14	partners in the European Community our two countries have an
	15	increasing number of common interests. We look forward to
	16	working closely with you over Spain's entry to the European
	17	Community, which we will continue warmly to support. These
	18	common interests provide a helpful background to the
	19	consideration of the question of Gibraltar in the framework
	20	of the Lisbon agreement of 1980. I am sure that our two
	21	Foreign Ministers will keep in close touch on these and other
///	22	matters. I also look forward personally to renewing our own
//	23	acquaintance. Meanwhile, I send you my personal best wishes
/	24	for dealing with the tasks which lie ahead.
	25	Message from the Prime Minister to Senor Calvo Sotelo

NNNN ends telegram	BLANK	Catchword: Please
File number	Dept	Distribution
Drafted by (Block capitals)		
Telephone number		
Authorised for despatch		
Comcen reference	Time of despatch	

XY 48

	Classification and Caveats		Page
	CONFIDENTIAL		2

<<<<

Please accept the good wishes of Her Majesty's Government and myself upon relinquishing your appointment as President of the Government of Spain.

Message from Secretary of State to New Foreign Minister

Please accept my congratulations and best wishes on your appointment as Foreign Minister. I very much look forward to working with you. I hope there will be an early opportunity to get together and to discuss the various bilateral and multilateral questions of interest to our two Governments.

Message from the Secretary of State to Senor Perez Llorca

I should like to send you, on behalf of Her Majesty's Government, very best wishes on relinquishing your appointment as Foreign Minister. I know that you have devoted much care and attention to relations between our two countries and I am personally grateful to you for your co-operation and for the understanding which you have shown.

PYM

NNNN

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XY 48 A

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Gibraltar

Policy

PS. NO 10, DOWNING STREET.

GRS 320
UNCLASSIFIED
FM MADRID 011414Z DEC 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 640 OF 1 DECEMBER
INFO LISBON PARIS RABAT UKREP BRUSSELS UKDEL NATO WASHINGTON
GIBRALTAR
INFO SAVING OTHER EC POSTS

SPAIN: NEW GOVERNMENT

1. IN HIS OPENING SPEECH AT THE INVESTITURE DEBATE ON 30 NOVEMBER GONZALEZ OUTLINED THE NEW GOVERNMENT'S PROGRAMME.

2. GONZALEZ PLACED PATICULAR EMPHASIS ON ECONOMIC POLICY, ESPECIALLY THE REVIVAL OF ECONOMIC GROWTH AND THE REDUCTION OF UNEMPLOYMENT. THE GOVERNMENT'S AIM WOULD BE TO REDUCE INFLATION (CURRENTLY 15%) BY 3% IN 1983 AND TO INCREASE GDP BY 2.5%. 800,000 NEW JOBS WOULD BE CREATED BY 1986.

3. ON FOREIGN POLICY GONZALEZ STRESSED THE NEED TO STRENGTHEN RELATIONS WITH NEIGHBOURING COUNTRIES, IN PARTICULAR PORTUGAL, FRANCE AND NORTH AFRICA. THE GOVERNMENT WOULD AIM TO ACCEDE TO THE COMMUNITY ''DURING THE LIFETIME OF THE PRESENT LEGISLATURE'' (IE BY 1986), AND WOULD ''STUDY CLOSELY THE TERMS OF THE OPEN SQUARE BRACKETS DEFENCE CLOSE SQUARE BRACKETS RELATIONSHIP WITH THE UNITED STATES.'' IT WOULD ALSO RE-EXAMINE ''WITH THE NECESSARY THOROUGHNESS AND MAINTAINING OUR PROMISES TO THE SPANISH PEOPLE'' THE DECISION TAKEN BY THE PREVIOUS GOVERNMENT TO JOIN NATO (NO MENTION WAS MADE OF A REFERENDUM).

4. ON GIBRALTAR GONZALEZ STATED THAT THE GOVERNMENT ''WOULD REAFFIRM WITH VIGOUR THE CLAIM TO THE COLONY, WHOSE PRESENT COLONIAL SITUATION UNDERMINED THE INTEGRITY OF THE NATIONAL TERRITORY AND DETRACTED FROM SPAIN'S INTERNAL AND STRATEGIC POSITION. AS A RESULT THE GOVERNMENT MAINTAINED ITS AIM OF RE-INTEGRATING GIBRALTAR IN THE NATIONAL TERRITORY THROUGH NEGOTIATIONS WITH THE UNITED KINGDOM LEADING TO THAT END, IN ACCORDANCE WITH THE RELEVANT RESOLUTIONS OF THE UNITED NATIONS.

/ IN CARRYING

IN CARRYING OUT THIS PRIORITY ASPECT OF ITS POLICY THE GOVERNMENT WOULD PROCEED IN A WAY WHICH PENALISED NEITHER THE POPULATIONS OF GIBRALTAR NOR THAT OF THE CAMPO AND WHICH WOULD ENSURE THAT THE OUTCOME OF THE NEGOTIATIONS RESPECTED THE LEGITIMATE INTERESTS OF THE POPULATION''.

FCO PLEASE PASS TO SAVING ADDRESSEES

PARSONS

[REPEATED AS REQUESTED]

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FM UKDEL NATO 291706Z OCT
TO IMMEDIATE FCO
TELEGRAM NUMBER 411 OF 29 OCTOBER
AND TO IMMEDIATE MODUK
INFO ROUTINE WASHINGTON BONN PARIS MADRID LISBON
INFO SAVING ANKARA ATHENS BRUSSELS COPENHAGEN THE HAGUE LUXEMBOURG OSLO OTTAWA REYKJAVIK ROME UKREP BRUSSELS DUBLIN GOVERNOR GIBRALTAR (PERSONAL)

SPAIN AND NATO

1. THE SECRETARY-GENERAL HAS RECEIVED A TELEGRAM FROM THE SPANIARDS ASKING HIM TO HALT ALL NEGOTIATIONS ON SPANISH INTEGRATION.

FCO PASS SAVING ANKARA ATHENS COPENHAGEN THE HAGUE LUXEMBOURG OSLO OTTAWA REYKJAVIK ROME DUBLIN GOVERNOR GIBRALTAR (PERSONAL)

GRAHAM

(REPEATED AS REQUESTED)

FCO/WHITEHALL
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CB BONN/BMG BERLIN 006/29

AJC

SPAIN.

[redacted] BMG BERLIN DESKBY 1430Z FOR PM'S PARTY

GRS 1000
CONFIDENTIAL
DESKBY 291430Z
FM MADRID 291300Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 577 OF 29 OCTOBER
AND TO IMMEDIATE BONN (FOR PRIME MINISTER'S PARTY)
INFO PRIORITY MOD (DI3W), UKREP BRUSSELS, UKDEL NATO, WASHINGTON, GOVERNOR GIBRALTAR (PERSONAL), PARIS, LISBON, UKMIS NEW YORK.
INFO SAVING TO RABAT, ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME.

Seen by P.M. 30/10.

MY TEL NO 572: IMPLICATIONS FOR THE UK OF SPANISH ELECTIONS

THE UCD GOVERNMENT WERE NOT EASY FOR US TO DEAL WITH. THE SOCIALIST GOVERNMENT MAY NOT BE ANY WORSE. THE PUBLIC MESSAGE CONVEYED BY GONZALEZ IS ONE OF PRAGMATISM. HE HAS STRESSED THAT CHANGES WILL NOT HAPPEN OVERNIGHT. IN PARTICULAR, WE KNOW THAT THE SOCIALIST LEADERSHIP HAVE NOTED THE DECLINE OF SUPPORT FOR MITTERRAND AS A RESULT OF THE LATTER'S SWEEPING ECONOMIC CHANGES IN FRANCE.

2. INEVITABLY THE NEW SOCIALIST FOREIGN MINISTER', LIKE PEREZ LLORCA, WILL FIND HIMSELF DEEPLY INVOLVED WITH HMG ON SEVERAL KEY FRONTS. THE NEW GOVERNMENT'S HANDLING OF THE GIBRALTAR QUESTION (SEE BELOW) WILL HAVE A DIRECT BEARING ON OUR OWN ATTITUDE TOWARDS ANY NATO COMMAND ARRANGEMENTS INVOLVING GIBRALTAR AND ALSO SPANISH MEMBERSHIP OF THE EUROPEAN COMMUNITY. THERE IS ALSO THE MAJOR PROBLEM OF THE DISPARITY IN IMPORT DUTIES BETWEEN BRITISH AND SPANISH MOTOR CARS AS WELL AS SPAIN'S IMPORT REGIME IN GENERAL (ALSO SEE BELOW). THESE MATTERS WILL REQUIRE SMART FOOT-WORK IN THE PROMOTION OF OUR OWN INTERESTS.

3. THE PSOE FAVOURS SPANISH MEMBERSHIP OF THE EUROPEAN COMMUNITY. INDEED THEY ARE PARTICULARLY INTERESTED IN IT AS A MEANS OF OUT-FLANKING THE MILITARY DINOSAURS. THEIR ECONOMIC SPOKESMEN HACE IRICAELY EXPRESSED UNDERSTANDING FOR THE REASONS UNDERLYING THE SLOW PROGRESS TOWARDS ACCESSION. BUT THEY HAVE WARNED THAT THIS MAY GENERATE INCREASING RESENTMENT WITHIN THE PARTY. THIS HAS SO FAR BEEN SATISFACTORILY DIRECTED AGAINST FRANCE BUT COULD SHIFT AGAINST US (MADRID TEL NO 568).

4. THE SOCIALIST ATTITUDE ON DEFENCE REMAINS AMBIVALENT. THEY ARE PUBLICLY COMMITTED TO FREEZING NEGOTIATIONS ON INTEGRATION WITHIN THE NATO MILITARY COMMAND, AS WELL AS TO A REFERENDUM ON MEMBERSHIP OF THE ALLIANCE ITSELF. BUT ON THE LATTER POINT GONZALEZ HAS MADE IT CLEAR THAT HE IS IN NO HURRY. IN FACT HE HAS DROPPED EARLIER SUGGESTIONS THAT HIS GOVERNMENT WOULD ADVOCATE A NEGATIVE VOTE. WE SHALL SEE. THE KING'S INFLUENCE AS COMMANDER IN CHIEF WILL BE IMPORTANT. MEANWHILE ALL ALLIANCE GOVERNMENTS, AND ESPECIALLY THE SECRETARY GENERAL OF NATO, WOULD BE WELL ADVISED TO REMAIN SILENT ON THIS POINT AND THUS CONTINUE TREATING SPAIN AS A MEMBER OF THE ALLIANCE UNTIL FURTHER NOTICE. A PARTICULARLY SENSITIVE ISSUE FOR THE FUTURE WILL BE THE QUESTION OF NUCLEAR WEAPONS WITHIN SPAIN AND OTHER COUNTRIES OF WESTERN EUROPE.

5. THE SOCIALIST PARTY ARE ON RECORD AS FIRMLY SUPPORTING SPANISH SOVEREIGNTY OVER GIBRALTAR. BUT THEY ARE NO MORE LIKELY THAN THE UCD TO PURSUE ANY OTHER COURSE THAN PEACEFUL NEGOTIATION. IT WOULD INDEED BE FOLLY FOR A SOCIALIST GOVERNMENT TO GIVE THE GREEN LIGHT TO MILITARY IRREDENTISTS. THEY ARE ALSO ON RECORD AS FAVOURING THE LIFTING OF RESTRICTIONS AND WILL BE MORE VULNERABLE THAN THE UCD TO PRESSURE FROM LEFT WING MAYORS IN THE CAMPO AREA. BUT AN UNRECIPROCATED OPENING OF THE FRONTIER SEEMS UNLIKELY. THE MINIMUM REQUIREMENT FOR THE NEW GOVERNMENT HERE WOULD SEEM TO BE THE LISBON AGREEMENT, WITH SOME SORT OF PRIVATE ASSURANCE THAT WE WERE GENUINELY PREPARED TO EMBACK ON A LONG TERM NEGOTIATING PROCESS, ALBEIT WITH FULL SAFEGUARDS FOR THE GIBRALTARIANS. IN DETAILED DISCUSSIONS THE SOCIALISTS COULD BE QUITE AS DIFFICULT AS THEIR PREDECESSORS. THEY HAVE ALREADY USED THE QUESTION OF THE POSITION OF SPANIARDS IN GIBRALTAR AS A STICK WITH WHICH TO BELABOUR PEREZ LLORCA.

6. THE DEVELOPMENT OF RELATIONS WITH THEIR EUROPEAN PARTNERS WILL AFFECT THE PROGRESS OR OTHERWISE OF VAGUE THIRD WORLD TRENDS WITHIN THE SOCIALIST PARTY. THEY LIKE TO STRESS THE POSSIBILITY OF IMPROVING LINKS WITH LATIN AMERICA, THE ARAB WORLD AND THE MAGHREB. BECAUSE OF THEIR CONTINUED APPREHENSION ABOUT OLD-STYLE MILITARY ATTITUDES IN SPAIN, THEY WILL TAKE A DISAPPROVING LINE TOWARDS DICTATORS TRYING TO ALTER FRONTIERS BY FORCE. THEY HAVE NO LIKING FOR EXAMPLE, FOR THE PRESENT ARGENTINE JUNTA. IN THE UN AND EGSEWHERE THEY ARE LIKELY THEREFORE TO BE SLIGHTLY LESS TROUBLESOME THAN THEIR PREDECESSORS OVER THE FALKLAND ISLANDS. BUT THEY WILL SUPPORT THE SPANISH NATIONAL POSITION OF SYMPATHY FOR ARGENTINE TERRITORIAL CLAIMS, COUPLED WITH THE IDEA OF PEACEFUL NEGOTIATION.

7. THE NEW GOVERNMENT FACES A DAUNTING TASK AS FAR AS THE ECONOMY IS CONCERNED. THERE WILL BE CONTINUING PRESSURE ON THE PESETA, PARTICULARLY FROM THE DOLLAR. FOR THE FIRST TIME THIS YEAR SPAIN WILL BE A BILLION POUNDS STERLING MARKET FOR UK GOODS. OUR POSITION ON MOTOR CARS (SEE ABOVE) SHOULD BE VIEWED AGAINST OUR OVERALL TRADING INTERESTS HERE. IT WILL BE DIFFICULT FOR THE NEW GOVERNMENT TO LIBERALISE SPAIN'S IMPORT REGIME. BUT A NUMBER OF DIFFICULTIES FACED BY OUR EXPORTERS SHOULD BE EASED IF THE SOCIALISTS FULFIL THEIR COMMITMENT TO INTRODUCE VAT AT AN EARLY STAGE.

8. THE POSITION OF THOSE BRITISH BANKS ALREADY ESTABLISHED IN SPAIN IS NOT LIKELY TO ALTER IN ANY MAJOR ASPECT. BUT PSOE HAVE SAID THEY WILL PUT A FREEZE ON APPLICATIONS TO OPEN BRANCHES FROM BANKS NOT YET ESTABLISHED. FOUR OF THE BRITISH MAJORS ARE ALREADY HERE AND UNLIKELY TO BE AFFECTED MUCH BY THIS, ALTHOUGH THE PRECARIOUS POSITION OF A NUMBER OF SPANISH COMPANIES IS ALREADY DENTING THE PROFITABILITY OF SOME BRITISH BANKING OPERATIONS HERE.

9. AS REGARDS THE PROSPECTS FOR DEFENCE SALES, PSOE ARE NOT (NOT) COMMITTED TO ANY CUT IN DEFENCE EXPENDITURE. BUT EXISTING DEALS MAY NOW BE RE-EXAMINED. THE POSITION MAY NOW JUST BE BETTER FOR PANAVIA TORNADO. RAPIER ALSO COULD STILL HAVE A CHANCE.

10. GIVEN THE PERSONAL CHARACTER OF THE SPANISH MIND, IT WILL MAKE IT EASIER TO DEAL WITH ALL THESE PROBLEMS IF, ONCE THE NEW GOVERNMENT IS CONSTITUTED, WE CAN ESTABLISH FURTHER CONTACTS AT HIGH MINISTERIAL LEVEL ON BOTH SIDES, MAKING CLEAR OUR WILLINGNESS TO GIVE THIS NEW GOVERNMENT A FAIR RUN.

FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

PARSONS

NNNN

CCN PARA 3 LINE 4

HAVE PRIVATELY EXPRESSED ETC....

AJC

CB BONN/BMG BERLIN 004/29

[redacted] BMG BERLIN DESKBY 291200Z FOR PM'S PARTY ON ARRIVAL

GRS 800
CONFIDENTIAL
DESKBY 291200Z
FM MADRID 291025Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 572 OF 29 OCTOBER
AND TO IMMEDIATE BONN (FOR PRIME MINISTER'S PARTY)
INFO PRIORITY UKREP BRUSSELS, UKDEL NATO, PARIS, WASHINGTON, LISBON, GOVERNOR GIBRALTAR (PERSONAL)
INFO SAVING TO ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, RABAT.

Seen by P.M. 29/10.

MY TELNO 570 : SPANISH GENERAL ELECTIONS

1. THE SPANISH SOCIALISTS WORKERS PARTY (PSOE) HAVE WON AN IMPRESSIVE VICTORY. THIS IS THE FIRST TIME THE SOCIALISTS HAVE TAKEN POWER IN SPAIN SINCE BEFORE THE CIVIL WAR. ALTHOUGH THE PERCENTAGE OF THE VOTE CAPTURED BY PSOE FALLS WITHIN THE MARGINS PREDICTED BY RECENT OPINION POLLS (MADRID TELNO 557), THE SOCIALIST MAJORITY IS MORE SWEEPING THAN MOST OBSERVERS BELIEVED POSSIBLE. THE RESULT, AS WELL AS THE HIGH TURN OUT, DEMONSTRATES THAT THE AVERAGE SPANIARD HAS VOTED MASSIVELY FOR CHANGE AND HAS NOT BEEN SCARED OFF BY FEAR OF A POSSIBLE MILITARY REACTION.

2. BY ACHIEVING AN ABSOLUTE MAJORITY IN CONGRESS, GONZALEZ HAS AVOIDED ANY OBLIGATION TO SEEK COALITION PARTNERS. NEVERTHELESS, HE MAY STILL WISH TO INVOLVE SMALL GROUPS SUCH AS THE CATALAN CIU IN SOME TYPE OF PARLIAMENTARY PACT. THE OTHER OBVIOUS CANDIDATE, SUAREZ, HAS NOT DONE WELL ENOUGH TO BE INVOLVED.

3. THE VOTING RESULTS SHOW A MARKED POLARISATION IN SPANISH POLITICS. THE CENTRE, WHICH WON 168 SEATS IN 1979, HAS VIRTUALLY DISAPPEARED AS A POLITICAL FORCE. THE UCD, WITH 5% OF THE NATIONAL VOTE, JUST RETAINS THE RIGHT TO ITS OWN PARLIAMENTARY GROUP. SENIOR MEMBERS OF UCD WHO FAILED TO GET REELECTED INCLUDE THE PRIME MINISTER (CALVO SOTELO), FOREIGN MINISTER (PEREZ LLORCA), THE MINISTERS OF THE INTERIOR (ROSON) AND DEFENCE (OLIART) AS WELL AS THE PRESIDENT OF THE COUNCIL OF EUROPE PARLIAMENTARY ASSEMBLY (AREILZA). SUAREZ'S CDS WILL BE BITTERLY DISAPPOINTED BY ITS POOR SHOWING BUT WAS AT LEAST STARTING FROM SCRATCH.

4. FRAGA'S CONSERVATIVE ALIANZA POPULAR, IN COALITION WITH THE CHRISTIAN DEMOCRAT PDP, HAS MADE STRIKING PROGRESS. THIS IS A PERSONAL TRIUMPH FOR FRAGA, WHO CONSIDRED RETIRING FROM POLITICS AFTER HUMILIATION IN 1979. HIS CAMPAIGN WAS ENERGETIC AND WELL ORGANISED WITH A SIMPLE MESSAGE OF A STRONG GOVERNMENT OF LAW AND ORDER. HE IS THE MAJOR BENEFICIARY OF THE COLLAPSE OF UCD, SOME OF WHOSE LEADERS WISELY ENROLLED WITH HIM BEFORE THE ELECTION. HE WILL BE A VIGOROUS LEADER OF THE OPPOSITION BUT REMAINS DOGGED BY HIS PROMINENCE UNDER FRANCO.

5. THE POOR COMMUNIST (PCE) RESULT COMES AS NO SURPRISE. THE PARTY HAS BEEN TORN BY INTERNAL STRUGGLES AND MUCH OF ITS SUPPORT HAS FOR THE MOMENT SHIFTED TO THE PSOE AS THE OBVIOUS LEFT WING FRONT RUNNER. THIS MAY NOT (NOT) BE TO THE LONG-TERM ADVANTAGE OF SPAIN. THE PCE SECRETARY GENERAL, CARRILLO, WILL NOW BE FIGHTING FOR SURVIVAL AS PARTY LEADER.

6. THE EXTREME RIGHT VOTE WAS INSIGNIFICANT. BLAS PINAR'S FUERZA NUEVA OBTAINED ONLY 0.4% OF THE VOTE: TEJERO'S SOLIDARIDAD ESPANOLA WON ONLY 25,000 VOTES.

7. SPANISH POLITICS NOW CONFORM TO THE NORMAL WESTERN EUROPEAN PATTERN OF A STRONGLY ENTRENCHED PARTY ABOUT TO TAKE OFFICE WITH ANOTHER LARGE PARTY IN OPPOSITION. BUT THE SPECIAL HISTORIC CIRCUMSTANCES OF SPAIN INVEST THIS SOCIALIST VICTORY WITH UNUSUAL SIGNIFICANCE. THERE IS BOUND TO BE A PERIOD OF APPREHENSION. SINCE CONSENSUS POLITICS OF THE CENTRE HAD, UP TILL NOW, BEEN CONSIDERED THE LYNCH-PIN OF DEMOCRACY SINCE THE DEATH OF FRANCO. IT COULD BE ARGUED THAT THIS LURCH TO THE LEFT (AND RIGHT) BY POPULAR WILL WAS AN ESSENTIAL PROCESS IN THE DEVELOPMENT OF THE STILL FRAGILE DEMOCRATIC SYSTEM HERE. BUT HISTORY ALONE WILL SHOW WHETHER THIS CHANGE, EVEN IF NECESSARY, WAS PREMATURE. THE VOTE MAY INDICATE MORE OF A REACTION AGAINST THE SQUABBLING POLITICIANS OF THE CENTRE THAN ANY GREAT ENTHUSIASM FOR SOCIALIST IDEOLOGY. BUT THIS POINT COULD BE OBSCURED BY THE SHEER MAGNITUDE OF THE SOCIALIST TRIUMPH. THE LATTER'S OUTRIGHT MAJORITY WILL MOT MAKE IT ANY EASIER FOR GONZALEZ TO CONTROL DOCTRINAIRE TENDENCIES WITHIN HIS PARTY AND TO STICK TO HIS OWN MODERATE PROGRAMME. THE POOR SHOWING OF EXTREMISTS ON BOTH LEFT AND RIGHT LOOKS ENCOURAGING, THOUGH THIS COULD HAVE NEGATIVE RESULTS IF IT STRENGTHENS MARXIST FORCES WITHIN THE PSOE. THE COUNTRY APPEARS QUIET TODAY AND THE KING WILL USE HIS INFLUENCE TO TRY TO ENSURE A SMOOTH TRANSFER OF POWER WITHOUT TROUBLE FROM THE MILITARY. HE HELD A MEETING ON 27 OCTOBER WITH ALP THE MAJOR PARTY LEADERS AT WHICH THEY DECLARED THEIR SUPPORT FOR THE CONSTITUTIONAL PROCESS DURING THE INTERREGNUM.

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FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

PARSONS

NNNN

CONFIDENTIAL

GRS 800
CONFIDENTIAL
DESKBY 291200Z
FM MADRID 291025Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 572 OF 29 OCTOBER
AND TO IMMEDIATE BONN (FOR PRIME MINISTER'S PARTY)
INFO PRIORITY UKREP BRUSSELS, UKDEL NATO, PARIS, WASHINGTON, LISBON, GOVERNOR GIBRALTAR (PERSONAL)
INFO SAVING TO ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, RABAT.

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CONFIDENTIAL / 5. THE POOR

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FCO PLEASE PASS TO ALL SAVING ADDRESSEES.

PARSONS

[REPEATED AS REQUESTED]

FCO/WHITEHALL
SED

GRS 160
DESKBY 290900Z
UNCLASSIFIED
FM MADRID 290744Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 570 OF 29 OCTOBER
AND TO IMMEDIATE BONN(FOR PRIME MINISTER'S PARTY) MODUK(D13WEST)
INFO PRIORITY UKREP BRUSSELS UKDEL NATO PARIS WASHINGTON
LISBON GOVERNOR GIBRALTAR
INFO SAVING OTHER EC POSTS AND RABAT

GENERAL ELECTION IN SPAIN

1. POLLING TOOK PLACE IN THE SPANISH GENERAL ELECTIONS ON 28 OCTOBER. THERE WERE NO MAJOR INCIDENTS. PROVISIONAL RESULTS OF VOTING, AS ANNOUNCED IN THE EARLY HOURS OF 29 OCTOBER BY THE MINISTRY OF THE INTERIOR, ARE SET OUT BELOW, WITH THOSE FOR THE 1979 ELECTIONS IN BRACKETS. FINAL FIGURES WILL BE AVAILABLE WITHIN 5 DAYS, AFTER CHECKING.

CONGRESS OF DEPUTIES (350 SEATS)

PARTY	NO OF SEATS
PSOE(SOCIALIST)	201 (121)
AP/PDP(CONSERVATIVE)	105 (9,AS COALICION DEMOCRATICA)
PCE(COMMUNIST)	5 (23)
UCD(GOVERNING CENTRE)	13 (168)
CDS(CENTRE, SUAREZ)	1 (-)
CIU(CATALAN NATIONALIST)	12 (9)
PNV(BASQUE NATIONALIST)	8 (7)
HERRI BATASUNA(BASQUE:ETA FRONT PARTY)	2 (3)

/ ERC

ERC(CATALAN REPUBLICANS) 1 (1)

OTHERS 2 (10)

2. TURN OUT IS PROVISIONALLY ESTIMATED AT 79%(68.3% IN 1979).

3. RESULTS FOR THE SENATE ARE STILL TO BE PUBLISHED.

4. SEE MIFT FOR COMMENT.

FCO PLEASE PASS TO SAVING ADDRESSEES

PARSONS

FCO/WHITEHALL
SED

FOBONN ØØ6/29

OO BONN DESKBY 29Ø9ØØZ

Seen by P.R. 29/10

GRS 16Ø
DESKBY 29Ø9ØØZ
UNCLASSIFIED
FM MADRID 29Ø744Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 57Ø OF 29 OCTOBER
AND TO IMMEDIATE BONN(FOR PRIME MINISTER'S PARTY) MODUK(D13WEST)
INFO PRIORITY UKREP BRUSSELS UKDEL NATO PARIS WASHINGTON
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CONGRESS OF DEPUTIES (35Ø SEATS)

PARTY	NO OF SEATS
PSOE(SOCIALIST)	2Ø1 (121)
AP/PDP(CONSERVATIVE)	1Ø5 (9, AS COALICION DEMOCRATICA)
PCE(COMMUNIST)	5 (23)
UCD(GOVERNING CENTRE)	13 (168)
CDS(CENTRE, SUAREZ)	1 (-)
CIU(CATALAN NATIONALIST)	12 (9)
PNV(BASQUE NATIONALIST)	8 (7)
HERRI BATASUNA(BASQUE:ETA FRONT PARTY)	2 (3)
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FLYNN

FCO PLEASE PASS TO SAVING ADDRESSEES

NNNN

SAENT AT Ø841Z/29 HFL

Foreign and Commonwealth Office

London SW1A 2AH

28 October 1982

Spain

The Spanish General Elections take place today, 28 October. Opinion polls in Spain suggest that the Spanish Socialist Party, the PSOE, will win, possibly with an overall majority. Given the complexity of the Spanish system of proportional representation it will probably take a few days for the final allocation of seats to be announced. The formation of a government may take weeks rather than days, especially if a coalition is to be constructed. We could therefore be in for a rather lengthy period of uncertainty.

We may not be able to offer a detailed assessment of the likely policies of a PSOE-dominated government until this process is complete; and the published PSOE policy guidelines are, on the whole, rather imprecise. You may, therefore, find it helpful to have the following preliminary comments on the points we shall be watching with particular care.

Gibraltar

On Gibraltar, the PSOE share the general Spanish view that sovereignty must ultimately be transferred to Spain. They have criticised the present government for not using NATO entry as a means of gaining greater ground on Gibraltar. They have endorsed the Lisbon agreement and criticised the government for not implementing it. Some PSOE leaders have publicly stated that, if in power, they would lift the restrictions on Gibraltar. But it is by no means certain that this would be immediately reflected in government policy. The PSOE are on the whole more likely to delay action and to seek concessions from us.

They are likely to be particularly concerned about the treatment of Spanish workers in the colony. But they will also be concerned to promote commercial, tourist and other exchanges with Andalusia, which is largely socialist.

We have no reason to believe that a PSOE government would seek to secure sovereignty over Gibraltar by force. But we shall need to keep a close watch on the implications for Gibraltar of right-wing and military reactions to a PSOE victory.

/NATO

NATO

On NATO, the PSOE have criticised the present government for entering precipitately. They have said that they will hold a referendum on Spain's membership. They have also said that they will freeze the current discussions in Brussels on Spain's integration in the Alliance. But some PSOE leaders, including Felipe Gonzalez, show signs of regretting the commitment to a referendum and of favouring Spain's continued membership of the Alliance. There are indications that they will behave like Papandreou, with more talk than action. The PSOE may hanker after membership without full integration into the military structure on French lines.

EC

The PSOE are as strongly committed to joining the EC as the present government. They would press for rapid progress on the negotiations, and have been concerned that the French might delay Spanish entry.

Yours ever

Roger Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

17 OCT 1982

CONFIDENTIAL

CONFIDENTIAL
FM MADRID 151800Z OCT 82
TO PRIORITY FCO
TELEGRAM NUMBER 539 OF 15 OCTOBER
AND TO PRIORITY MODUK

MY TELEGRAMS NUMBERS 536 AND 537 (NOT TO ALL)

CONVERSATION WITH THE KING OF SPAIN

THE KING HIMSELF RAISED THE QUESTION OF PURCHASES OF DEFENCE EQUIPMENT. HE EMPHASISED HIS WISH TO INTENSIFY COLLABORATION WITH EUROPEAN SUPPLIERS, SUCH AS BRITAIN, WITH INDUSTRIAL COOPERATION OF ADVANTAGE TO SPANISH FACTORIES.

2. THE KING SAID THAT, IN SPITE OF THE DECISION TO PURCHASE FACA AIRCRAFT FROM THE UNITED STATES, HE REMAINED KEEN TO PURCHASE TORNADO/ACA IN THE LONGER TERM. THIS HAD TECHNOLOGY OF GREAT POTENTIAL VALUE TO THE SPANISH AIR FORCE. THE CO-PRODUCTION ELEMENT WAS ALSO PARTICULARLY INTERESTING.

3. HE THEN WENT ON TO TALK ABOUT RAPIER. HE SAID THAT GENERAL ASCANIO (ARMY CHIEF OF STAFF) FAVOURED CHAPARRAL, APPARENTLY ON THE GROUNDS THAT THEY COULD BUY MORE FOR THE MONEY. GENERAL CASTRO'S ATTITUDE HAD MYSTERIOUSLY CHANGED AND HE TOO WAS NOW AN ADVOCATE OF CHAPARRAL. AT A MEETING UNDER THE KING'S CHAIRMANSHIP A DECISION TO BUY CHAPARRAL HAD BEEN VIRTUALLY TAKEN. BUT, ACTING ON BRIEFING FROM ''FRIENDS IN ENGLAND'', THE KING HAD URGED THE MEETING TO CONSIDER WHETHER THE PERFORMANCE OF RAPIER IN THE FALKLAND ISLANDS OUGHT NOT TO BE CONSIDERED IN ITS FAVOUR. HE HIMSELF CONSIDERED RAPIER BY FAR THE BETTER SYSTEM. HE HAD HEARD THIS TOO FROM THE KING OF JORDAN. HE DID NOT AGREE WITH ALLEGATIONS THAT IT HAD PERFORMED BADLY IN THE FALKLANDS. THE MATTER WAS NOW UNDER FURTHER REVIEW.

4. THE KING SAID HE HAD HEARD ABOUT THE IDEA THAT WE SHOULD GIVE A TECHNICAL PRESENTATION OF THE PERFORMANCE OF WEAPONRY IN THE SOUTH ATLANTIC INCLUDING RAPIER. HE FAVOURED THIS. HE SEEMED UNCERTAIN ABOUT WHERE IT WAS TO BE HELD. I EXPLAINED THAT THE IDEA WAS TO SEND A TEAM TO MADRID IN THE NEAR FUTURE. I ASKED WHETHER A FINAL DECISION ON PURCHASE OF CHAPARRAL WAS LIKELY TO BE TAKEN BY OCTOBER 28. THE KING SAID THAT ASCANIO WAS PRESSING FOR THIS ON MILITARY GROUNDS. BUT IT SEEMED IMPROBABLE IN THE TIME AVAILABLE.
HE AGREED THAT THE BEST STEP NOW WOULD BE TO ARRANGE A MILITARY PRESENTATION ALONG THE ABOVE MENTIONED LINES.

5. I EXPLAINED THAT THE MATTER HAD APPARENTLY GOT BOGGED DOWN AND SERRA HAD GIVEN NO ANSWER TO MY LETTER. I ASKED THE KING TO USE HIS INFLUENCE TO GET AN AFFIRMATIVE ANSWER QUICKLY. HE SAID HE WOULD TELEPHONE GENERAL LACALLE LELOUP TO THIS EFFECT.

PARSONS

STANDARD DEFD
SED WED
ECD(E) CABINET OFFICE

COPIES SENT TO
No. 10 DOWNING STREET

CONFIDENTIAL

Spain
1

SECRET

GRS 70
DESKBY 041330Z
SECRET
FM MADRID 041218Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 510 OF 4 OCTOBER
AND TO IMMEDIATE MOD(DI3) GOVERNOR GIBRALTAR(PERSONAL)

MY TELNOS 508 AND 509:

COUP PLOT: GIBRALTAR.

1. THE EVENTS DESCRIBED IN TURS ARE PROOF OF THE INCREASED LEVEL OF TENSION IN THE COUNTRY DURING THIS PRE-ELECTORAL PERIOD (MY TELNOS 473 AND 500). THERE IS NOTHING TO INDICATE THAT THE PLOTTERS INTENDED ANY ACTION AGAINST GIBRALTAR. BUT IT REINFORCES THE VIEW I HAVE EXPRESSED PREVIOUSLY THAT WE CANNOT EXCLUDE THE POSSIBILITY AT ANY TIME OF UNAUTHORISED MILITARY ACTION UP TO REGIONAL COMMAND LEVEL.

PARSONS

STANDARD
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DEFENCE D
CABINET OFFICE

ADDITIONAL DISTN
GIBRALTAR

SECRET

MADFO 0038/04

OO FCO DESKBY 041730Z

OO MOD (DI3 WEST) DESKBY 041730Z

OO GOVERNOR GIBRALTAR(PERSONAL) DESKBY 041730Z

OO UKDEL NATO

PP UKMIS NEW YORK

PP WASHINGTON

ADVANCE COPY

IMMEDIATE

GRS 410
CONFIDENTIAL
DESKBY 041730Z
FM MADRID 041545Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 500 OF 4 OCTOBER
AND TO IMMEDIATE MOD(DI3 WEST) GOVERNOR GIBRALTAR(PERSONAL)
INFO IMMEDIATE UKDEL NATO
INFO PRIORITY UKMIS NEW YORK WASHINGTON

MIPT: MILITARY PLOT.

1. WITH DETAILS OF THIS PLOT STILL EMERGING, IT IS TOO EARLY TO PRODUCE A FINAL ASSESSMENT. THERE HAVE BEEN NO FURTHER ARRESTS SINCE THOSE OF THE THREE OFFICERS ON 2 OCTOBER, ALTHOUGH THERE HAS BEEN SOME PRESS SPECULATION ABOUT A FOURTH MAN. PREPARATIONS MAY HAVE BEEN AT AN EARLY STAGE WITH ONLY A SMALL GROUP INVOLVED.

2. THE THREE OFFICERS ARRESTED WERE RELATIVELY JUNIOR IN TERMS OF SPAIN'S MILITARY STRUCTURE. IN ADDITION, NONE OF THEM HELD COMMANDS IN THE KEY UNITS WHOSE SUPPORT WOULD BE ESSENTIAL FOR A TAKEOVER OF MADRID EG THE BRUNETE DIVISION. THERE IS NO EVIDENCE THAT ANY OF THE PRESENT ARMY HIGH COMMAND WERE INVOLVED: ACCORDING TO THE MINISTRY OF DEFENCE, THE PLOTTER'S DOCUMENTS INCLUDED PLANS TO TAKEOVER ARMY HEADQUARTERS, AS WELL AS THE CAPTAIN-GENERAL'S HEADQUARTERS IN MADRID, AND TO APPOINT THEIR OWN MEN TO KEY POSITIONS.

x10

Hd/SED.
Hd/Defence D.
Hd/PUSD.
Hd/News D.
PS-2
PS/Mr. Hurd.
PS/Lord Belstead.
PS/PUS Mr. Goodison.
Cab. Off.
MOD. DS12.
No.10.D.S.

3. IN RECENT WEEKS CONTACTS HAVE EXPRESSED UNEASE ABOUT THE ATTITUDE OF FACTIONS WITHIN THE ARMED FORCES TOWARDS THE PROSPECT OF A SOCIALIST VICTORY IN THE ELECTIONS ON 28 OCTOBER. THE PLOTTERS' REPORTED INTENTION OF ACTING ON 27 OCTOBER WAS OBVIOUSLY DESIGNED TO PREVENT, OR AT LEAST, DISRUPT THE ELECTIONS. THE PLOTTERS PLANNED TO TAKE CONTROL OF THE CAPITAL IN THE EXPECTATION OF A DOMINO EFFECT AMONG MILITARY GARRISONS IN THE REST OF SPAIN. THIS WAS THE STRATEGY OF THE ATTEMPTED COUP OF 23 FEBRUARY, 1981. THE OFFICERS INVOLVED MAY NOT HAVE THOUGHT THROUGH THE CONSEQUENCES OF THEIR ACTION, BEYOND THE IMMEDIATE ONE OF THWARTING A SOCIALIST VICTORY AT THE POLLS.

4. WE DO NOT YET KNOW WHETHER THE AUTHORITIES CHOSE THIS TACTICAL MOMENT, JUST BEFORE ELECTION CAMPAIGNING BEGINS ON 6 OCTOBER, TO ROUND UP FOR ELECTORAL IMPACT KNOWN RIGHT-WING OFFICERS WHOM THEY HAD OBVIOUSLY HAD UNDER SURVEILLANCE FOR SOME TIME. THE OFFICIAL EXPLANATION IS THAT THE ARRESTS WERE TRIGGERED BY THE DISCOVERY OF INCRIMINATING DOCUMENTS. THE SPANISH PRESS HAS TAKEN THIS AT FACE VALUE AND IS GENERALLY LESS ALARMIST THAN THE FOREIGN MEDIA. THE LATTER'S REPORTS PROBABLY EXAGGERATE THE PLOT'S IMPORTANCE.

5. THE TIMING OF THE ARRESTS, WHATEVER THE MOTIVE, IS BOUND TO AFFECT THE FORTHCOMING ELECTIONS. THE UCD GOVERNMENT MAY HOPE TO DERIVE SOME CREDIT FOR THWARTING THE PLOT. THERE MAY ALSO BE AN EFFECT ON VOTING INTENTIONS. BUT THE UCD MAY NOT BENEFIT FROM THIS. THE MINISTER OF DEFENCE, OLIART, WHO APPEARED ON TELEVISION ON 3 OCTOBER TO PROVIDE REASSURANCE ABOUT THE OVERALL LOYALTY OF THE ARMY , HAS FOR SOME TIME BEEN SUBJECT TO CRITICISM OVER THE LENIENT AND OPEN PRISON CONDITIONS OF THE 23 FEBRUARY PLOTTERS. MILANS DEL BOSCH, IN PARTICULAR, HAS BEEN TREATED MORE AS A WAR HERO WHO MADE ONE UNFORTUNATE ERROR OF JUDGEMENT THAN AS A CONVICTED CRIMINAL. KNOWN EXTREMISTS HAVE NOW BEEN SHOWN TO HAVE HAD EASY ACCESS TO INCORRIGIBLE AND OPENLY UNREPENTENT CONVICTED PLOTTERS. SOME PEOPLE MAY WELL NOW BE SCARED AWAY FROM VOTING FOR THE SOCIALISTS. BUT THE DISCOVERY OF THIS CONSPIRACY COULD INCLINE THE IMPORTANT FLOATING VOTE LESS TO UCD THAN TOWARDS FRAGA'S ALIANZA POPULAR, WITH ITS SIMPLE MESSAGE ABOUT THE NEED FOR STRONG GOVERNMENT.

PARSONS

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GRS 200
DESKBY 041120OZ
UNCLASSIFIED
FM MADRID 041028Z OCT 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 508 OF 4 OCTOBER
AND TO IMMEDIATE MOD (DI3 WEST) GIBRALTAR
INFO IMMEDIATE UKDEL NATO
INFO PRIORITY WASHINGTON UKMIS NEW YORK

SPAIN: MILITARY PLOTTING

1. THE SPANISH MINISTRY OF DEFENCE ANNOUNCED ON 2 OCTOBER THAT TWO ARMY COLONELS AND A LIEUTENANT COLONEL HAD BEEN ARRESTED EARLY THAT MORNING IN MADRID UNDER THE TERMS OF THE ANTI-TERRORIST LAW. THE MINISTRY STATED THAT IT HAD OBTAINED DOCUMENTS SUGGESTING THAT THE ARRESTED MEN HAD BEEN PLOTTING AGAINST THE STATE. THE KING SUBSEQUENTLY RETURNED TO THE CAPITAL EARLIER THAN PLANNED FROM A VISIT TO NORTHERN SPAIN. A NUMBER OF LEADING FIGURES OF THE 23 FEBRUARY 1981 MILITARY PLOT (INCLUDING GENERAL MILANS DEL BOSCH) WERE EITHER MOVED FROM THEIR PRISON NEAR MADRID OR REFUSED PERMISSION TO SEE VISITORS.

2. THE MINISTRY OF DEFENCE SUBSEQUENTLY REVEALED THAT THE ARRESTED OFFICERS HAD BEEN PLANNING A MILITARY TAKEOVER OF MADRID ON 27 OCTOBER, THE DAY BEFORE THE GENERAL ELECTIONS. THE PLOT HAD COME TO LIGHT WHEN ONE OF THE COLONELS HAD SPENT FOUR HOURS VISITING LT GENERAL MILANS DEL BOSCH, LEADER OF THE 23 FEBRUARY PLOT. ARMY INTELLIGENCE HAD DISCOVERED INCRIMINATING DOCUMENTS IN HIS CAR. MORE WERE SUBSEQUENTLY DISCOVERED IN THE HOUSES OF THE THREE OFFICERS, INCLUDING LISTS OF OTHER OFFICERS WHOM THEY INTENDED TO ENLIST FOR THE ATTEMPTED TAKEOVER. THE THREE MEN WERE WELL KNOWN FOR THEIR RIGHT WING VIEWS AND WERE OPENLY LINKED WITH THE FALANGIST FUERZA NUEVA PARTY.

(FOR ALL EXCEPT GIBRALTAR.) COMMENT FOLLOWS.

PARSONS

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GIBRALTAR

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SAVING TELEGRAM

BY BAG
From: MADRID
CONFIDENTIAL [CULL]
To: FCO telegram No. 4 Saving of 26 August 1982 RFI Saving to UKREP Brussels, UKDEL NATO, Dept of Trade.

THE SPANISH ECONOMY

The summer holiday season has occasioned little movement in the economy since our savingram no. 3 to FCO of 17 July. In a near-deserted Madrid the absence of government ministers has scarcely been noticed, since their presence is scarcely noticed either. Lack of direction is a particular current feature of the economy. When ministers return they are likely to be more interested in running for office in the general elections expected this autumn than in running the country.

2. Half-yearly figures now published show that, as expected, GDP growth in 1982 is running at some 2 percent. The OECD had forecast 2.5 percent. The Spanish government had spoken of 3 percent. There appears little early prospect of improvement.

3. External Trade.

Exports continue buoyant and Spanish companies continue to win attractive export contracts, including, recently, ships and armoured vehicles for the Egyptian armed forces worth some US $1400 million. In the first quarter of 1982 Spanish exports grew by 23 percent in US dollars compared with the same period of 1981. Although this rate of growth will be difficult to maintain there is justifiable optimism that an overall 10 percent export growth for 1982 is feasible. Imports, suffering from continuing slack demand, grew in the same period by only 3 percent. If the trend in exports is maintained the hopes of a reduction in the visible trade deficit at year-end should be realised, with a fall to US $9,100 million compared with US $11,800 million in 1981.

4. Balance of Payments.

Tourist earnings are still running at a record level and some US $6,200 million is expected in receipts for 1982 from the 43 million visitors expected (although only some 24 million are estimated to be tourists rather than merely passing through). The World Cup accounted for no more than some 300,000 visitors and, on provisional figures, their expenditure may have just covered Spain's costs in hosting the event.

5. Investment.

Incoming foreign investment in 1981 declined by some 28 percent in dollar terms compared with 1980 and is thought to be decreasing further in 1982. It remains substantial, however, and overseas companies still consider that the advantages of investing outweigh the disadvantages, particularly with an eye to eventual Spanish accession to the European Communities.

6. Spanish private investment abroad through the purchase of hard currency bonds had taken on increased significance in the early half of this year and was running at the rate of some US $18 million a month. But this has now been suspended with the aim of preventing a flight of capital overseas in advance of a probable Socialist victory in the general election (although it is unlikely that any Socialist government will find itself with much room for radical initiatives). The authorities insist that this implies no brake on liberalisation.

7. Reserves.

Spain's foreign exchange and gold reserves rose in July to US $13,145 million, an increase of US $250 million. There was, however, a net loss in the first months of 1982 of some US $2000 million, which was somewhat obscured by the up-valuing of the gold reserves in December 1981 to current market prices.

8. Inflation.

The rate of inflation at the end of July was running at 15.3 percent. It is not expected to fall significantly, if at all. Food prices are increasing at almost 18 percent and petrol prices, having been held down during the summer, are expected to be increased shortly. The main trade union organisations are asking for a cost of living adjustment of 3.1 percent on top of the consumer price index figure. Although many Spanish businessmen believe that their workers are prepared to accept the continuing decline in real wages rather than join the 15 percent of the working population which is unemployed (19 percent in Andalucia alone), pressure is likely to grow among workers for an improvement in their wages as well as job security. This could be a major problem for an incoming Socialist government.

9. Conclusion.

The Spanish economy is unlikely to show any significant change from its current torpor until after the general election. The Socialist opposition is expected to emerge as the leading party with most voters hoping that this will mean some slight improvement for the better and a change from what, perhaps unjustly, is seen to be an increasingly divided and indecisive administration. The risk of unattainable expectations is evident and, as foreshadowed in the Ambassador's

despatch of 22 July, is recognised by Socialist party leaders.

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FM FCO 040900Z JUN 82
TO IMMEDIATE MADRID
TELEGRAM NUMBER 193 OF 4 JUNE 1982
INFO PRIORITY WASHINGTON, UKDEL NATO
INFO SAVING OTHER NATO POSTS

SPAIN/NATO

1. IT HAS BEEN AGREED IN BRUSSELS THAT ALLIANCE FOREIGN MINISTERS SHOULD SEND MESSAGES TO THE SPANISH FOREIGN MINISTER WELCOMING SPAIN TO THE ALLIANCE. SOME ALLIES, INCLUDING THE US, CANADA AND THE FRG, HAVE ALSO SENT MESSAGES AT HEAD OF GOVERNMENT LEVEL.

2. IF YOU SEE NO OBJECTION, PLEASE CONVEY THE FOLLOWING MESSAGES FROM THE PRIME MINISTER TO CALVO SÓTELO AND FROM ME TO PEREZ LLORCA RESPECTIVELY:

(A) QUOTE: SPAIN'S ENTRY INTO THE NORTH ATLANTIC ALLIANCE IS GOOD NEWS FOR WESTERN DEMOCRACY AND WILL ENHANCE THE SECURITY OF WESTERN EUROPE. I SHOULD LIKE TO OFFER YOU A WARM WELCOME TO THE ALLIANCE. UNQUOTE.

(B) QUOTE: I SHOULD LIKE TO OFFER YOU MY CONGRATULATIONS ON SPAIN'S ENTRY TO THE NORTH ATLANTIC ALLIANCE. IT IS AN IMPORTANT STEP BOTH FOR THE ALLIANCE AND FOR WESTERN DEMOCRACY AND IS ONE WHICH HER MAJESTY'S GOVERNMENT WARMLY WELCOMES. UNQUOTE.

3. PLEASE TELL THE SPANIARDS THAT, IF THEY AGREE, WE WOULD LIKE TO PUBLISH THE TEXTS OF THESE MESSAGES.

PYM

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Spain

Foreign and Commonwealth Office

London SW1A 2AH

John / I have confirmed with PRO that this message can go.

3 June 1982

NDL 14/6

WM 4/6

f.a.

Yes MT

Prime Minister
Agree message?
CS 3/6

Dear John,

Spain and NATO

With the deposition of an instrument of accession to the North Atlantic Treaty on 30 May, Spain became a member of NATO. Allied Foreign Ministers are sending national messages to the Spanish Foreign Minister to mark Spain's formal accession. We understand that several nations have already taken action, including in the case of the Americans, Canadians and Germans, messages from Heads of State and Government, as well as Foreign Ministers. Our delgation to NATO has recommended that we should do likewise.

The Foreign and Commonwealth Secretary proposes to send a message to Senor Perez Llorca, and recommends that the Prime Minister should send a similar message to Senor Calvo Sotelo. I enclose a draft telegram to Madrid containing suggested messages.

Yours ever.

(F N Richards)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

OUT TELEGRAM

		Classification and Caveats	Precedence/Deskby
		CONFIDENTIAL	IMMEDIATE

ZCZC	1	ZCZC
GRS	2	GRS
CLASS	3	CONFIDENTIAL
CAVEATS	4	
DESKBY	5	
FM FCO	6	FM FCO
PRE/ADD	7	TO IMMEDIATE MADRID
TEL NO	8	TELEGRAM NUMBER
	9	INFO PRIORITY WASHINGTON, UKDEL NATO
	10	INFO SAVING OTHER NATO POSTS
	11	SPAIN/NATO
	12	1. It has been agreed in Brussels that Alliance Foreign
	13	Ministers should send messages to the Spanish Foreign Minister
	14	welcoming Spain to the Alliance. Some Allies, including the
	15	US, Canada and the FRG, have also sent messages at Head of
	16	Government level.
	17	2. If you see no objection, please convey the following messages
	18	from the Prime Minister to Calvo Sotelo and from me to Perez
	19	Llorca respectively:
	20	(a) quote: Spain's entry into the North Atlantic Alliance is
	21	good news for Western democracy and will enhance the security of
///	22	Western Europe. I should like to offer you a warm welcome to
//	23	the Alliance. unquote.
/	24	(b) quote: I should like to offer you my congratulations on
	25	Spain's entry to the North Atlantic Alliance. It is an

NNNN ends telegram	BLANK	Catchword: important
File number	Dept	Distribution: Standard; Defence Dept; SED
Drafted by (Block capitals): PRIVATE SECRETARY		
Telephone number: 233 4831		
Authorised for despatch		
Comcen reference	Time of despatch	

		Classification and Caveats		Page
		CONFIDENTIAL _		2

<<<<

<<<<
important step both for the Alliance and for Western democracy and is one which Her Majesty's Government warmly welcomes. unquote.

3. Please tell the Spaniards that, if they agree, we would like to publish the texts of these messages.

PYM

NNNN

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NNNN ends telegram	BLANK	Catchword

GRS 620

CONFIDENTIAL

Spain

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FM MADRID 231537Z APRIL 82

TO PRIORITY FCO

TELEGRAM NUMBER 216 OF 23 APRIL

INFO GOVERNOR GIBRALTAR(PERSONAL) LISBON PARIS WASHINGTON UKDEL NATO UKREP BRUSSELS MOD DI3

STABILITY OF SPANISH GOVERNMENT

1. IN VIEW OF RECENT DEVELOPMENTS , YOU MIGHT WELCOME AN ASSESSMENT OF THE STABILITY OF THE SPANISH REGIME.

2. THE SPANISH GOVERNMENT IS INEVITABLY AFFECTED BY THE STRAINS ARISING FROM THE TRIAL OF THOSE RESPONSIBLE FOR LAST YEAR'S COUP (MY TELNO 2 SAVING) AND THE CONTINUING ACTIVITIES OF THE BASQUE TERRORIST ORGANISATION, ETA (MY TELNO 206), AS WELL AS THE PROSPECT OF REGIONAL ELECTIONS IN ANDALUSIA NEXT MONTH AND OF GENERAL ELECTIONS BEFORE MARCH 1983. THE FALKLANDS CRISIS AND THE SUPPOSED PARALLEL WITH GIBRALTAR PRESENT NEW PROBLEMS.

3. IN PARLIAMENT THE GOVERNMENT IS NOW DEPENDENT ON AGREEMENTS WITH EITHER THE LEADING OPPOSITION PARTY (PSOE) OR WITH MINORITY PARTIES TO GET ITS LEGISLATION THROUGH. THE CABINET FELT COMPELLED TO WITHDRAW A CONTROVERSIAL BILL ON UNIVERSITY EDUCATION RATHER THAN RISK FURTHER DEFECTIONS FROM ITS OWN PARTY (UCD) OR DEFEAT IN A VOTE (REDDAWAY'S LETTER OF 22 APRIL). BUT DESPITE THE LIMITATIONS IMPOSED BY THIS NEED TO WIN SUPPORT ELSEWHERE, THE GOVERNMENT ARE NOW FAIRLY CONFIDENT ABOUT THEIR ABILITY TO CARRY THEIR LEGISLATION. THE BUDGET, ON WHICH THEY ARE LIKELY TO FACE ALMOST INSURMOUNTABLE PROBLEMS, IS NOT DUE UNTIL NOVEMBER.

4. THE TRIAL OF THE MILITARY PLOTTERS CONTINUES TO PRESENT A SORRY SPECTACLE (MADRID SAVINGRAM NO 2). BUT THE GOVERNMENT MAY NOT BE ENTIRELY SORRY TO SEE SOME EROSION OF THE MYTHS THAT HAVE BUILT UP AROUND THE SPANISH ARMED FORCES. THE GOVERNMENT HAVE A RELATIVELY NEW TEAM AS CHIEFS OF STAFF AND SEEM CONFIDENT OF THE HIGH COMMAND'S LOYALTY. A WIDE SPECTRUM OF POLITICIANS HAVE TOLD US THEY EXPECT THE LEADING PLOTTERS ON TRIAL TO GET THE SEVERE SENTENCES PUBLIC OPINION DEMANDS. THIS REMAINS TO BE SEEN.

5. THE GOVERNMENT PARTY HAVE FOR A LONG TIME EXPECTED TO LOSE THE ANDALUSIAN REGIONAL ELECTIONS (23 MAY) TO THE PSOE. BUT THEY ARE ENCOURAGED BY RECENT SHOWINGS IN THE OPINION POLLS AND NOW HAVE GREATER CONFIDENCE THAT THEY CAN ACHIEVE A RESPECTABLE RESULT. THEY HAVE BEEN HELPED BY THE RECENT ALLIANCE BETWEEN THE LOCAL PSOE AND THE COMMUNISTS IN THE ASTURIAN REGIONAL GOVERNMENT (TO THE EMBARRASSMENT AND ANGER OF PSOE NATIONAL LEADERSHIP) WHICH HAS UNDERMINED THE PSOE'S NATIONAL CLAIM TO HAVE NO TRUCK WITH THE COMMUNISTS AND TO BE A MODERATE PARTY.

6. THE RECENT TERRORIST OFFENSIVE (MADRID TEL 206) MAKES GOVERNMENT CLAIMS THAT ETA WAS ON ITS LAST LEGS LOOK HASTY. BUT THE IS AS YET NO MARKED HEIGHTENING OF TENSION HERE. THIS IS IN CONTRAST WITH THIS TIME LAST YEAR, WHEN ASSASINATION ATTEMPTS IN MADRID CAUSED CONCERN AND WHEN THE ARMY WAS ALSO DEPLOYED TO PATROL THE FRONTIERS AND GUARD INSTALLATIONS. THERE HAS BEEN NO MAJOR REDEPLOYMENT OF TROOPS TO TAKE ON THESE TASKS ONCE AGAIN. CERTAINLY GENERAL LACALLE LELOUP, CHIEF OF THE DEFENCE STAFF, GAVE AN IMPRESSION OF CONFIDENCE WHEN I CALLED ON HIM WITH ADMIRAL LYGO ON 22 APRIL. THE GOVERNMENT HANDLED WELL AN EMERGENCY DEBATE ON 22 APRIL ON THE LATEST TERRORIST INCIDENTS. THE MINISTER OF THE INTERIOR WAS ABLE TO SAY THAT THE POLICE HAD MADE A NUMBER OF ARRESTS. THE PRIME MINISTER DEFUSED PUBLIC CRITICISM BY ADMITTING THAT THE TELEPHONE EXCHANGE BLOWN UP SHOULD HAVE BEEN BETTER GUARDED. THE PRIME MINISTER ALSO REJECTED THE NEED TO DECLARE A STATE OF EMERGENCY AND RULED OUT ANY NEGOTIATION WITH ETA. ALL PARLIAMENTARY GROUPS EXPRESSED UNQUALIFIED SUPPORT FOR THE GOVERNMENT IN THEIR BATTLE AGAINST THE TERRORISTS.

7. OUTSIDE PARLIAMENT, THE UNRECONSTRUCTED RIGHT-WING REMAIN A TINY IF VOCAL MINORITY (MY TEL 213). MANY SPANIARDS SYMPATHISE WITH ARGENTINA'S CLAIM TO SOVEREIGNTY OVER THE FALKLANDS. BUT FEW SUPPORT THE USE OF FORCE OVER GIBRALTAR OR THE FALKLANDS, AND CRITICISM OF ARGENTINA'S METHODS IS GROWING. THE SPANISH GOVERNMENT REMAIN FIRMLY ON THE SIDE OF DIPLOMATIC SOLUTIONS (MY TEL NO 209).

8. ALTHOUGH THE THREAT OF ACTION BY A SMALL GROUP CAN NEVER BE ENTIRELY RULED OUT, THERE IS NO GENERAL FEELING HERE THAT RECENT EVENTS HAVE UNDERMINED THE STABILITY OF THE REGIME. THE MILITARY DISPLAY NO SIGNS OF JUMPINESS, STILL LESS OF INCLINATION TO TAKE NON-CONSTITUTIONAL ACTION. THE GOVERNMENT IS UNDER CONSTANT PRESSUR TO SHOW THAT DEMOCRATIC AND PEACEFUL MEANS ARE MORE EFFECTIVE THAN THOSE PREVIOUSLY EMPLOYED BY THE FRANCO REGIME AND NOW BY OTHER NON-DEMOCRATIC COUNTRIES. THIS APPLIES EQUALLY TO GIBRALTAR AND THE FALKLANDS CRISIS IN INTERNATIONAL TERMS, AND TO THE ECONOMY THE AUTONOMY ISSUE AND TERRORISM ON THE INTERNAL SCENE. THEY ARE GOING THOUGH A ROUGH PATCH. BUT NO ONE WANTS EARLY ELECTIONS. THE CALVO SOTELO GOVERNMENT OUGHT THEREFORE TO SURVIVE FOR THE TIME BEING.

PARSONS

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THIS TELEGRAM WAS NOT ADVANCED

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Spain

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DESKBY 231500Z
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TO IMMEDIATE F C O
TELEGRAM NUMBER 1177 OF 23 MARCH 1982
INFO IMMEDIATE MADRID ROUTINE PARIS BONN
INFO SAVING BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN LUXEMBOURG ATHENS LISBON

FOREIGN AFFAIRS COUNCIL: 22 MARCH 1982

SPANISH ACCESSION: MINI-PACKAGE: PREPARATION OF COMMUNITY POSITION

SUMMARY

1. AGREEMENT TO OFFER SPANIARDS SIX YEARS ON ALL THREE BANKING POINTS AND FIVE YEARS ON CO-INSURANCE. PATENTS DROPPED FROM MINI-PACKAGE AT UK AND FRENCH INSISTENCE.

DETAIL

2. TINDEMANS (CHAIRMAN OF COUNCIL) GAVE FOLLOWING ASSESSMENT FOLLOWING CONTACTS WITH SPANIARDS EARLIER THAT MORNING.

(I) CAPITAL MOVEMENTS: SPANIARDS WOULD STICK TO FIVE YEAR DEROGATION ON ALL THREE POINTS.

(II) TRANSPORT: SPANIARDS WOULD ACCEPT COMMUNITY POSITION ON BOTH POINTS.

(III) REGIONAL POLICY: SPANIARDS WOULD HAVE DRAFTING POINTS, BUT THERE SHOULD BE NO FUNDAMENTAL PROBLEM.

(IV) RIGHT OF ESTABLISHMENT: SPANIARDS WOULD NOT PRESS REQUESTS ON MOTOR INSURANCE OR DENTISTS. THEIR ATTITUDE ON CHEMICALS AND ELECTRONICS WOULD DEPEND ON THE COMMUNITY'S ON PATENTS.

(V) APPROXIMATION OF LAWS: ON PATENTS, THE SPANIARDS MIGHT ACCEPT THE LINE PROPOSED BY THE COMMISSION, BUT WOULD NOT ACCEPT LESS THAN A THREE YEAR DELAY FOR THE REVERSAL OF BURDEN OF PROOF. ON THE THREE OTHER POINTS (LEAD IN PETROL, JAM AND CHOCOLATE) THE SPANIARDS WOULD ACCEPT THE COMMUNITY POSITION.

(VI) ECONOMIC AND FINANCIAL QUESTIONS: SPANIARDS WERE RESIGNED TO DEFERMENT.

BANKING

3. TINDEMANS ASKED UK WHETHER WE COULD LIFT OUR RESERVE ON THE COMMISSION PROPOSAL FOR A SEVEN YEAR DEROGATION ON EACH OF THE THREE AREAS. THE LORD PRIVY SEAL SAID THAT IT WAS IN EVERYONE'S INTEREST, INCLUDING THE SPANIARDS' OWN, THAT THEY SHOULD LIBERALISE THEIR BANKING SYSTEM QUICKLY. THE IMF STAFF REPORT MADE THIS POINT. THERE WERE NO RESTRICTIONS ON SPANISH BANKS IN MOST MEMBER STATES. NEVERTHELESS, WE WERE PREPARED TO AGREE TO DEROGATIONS OF SIX YEARS ON ECONOMIC NEED (WHICH THE SPANIARDS WOULD HAVE ANY WAY IF THEY JOINED IN 1984) AND FIVE YEARS EACH FOR ACCESS TO DEPOSITS

AND THE OPENING OF NEW BRANCHES. NATALI (COMMISSION) SAID THAT THE THREE ELEMENTS WERE PART OF A COHERENT PACKAGE AND THE PERIOD SHOULD BE THE SAME FOR EACH. MR ATKINS SUGGESTED SIX YEARS FOR EACH, AND TINDEMANS CONCLUDED THAT THIS POSITION SHOULD BE PUT TO THE SPANIARDS.

CO-INSURANCE

4. ON THE LOCATION OF THE LEADING INSURER, THE FORMULA SUGGESTED IN COREPER (PARAGRAPH 6 OF MY TELEGRAM NO 1110) WAS AGREED WITHOUT DISCUSSION.

5. ON THE TRANSITIONAL PERIOD FOR PHASING OUT THE REQUIREMENT THAT RISKS IN SPAIN SHOULD BE COVERED BY SPANISH INSURERS, MR ATKINS BEGAN BY ARGUING FOR THREE YEARS. HE WAS SUPPORTED BY VAN DEN BROEK (NETHERLANDS). NATALI (COMMISSION) ARGUED VIGOROUSLY THAT THIS WAS QUITE INADEQUATE GIVEN THE WEAK STATE OF THE SPANISH INDUSTRY. THE SPANIARDS ATTACHED PARTICULAR IMPORTANCE TO A PERIOD OF GRACE AFTER ACCESSION BEFORE PHASING OUT STARTED. TINDEMANS THEN SUGGESTED SIX YEARS WITH A TWO YEAR GRACE PERIOD. MR ATKINS COUNTERED WITH FOUR YEARS WITH A TWO YEAR GRACE PERIOD, WHICH WAS ALSO SUPPORTED BY VAN DEN BROEK. NATALI MADE A FURTHER EFFORT WITH FIVE YEARS - A TWO YEAR GRACE PERIOD, 75 PER CENT IN YEAR THREE, 40 PER CENT IN YEAR FOUR AND 20 PER CENT IN YEAR FIVE WITH NO RESTRICTIONS AFTER FIVE YEARS. VAN DEN BROEK AND MR ATKINS SAID THEY ONLY COULD ACCEPT THIS AS A FINAL POSITION, AND QUESTIONED THE WISDOM OF PUTTING IT TO THE SPANIARDS AT THE BEGINNING. TINDEMANS HOWEVER UNDERTOOK TO DEFEND THIS AS A FINAL POSITION AND THIS WAS AGREED.

PATENTS

6. THE PRESIDENCY CIRCULATED A MEETING DOCUMENT CONTAINING A SLIGHTLY REVISED VERSION OF THEIR PROPOSAL IN WORKING DOCUMENT 79. THIS TEXT WAS AT ONCE ACCEPTED BY ALL DELEGATIONS EXCEPT UK AND FRANCE.

7. CHANDERNAGOR (FRANCE) COULD NOT AT THIS STAGE ACCEPT THE ADVANCE COMMITMENT TO SUPPORT SPANISH REQUESTS FOR DEROGATIONS FROM THE MUNICH CONVENTION. HE WAS NOT NECESSARILY HOSTILE. BUT IT HAD SIMPLY NOT BEEN POSSIBLE TO THINK THROUGH ALL THE IMPLICATIONS. FURTHER TIME WAS NEEDED FOR EXPERT STUDY.

8. MR ATKINS SUPPORTED THIS. WE TOO DID NOT NECESSARILY OPPOSE THE COMMISSION PROPOSALS, BUT WE HAD A NUMBER OF TECHNICAL QUESTIONS TO WHICH WE NEEDED ANSWERS. HE GAVE EXAMPLES FROM THE BRIEF. THE POINT WAS IMPORTANT BUT WAS SIMPLY NOT RIPE FOR DECISION. IT SHOULD GO BACK TO COREPER FOR FURTHER URGENT WORK. THIS NEED NOT BE A DISASTER. THE DELAY NEED NOT BE LONG AND THERE WAS PLENTY OF SUBSTANCE IN THE MINI-PACKAGE WITHOUT THIS.

9. FOR THE COMMISSION NATALI SET OUT THE CASE FOR AN IMMEDIATE SETTLEMENT. THIS WOULD PROBABLY ENABLE THE SPANIARDS TO WITHDRAW THEIR REQUESTS ON CHEMICALS AND ELECTRONICS UNDER RIGHT OF ESTABLISHMENT. IT WOULD ALSO BE IN THE COMMUNITY'S INTEREST. THE MUNICH CONVENTION WAS NOT PART OF THE ACQUIS. NOR WAS THE LUXEMBOURG CONVENTION IN AN OPERATIONAL SENSE. NO-ONE KNEW WHEN IT WOULD BE RATIFIED BY ALL MEMBER STATES. EVEN IF THE LUXEMBOURG CONVENTION DID COME INTO FORCE, THE DURATION AND OUTCOME OF NEGOTIATIONS WITH SPAIN UNDER ARTICLE 95(4) WERE UNCLEAR. THE PROPOSAL BEFORE THE COUNCIL WAS A TOUGH ONE PARTICULARLY ON THE BURDEN OF PROOF, WHERE SPAIN WOULD BE ASKED TO GO BEYOND THE (NEXT WORD UNDERLINED) ACQUIS. THERE WAS A REAL DANGER THAT IF THE PRESENT OPPORTUNITY WAS NOT SEIZED, SPAIN WOULD WITHDRAW HER REQUEST AND THE COMMUNITY WOULD BE LEFT WITH NOTHING.

10. RUGGIERO (ITALY) SUGGESTED AN AMENDMENT TO THE PRESIDENCY TEXT WHICH WOULD WEAKEN THE COMMITMENT TO HELP SPAIN OBTAIN DEROGATIONS FROM THE MUNICH CONVENTION. TINDEMANS RECOMMENDED THIS, DESPITE NATALI'S DOUBTS WHETHER THE SPANIARDS COULD ACCEPT IT. BUT CHANDERNAGOR AND MR ATKINS REMAINED UNMOVED.

11. TINDEMANS CONCLUDED THAT HE SHOULD TELL THE SPANIARDS THAT BECAUSE OF ITS TECHNICAL COMPLEXITY THE COMMUNITY WOULD NOT BE ABLE TO TAKE A POSITION ON PATENTS FOR A FEW WEEKS. BUT THEY WOULD WORK ON THE PROBLEM IN A POSITIVE SPIRIT TO FIND A SOLUTION. THIS WAS AGREED.

FCO ADVANCE TO:-
FCO - PS/S OF S, PS/LPS, PS/PUS, BRIDGES, BULLARD, HANNAY, CROWE, WILSON (SED), MS LAMBERT, PIRNIE, MISS EVANS
CAB - ELLIOTT, GOODENOUGH, JOHNSTON
DOI - RHODES, THORNHALL
DOT - PS/SECRETARY OF STATE, PS/SECRETARY, GRAY, WELLS, MRS DRAGE, SUGDEN (IPCD) BIRCH (IMS)
TSY - MISS COURT, PEET
DOE - JACKSON
DTR - WORSKETT

FCO PASS SAVING COPENHAGEN THE HAGUE ROME DUBLIN LUXEMBOURG ATHENS LISBON

[REPEATED AS REQUESTED]

BUTLER

[ADVANCED AS REQUESTED]

FRAME EXTERNAL
ECD(E)
SED

COPIES TO:-
ADVANCE ADDRESSEES

Spain

CONFIDENTIAL
FM MADRID 291130Z JAN 82
TO PRIORITY FCO
TELEGRAM NUMBER 59 OF 29 JANUARY
INFO UKDEL NATO, GOVERNOR GIBRALTAR (PERSONAL) P.S. TO NO. 10. DOWNING ST.
INFO SAVING EC POSTS AND LISBON.

SPAIN: POSITION OF THE GOVERNMENT.

1. THREE MEMBER ON THE RIGHT WING OF THE GOVERNMENT PARTY (UCD) LEFT THE UCD ON 28 JANUARY TO JOIN COALICION DEMOCRATICA, THE RIGHT WING PARLIAMENTARY GROUP DOMINATED BY SR FRAGA'S ALIANZA POPULAR. THEY INCLUDE THE FORMER CHIEF WHIP, HERRERO DE MINON. THE PRIME MINISTER COVENED A MEETING WITH EIGHT MEMBERS OF THE GOVERNMENT AND THE SECRETARY GENERAL OF THE UCD LATER IN THE DAY TO CONSIDER THE SITUATION. TODAY'S CABINET MEETING WILL TAKE STOCK FURTHER. EXAGGERATED RUMOURS (REFLECTED BY THE BBC) IMMEDIATELY BEGAN TO CIRCULATE THAT PARLIAMENT WAS TO BE DISSOLVED AND EARLY ELECTIONS WOULD BE HELD.

2. THE DEPARTURE OF THESE DEPUTIES IS BAD FOR THE GOVERNMENT'S NERVES AND THE PARTY'S MORALE. UCD STRENGTH SINCE THE LAST ELECTION HAS NOW FALLEN FROM 168 TO 151. BUT THE NEW MOVE SEEMS UNLIKELY TO START AN AVALANCHE AND WILL NOT SERIOUSLY REDUCE THE GOVERNMENT'S STRENGTH IN PARLIAMENT. THE THREE DEPUTIES DO NOT REPRESENT THE MAIN STREAM WITHIN UCD, AND HAVE PROMISED TO GIVE UNCONDITIONAL SUPPORT TO THE GOVERNMENT IN PARLIAMENTARY VOTES. THE SOCIALISTS ARE COOPERATING WITH THE GOVERNMENT ON THE MAJOR LEGISLATIVE ISSUES BEFORE PARLIAMENT AND HAVE MADE CLEAR THAT THEY SEE NO JUSTIFICATION FOR EARLY ELECTIONS. ON OTHER ISSUES THE GOVERNMENT SHOULD GET ADEQUATE SUPPORT FROM BOTH FRAGA'S COALICION DEMOCRATICA AND THE REGIONAL PARTIES.

3. CALVO SOTELO HAS SEVERAL CLEAR REASONS FOR SEEING OUT THE PRESENT LEGISLATURE TO MARCH 1983, WHICH IS HIS REPEATEDLY PROCLAIMED INTENTION, OR AT LEAST UNTIL LATER THIS AUTUMN. A SNAP ELECTION BEFORE THE COURT-MARTIAL OF LAST YEAR'S CONSPIRATORS DUE TO START NEXT MONTH WOULD THROW THE COUNTRY INTO TURMOIL WHICH FELIPE GONZALEZ WOULD FIND IT HARD TO HANDLE. THIS IS TO BE FOLLOWED BY THE ANDALUSIAN ELECTIONS IN MAY, HOPEFULLY NATO ENTRY IN MID-SUMMER, AND THE WORLD CUP IN JUNE AND JULY. THE DISINCENTIVES FOR EARLY ELECTIONS, WHICH NEITHER OF THE MAJOR PARTIES WANT, ARE THEREFORE STRONG. BUT THE POSSIBILITY HAS NOW BEEN RAISED THAT FURTHER DEFECTIONS FROM EITHER THE LEFT OR THE RIGHT OF THE UCD, OR THE THREAT OF THEM, COULD FORCE HIS HAND. CALVO SOTELO MADE CLEAR IN A SPEECH ON 25 JANUARY THAT HE CONSIDERS THIS RISK A REAL ONE. THERE IS NO CERTAINTY THAT THE GOVERNMENT CAN STAUNCH THE FLOW. BUT A GOOD SOURCE IN FRAGA'S AP HAS INDICATED THAT THEY DO NOT EXPECT TO SEE FURTHER DEFECTIONS. WITH POLLS CONTINUING TO SHOW OPINION FLOWING STRONGLY IN THE SOCIALISTS' FAVOUR, ELECTIONS NOW RISK BEING SUICIDAL: THIS MAY HELP TO STEADY THE RANKS AND CONCENTRATE THE MINDS OF UCD WAVERERS.

4. THE ODDS ARE THEREFORE THAT CALVO SOTELO WILL CONTINUE TO SOLDIER ON (THUS FULFILLING THE LISBON AGREEMENT ON GIBRALTAR), AT LEAST UNTIL HE SEES HOW THE GOVERNMENT AND PARTY WEATHER THE ANDALUSIAN ELECTIONS. BUT HE WILL REMAIN A HOSTAGE TO THE BEHAVIOUR OF THIS OWN FOLLOWERS WHO HAVE THE POWER BY THEIR IRRESPONSIBILITY TO PRECIPITATE EARLY ELECTIONS. THIS WILL MAKE HIM NERVOUS AND EXIGENT IN THE CONDUCT OF SPAIN'S FOREIGN POLICY, AND EVEN MORE ANXIOUS TO SECURE PRACTICAL BENEFITS FROM RE-OPENING THE GIBRALTAR FRONTIER. THIS STRENGTHENS THE ARGUMENT FOR US TO HEED THE SPANISH PLEA NOT (NOT) TO MAKE FURTHER STATEMENTS FOR THE TIME BEING ABOUT THE EQUALITY OF SPANISH WORKERS IN GIBRALTAR WITH NON-EC NATIONALS (MY TELNO 42.)

FCO PLEASE PASS TO SAVING ADDRESSEES

PARSONS

[REPEATED AS REQUESTED]

LIMITED
SED
DEF D
PUSD
INFORMATION D
NEWS D
PS
PS/LPS
MR BULLARD
MR GOODISON

ADDITIONAL DISTRIBUTION
GIBRALTAR

THIS TELEGRAM
WAS NOT
ADVANCED

File

DSG

Spain

7 December 1981

SPAIN/NATO/GIBRALTAR

The Prime Minister has seen your letter of 3 December to Michael Alexander and noted its contents.

A.J. COLES

Francis Richards, Esq.,
Foreign and Commonwealth Office.

MR. J. Coles

With the compliments of

F. N. Richards

THE PRIVATE SECRETARY

~~Private Secretary~~

f.a.

18/1

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

6.1.82.

Private Secretary

Advance copy; submission to follow.

Alan Hume
SED 6/1/82

SUMMARY

ANNUAL REVIEW FROM SPAIN FOR 1981

The survival of democracy itself was the central question during a bad year for Spain. It is still fragile. (Paragraph 1).

2. The political crisis in January 1981, following the resignation of Suarez as Prime Minister, paved the way for the attempted military coup of 23 February. This gave the Spanish politicians a fright and for a time they rallied round the new Prime Minister, Calvo Sotelo. (Paragraphs 2-4).

3. In the autumn the ruling Government party (UCD) threatened to fall apart until Calvo Sotelo remodelled the Cabinet in December, confirming the party as one of the centre. But the year ended with several major political problems still outstanding including that of devolution and the trial of officers responsible for the February coup. (Paragraphs 5 and 6).

4. The economy has been in the doldrums. (Paragraph 7).

5. Negotiations for access to the European Community made only limited progress. But a Protocol for Spanish entry into NATO was signed on 10 December. Spain has also cultivated relations with non European countries. (Paragraphs 8-10).

6. Anglo Spanish relations have been dominated by the problem of Gibraltar. Implementation of the Lisbon agreement is now to be hoped for as preparations are made for the Spanish Prime Minister's visit to London on 8 January 1982. (Paragraphs 11 and 12).

7. Otherwise Anglo-Spanish relations have proceeded smoothly with considerable activity in the field of trade, culture and consular affairs. (Paragraph 13).

8. For the future Calvo Sotelo has to face some searching tests. New military plots cannot be ruled out, especially in the event of a power vacuum at the centre. Nor does Calvo Sotelo give the personal impression of any great inner strength. (Paragraph 14).

/9.

9. All the more reason why we should now try to take our rightful place as one of Spain's best allies. (Paragraph 15).

BRITISH EMBASSY.
MADRID.

2 January 1982

The Rt Hon The Lord Carrington KCMG MC
LONDON

My Lord

ANNUAL REVIEW FROM SPAIN FOR 1981

1981 has not been a good year for Spain. The central question during the year was the survival of democracy itself. In its support millions have demonstrated in the streets. The minority seriously wishing to return to the days of military rule is small. But it is powerful and can draw support from the bickerings of politicians, the weakness of the economic situation, and the comparative mildness of Western reactions towards the military take-over in Turkey. Against this must be set the increasing strength of the web of relationships with the non-authoritarian countries of the NATO Alliance and the European Community which militate against a return to military rule, unfashionable in Western Europe for many years. Spanish democracy therefore remains extant though it is still fragile.

2. A political crisis came to the boil in January, 1981, with the resignation of the then Prime Minister, Adolfo Suarez. A successful political manipulator, or Trimmer as we would have called him in the 18th century, he had been the founder of the ruling UCD. But he had lost the confidence of its right wing, the Christian Democrats. The more serious and better educated Calvo Sotelo emerged as the compromise figure for the Premiership, though the supporters of Suarez retained control of the party apparatus and Suárez is by no means a spent force. The unedifying political manipulations associated with these events helped to cause widespread disillusion with the patriotism and competence of Spanish politicians as a whole.

3. This contributed in turn to the attempted military coup on 23 February when Colonel Tejero and his civil guards held the entire Government and Parliament captive in truly Cromwellian style. The top army leadership rallied behind the King whose decisive action in quelling the potential coup

/stretched

stretched his own constitutional powers to the limit. It later became clear that two senior Generals, Armada and Milans del Bosch, had been plotting with Tejero and that the incident was not as isolated as it first appeared.

4. The episode gave the Spanish politicians a considerable fright. Some later told us that they thought their last hour had come. For a time they were in chastened mood. The UCD temporarily submerged their differences. The Socialist opposition (PSOE) promised cooperation on major issues. Calvo Sotelo took more trouble than Suarez to accommodate the military. In particular, legislation was agreed with the PSOE to harmonise the process of granting autonomy to the various regions of Spain, though this was beginning to fray by the end of the year. In a country whose unity was built up over hundreds of years of constant struggle, the army, seing themselves as the only truly national force, had been particularly suspicious of the devolution policy of Suarez. They thought this went too far and too fast. Calvo Sotelo was at pains to correct this trend. A new unified command to combat terrorism was set up and has achieved some success. Indeed the decease in terrorist violence has been one of the few bright spots over the past year.

5. After the long summer break things began to go wrong again. The Government were made to look inefficient over the scandal about adulterated oil. For different reasons the Social Democratic Justice Minister, Ordoñez, resigned, after getting on to the statute book an important but controversial law permitting divorce. He subsequently left the party taking sixteen other members of Parliament with him. There was growing dissatisfaction within the ruling party over their poor performance in the regional elections in Galicia in October. The right wing began to press the Government to move away from the centre and to ally themselves with the more openly conservative AP, led by Manuel Fraga; a move some military figures were thought to support. With his Parliamentarian majority threatened, Calvo Sotelo had to take control of the party apparatus and remodel the Cabinet at the beginning of December. This had the effect of confirming the UCD as an all-embracing party of the centre. Calvo Sotelo thus chose to reject the alternative option of trying to get closer to the military and the business leaders. Meanwhile, the Communists and to

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a lesser extent the Socialists have both endured considerable internal difficulties, all the national parties suffering from the growing strength of regionalism.

6. The year thus ends with several major political problems still outstanding for the Government. The huge army continues to cause anxiety in spite of the serious efforts made by the King and the Government to calm and control them. The King has expressed private but deep mis-givings about military attitudes. But it is important not to generalise about military opinion which ranges from moderately progressive to outrageously dictatorial. The Generals who have been allowed to get to the top have on the whole accepted the reality of democratic rule. But right wing leaders undoubtedly exist throughout the army and it is particularly disturbing that they should include middle rank and junior officers. There are also thought to be civilians stirring the pot. The hope has not been fulfilled that the army would automatically modernise itself with the retirement of older officers who owed their career to Franco. Indeed one of the most disturbing features of modern Spain is the polarity of young people in many cases between extremism of the right as well as the left. Their seniors tend to be more cautious, remembering the horrors of the Civil War. Other disturbing features have been the considerable sniping (metaphorically) between the press and the army, the lack of respect shown by the ultras for the King, and the general feeling that the Government have not so far been sufficiently assertive in dealing with indications of military insubordination. There is no easy option for the Government in this field, since they are obliged to balance military aversion towards the devolution programme for the regions against the strident demands of the latter, particularly in the Basque country and Catalonia.

7. Another serious problem has been the continuation in the doldrums of the Spanish economy. Registered unemployment has continued to rise, reaching nearly 13% in October. The real growth in GDP during the year is likely to be less than 1%. An unprecedented drought has done damage to both agriculture and industry. Calvo Sotelo's assumption of power created a certain amount of confidence among the business community but even they are slow to realise that the economic problems to be faced are on a world

/rather

rather than a national scale. On the more positive side, however, must be set the agreement reached in June with the unions and employers under which the Unions in effect accepted a 2% cut in real wages to the end of 1982 against a promise that unemployment would be held at its current level.

8. In these difficult internal circumstances the Government have followed the classic course of trying to achieve success in the field of foreign affairs. Spain's negotiations for accession to the European Community made some progress, thanks largely to the British Presidency. But serious negotiation has not yet been possible on either agriculture or customs union. Despite Community pressure, the Spaniards have still not given a clear commitment to implement VAT fully by their date of accession. This now seems to be moving towards 1985.

9. It was largely to achieve more rapid progress in the drive to reintegrate Spain with Western Europe that the Spanish Government launched their bid to join NATO, culminating with the signature of the relevant Protocol in Brussels on 10 December. This produced no immediate political dividends domestically, and the Government's presentation lacked any sense of history. But as pointed out in my despatch of 7 December, it will also produce for Spain a more dignified relationship with the United States and a seat at the top multilateral table. Moreover, it should provide a fresh role for the Spanish armed forces, helping to concentrate their minds away from internal politics. In some quarters this is already taking effect. The Spaniards may not prove an unmixed blessing within the Alliance but they would be much more troublesome outside. The weakening of the purely bilateral link with the United States could also help to improve relations with France, always an uneasy neighbour and one with little enthusiasm for assisting the Madrid Government in further struggles against Basque terrorism.

10. Other foreign policy dimensions have not been neglected. The CSCE Conference, where Spain has become an integral member of the Western caucus, has continued to cast a spotlight on Madrid. The Government have signalled to the Soviet Union and her allies that Spanish entry into NATO will not prevent them from enjoying the correct, if not cordial, relationship which they already have with some other members of the Alliance. Spain has continued also to cultivate her relationship with North Africa and the Arab world, the latter being particularly important in view of the country's own lack of internal

/energy

energy resources.

11. Anglo-Spanish relations have, as usual, been dominated by the problem of Gibraltar. Outwardly it has been highly unsatisfactory that the Government have failed to implement the Lisbon agreement of April, 1980, providing for the simultaneous opening of the frontier with Gibraltar and the beginning of negotiations aimed at resolving differences over the Rock. As I write, the /still issue/hangs in the balance. In practice and in private the degree of inter-governmental cooperation on this issue has been considerable. The Spanish Government have registered their gratitude to Her Majesty's Government and to you personally for the help we have given over their entry into NATO, as well as their attempts to overcome difficulties, emanating mainly from Paris, in their negotiations for entry into the European Community. Considerable restraint has been shown on both sides. The Spanish Government were at pains not to fan the flames of popular emotion here when the Prince of Wales made a brief transit stop in Gibraltar at the beginning of his honeymoon in August. Subsequently they were grateful to us for our forebearance in not so far publicly rejecting some highly partisan recommendations favourable to Spain in a report by the Foreign Affairs Committee of the House of Commons. The Spanish Government's failure to implement the Lisbon agreement, though scarcely courageous or even honourable, is explicable in terms of their trepidation about alienating military and right wing opinion. It was perhaps inevitable that they should have been fearful of taking action which might appear as a price for international agreement to enter the Alliance.

12. As the year ended, however, the omens began to look better. The Spanish Prime Minister and Foreign Minister made clear their strong personal wish to announce in the context of Calvo Sotelo's visit to London on 8 January, 1982, a firm date for implementing the Lisbon agreement. The main motive behind this decision has been the realisation that only in this way can they achieve negotiations with Britain. These are an essential pre-requisite both for injecting a sense of movement into the Gibraltar problem and for defence cooperation over Gibraltar with its strategic command over the Straits. One can only hope that the Government have calculated correctly that the present interest of the Spanish Armed Forces in entering NATO, with consequent benefits hopefully to be derived in the Gibraltar context, will offset right wing opposition to the opening of the frontier itself. Though it seldom hits the headlines, we should not under-estimate the deep sensitivity the issue

/can

can evoke: it is the one issue Spaniards have never disagreed about.

13. Otherwise Anglo-Spanish relations have proceeded smoothly with several important visitors at senior Ministerial and official level and a visit by the Duke and Duchess of Gloucester in May to open a prestigious exhibition of work by Henry Moore. Coverage of British affairs in the media has, on the whole, been good. Unfortunately British exports to Spain have probably declined in real terms. This is partly because of the failure of Spain, in spite of all our efforts, to produce solutions to most of our bilateral trading problems. But British Aerospace Dynamics moved closer to a contract to supply the Rapier low level air defence system to the Spanish army at a cost of well over £100 million. Indeed the area of defence equipment sales is one which may be of special interest to us in the future, in view of the known wish of the Spanish Government to reduce their present dependence on United States armaments and to become involved in European cooperative projects. The number of British visitors to Spain has increased to reach probably a record of four million, about one hundred of whom are now languishing in Spanish prisons. Even more activity in the field is expected next year in view of the attraction provided by the World Cup finals. Cultural relations with Britain have remained strong. The valuable work of the British Council has been increasingly based on collaborative agreement, in which the Spanish financial contribution is at least as great as ours.

14. The prospects for the future are unusually difficult to assess. Some untoward development on the Tejero pattern can never be ruled out. Those who know their Spanish history best tend to be among the pessimists. If the plotters did try another time, one of their first acts would be to eliminate the influence, even the person, of the King, whose position remains crucial for the continuation of Spanish democracy. Nevertheless the pessimists may be looking at the wrong scenario. I believe that there is a growing realisation here that it would be absurd in the modern age for Spain to revert to military rule, relapsing into the condition of a Latin American country rather than a creative member of the Western European democratic fold. A situation which might tempt the more responsible Generals to take over the country would be a collapse of the national political apparatus in Madrid and its replacement by a motley rank of regional parties, leading to a vacuum in

/power

power at the centre. For this the next elections, due in 1983 at the latest, will be crucial. Meanwhile, Calvo Sotelo has to face further searching tests, not least the trials this February of the military plotters of last February and the elections in Andalucia in May which are unlikely to go well for the UCD. My recent dealings with the Prime Minister over Gibraltar have not given me the impression of a tough-minded politician who knows where he is going.

15. We should nevertheless try to make the best possible use of Spanish need for British cooperation in many fields; their entry into NATO and the European Community and their political requirement for some progress over Gibraltar. The implementation of the Lisbon agreement should open a new era in the dialogue over Gibraltar, improving Anglo-Spanish relations as a whole. The way will thus be clear for exchanges of visits at the highest Royal and Ministerial level. Britain will then be able to take her rightful place as one of Spain's best allies and friends.

16. I am sending copies of this despatch to Her Majesty's Representatives in European Community, NATO and Maghreb countries and in Moscow, the Governor of Gibraltar (Personal) and the UK Representatives to NATO and the European Communities.

I am, Sir,
Yours faithfully,

R.E. Parsons

R E Parsons

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

3 December 1981

Prime Minister

To note

Letter to F/Sec. MAP

Mr. Pattison

You may like to take a copy of the enclosure. This will come up in D. of E's on 10 Dec.

Dear Michael,

Spain/NATO/Gibraltar

The Spanish Government have at last signalled their wish to be invited to become a member of NATO. Failing any last-minute hitch, a Protocol of Accession to the North Atlantic Treaty will be signed by the 15 existing Members during the meeting of the North Atlantic Council on 10 December. The publicity arising from this may well lead to questions in Parliament and the press about Gibraltar. There may be suggestions that the Government should not agree to Spain's entry to NATO if the border between Spain and Gibraltar remains shut.

When the visit to London on 8 January by the President of the Spanish Government was announced on 2 December, the Spaniards briefed the press to expect border restrictions to be lifted before long. Constructions work has started on customs and other facilities on the Spanish side of the frontier. Auguries are therefore reasonably favourable, although the Spaniards might merely be acting to relieve pressure on them in connection with the London visit. There is an outside chance that a firm date for the border to be opened and negotiations started will be agreed before 8 January. But it is more likely that the Spaniards will avoid such a binding commitment and will wish to test their own public opinion following the Government reshuffle, and also to assess the outcome of the London visit.

The decision not to make the lifting the restrictions on Gibraltar a condition of British approval of Spain's entry to NATO was explained in the Foreign and Commonwealth Secretary's minute of 1 May. Your letter of 5 May to me indicated that the Prime Minister had taken note.

/Against this

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Against this background, the Foreign and Commonwealth Secretary has approved a line to be drawn upon as necessary in answer to questions from the press or in Parliament. I enclose a copy and am sending one also to David Omand and to David Wright.

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

SPAIN/NATO/GIBRALTAR

LINE TO TAKE

SPANISH ACCESSION TO NATO

1. The Government warmly welcome the prospect of Spain's entry to NATO. It strengthens the Alliance and represents another important step in Spain's assumption of her rightful place within the Western democratic community.

GIBRALTAR RESTRICTIONS

2. It was agreed in April 1980 that the restrictions imposed by the Franco government on Gibraltar, which culminated in 1969 in closure of the border, should be lifted and negotiations started to overcome all differences on Gibraltar. Britain was ready by June 1980. Unfortunately the agreement has not yet been implemented but work has now started on the Spanish border post: hopes have again been raised.

3. The Government remain committed to the Lisbon agreement. It is in everyone's interest to open the border, get negotiations started and improve the relationship between Spain and Gibraltar.

GIBRALTAR CONDITION FOR SPANISH ACCESSION TO NATO

4. The Government have not made implementation of the Lisbon agreement a condition of Spain's accession to NATO. It would nonetheless be very odd if the border between the territory of two Allies were to be closed.

5. There is strong feeling [in the House, which the Government share*] that the Lisbon agreement should be implemented without further delay.

6. [IF NECESSARY] A closed border would not be incompatible with the provisions of the NATO Treaty, unlike the case of the EC Treaty.

/7.

*passage in brackets for Parliamentary use.

7. Spain's accession to NATO presents an opportunity to resolve differences. The preparatory work on Spain's side of the border, ahead of the Spanish Prime Minister's visit to London on 8 January, gives grounds for hope that it will be taken. Discussion can then centre on the longer-term issues, rather than the restrictions and Spain's failure to implement the Lisbon agreement.

8. The lifting of the restrictions on Gibraltar would remove difficulties which would otherwise occur in the discussions within NATO when Spain has become a full member.

PROCEDURE FOR NATO ACCESSION

9. The signature of the Protocol of Accession (which is expected on 10 December) does not make Spain a member of the Alliance. This will take place only after all the existing NATO members have ratified the Protocol and Spain has deposited her Instrument of Accession. In the case of the UK, consideration by Parliament will precede ratification.

GIBRALTAR/EC [DEFENSIVE]

10. The idea of two countries in the EC with a closed border is, of course, inconceivable. We expect the Lisbon agreement to be implemented long before Spain joins the Community.

[IF PRESSED] There is no doubt that Gibraltar is part of the EC; that is established by the Accession Treaty which the UK signed in 1972. It is clear that the Spanish measures currently in force would give problems of compatibility with certain aspects of Community law which will apply between Gibraltar and Spain after Spanish accession. The most obvious area in which such implications would arise is free movement of labour.

Spain

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TO IMMEDIATE MADRID
TELEGRAM NUMBER 238 OF 30 NOVEMBER
INFO PRIORITY (PERSONAL) GOVERNOR GIBRALTAR.
ROUTINE UNDEL NATO, MODUK (DS12, DPS).
INFO SAVING THE HAGUE, UKREP BRUSSELS.

CONVERSATION WITH THE SPANISH FOREIGN MINISTER

1. THE SPANISH FOREIGN MINISTER TELEPHONED ME THIS MORNING. PEREZ LLORCA WAS GRATEFUL FOR THE EC DECLARATION ON ENLARGEMENT. HE REFERRED TO THE DIFFICULTIES WITH THE DUTCH OVER SPAIN/NATO, HOPED THEY WOULD BE SATISFACTORILY RESOLVED, AND ASKED WHETHER WE COULD HELP. I SAID THAT I HAD ALREADY DONE SO (MY CONVERSATION WITH VAN DER STOEL (FCO TELNO 1827 TO WASHINGTON)).
2. PEREZ LLORCA SAID THAT WORK WAS ON THE POINT OF STARTING ON THE SPANISH CUSTOMS HOUSE AT THE GIBRALTAR BORDER AND WOULD LAST ABOUT TWO MONTHS. HE CONFIRMED THAT WE COULD REFER TO THIS IN PUBLIC. ASKED WHETHER THE FRONTIER WOULD BE REOPENED AS SOON AS THE WORK WAS FINISHED, HE SAID ONLY THAT THE WORK WAS A 'REQUISITE' FOR OPENING. I REFERRED TO DIFFICULTIES IN PARLIAMENT OVER OUR POLICY NOT LINKING SPANISH ACCESSION TO NATO WITH IMPLEMENTATION OF THE LISBON AGREEMENT.
3. PEREZ LLORCA SAID THAT CALVO SOTELO WOULD NOT BE ABLE TO VISIT LONDON ON 18 DECEMBER, AS INVITED. HE COULD NOT COME UNTIL JANUARY, BUT WOULD LIKE TO MAKE AN IMMEDIATE ANNOUNCEMENT OF AGREEMENT ON A VISIT AS SOON AS POSSIBLE AFTER 7 JANUARY. HE URGED ME TO SEND HIM A REPLY BY TELEPHONE TODAY.
4. FALL HAS SPOKEN TO PEREZ LLORCA'S CHEF DE CABINET AND PROPOSED THE DATE OF 8 JANUARY. HIS INTERLOCUTOR TOOK NOTE AND EXPLAINED THAT HE WOULD HAVE TO CONSULT ABOUT THE DATE. HE SEEMED IN NO HURRY TO DISCUSS THE TEXT OR TIMING OF AN

/ANNOUNCEMENT

ANNOUNCEMENT AND FALL THEREFORE SUGGESTED THAT THIS BE PURSUED THROUGH YOU. THIS WAS AGREED, AND FALL CONFIRMED THAT WE WERE WAITING TO RECEIVE CONFIRMATION OF THE PROPOSED DATE FROM THE SPANISH SIDE AND TO AGREE ON THE TEXT AND TIMING OF AN ANNOUNCEMENT.

5. FOLLOWING TEXT WOULD SUIT US WELL: OPEN QUOTES THE SPANISH PRIME MINISTER, SR CALVO SOTELO, HAS ACCEPTED AN INVITATION FROM THE PRIME MINISTER TO PAY AN OFFICIAL VISIT TO LONDON. THE VISIT IS DUE TO TAKE PLACE ON 8 JANUARY 1982. CLOSE QUOTES. NO 10 WOULD PREFER TO MAKE THE ANNOUNCEMENT AT THEIR NORMAL MORNING BRIEFING AT 11.00 AM ON THE DAY IN QUESTION.

6. PEREZ LLORCA'S CHEF DE CABINET HAS NOW TELEPHONED BACK TO ACCEPT DATE OF 8 JANUARY AND TO SAY THAT TEXT AND TIMING OF ANNOUNCEMENT WILL BE NEGOTIATED WITH YOU, PROBABLY TOMORROW. PEREZ LLORCA HAS ASKED TO SPEAK TO ME AGAIN ON THE TELEPHONE TOMORROW MORNING.

CARRINGTON

[COPIES SENT TO NO 10 DOWNING ST.]

NNNN X

DIST.

LIMNITED

SED

DEFENCE DEPT.

ECD(E)

NEWS DEPT.

PCD

MR BULLARD

MR FERGUSSON

MR HANNAY

CONFIDENTIAL

Spain

Ref. A04864

She did so on 5 May.

MR. ALEXANDER

Spain/NATO

The Foreign and Commonwealth Secretary minuted the Prime Minister on this subject on 1st May. We have ascertained that no other member of OD takes exception to the line described in Lord Carrington's minute. The Prime Minister may now wish to record that she has taken note of Lord Carrington's approach.

D. J. WRIGHT

12th May, 1981

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Spain
file

10 DOWNING STREET

From the Private Secretary

5 May 1981

SPAIN/NATO

The Prime Minister has seen and taken note of the Foreign and Commonwealth Secretary's minute to her of 1 May on this subject.

M. O'D. B. ALEXANDER

F. N. Richards, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

NMS

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(2)

Prime Minister
No decisions at this point
MO Rut 11/5

PM/81/21

PRIME MINISTER

Spain/NATO

1. On 16 March the Spanish Foreign Minister told me that, in the aftermath of the Attempted coup d'etat, Sr Calvo Sotelo's Government intended to accelerate the application for Spanish membership of NATO. He hoped it might be possible to settle the Gibraltar impasse at the same time. Calvo Sotelo told Chancellor Schmidt on 23 April that his Government wanted to take the decision on NATO before the end of the summer. The Secretary-General of NATO has consulted the Permanent Representatives of member States, who all said that their governments would be generally in favour of issuing the necessary invitation if Spain wished to accede to the North Atlantic Treaty. Sir Clive Rose confirmed that Britain did not regard Gibraltar as an obstacle.

2. Should the Spanish Government seek an invitation and accept that the enclaves of Ceuta and Melilla in North Africa which are part of metropolitan Spain would not be within the NATO area, no amendment of the Treaty would be needed. The process for Spanish accession would be relatively simple. Nonetheless, Parliamentary consideration would be needed in most member countries since their NATO obligations would be extended to cover the whole of Spain, the Balearics and the Canaries. In our case it might be best to present a White Paper with the text of NATO's invitation to the Spanish Government, and allow time for debate.

3. Neither facts nor timing on the Spanish side are yet clear. Consultations between the parties have been promised but the socialist PSOE remains formally opposed to NATO membership and it is by no means clear that they would acquiesce in a Government decision. There could be presentational difficulties over both Gibraltar and the fact that NATO as a whole will certainly not be prepared to take a commitment to defend Ceuta and Melilla. On the

/Alliance

Alliance side, there is a spectrum of views within the generally positive consensus. The US Administration, whose bases agreement expires in September, are (as Mr Haig confirmed to me on 10 April) strongly in favour. Spanish accession to NATO would be an early triumph for President Reagan. The Scandinavians in particular are more cautious and inclined to regard a favourable consensus in Spain as a condition. In some quarters there is nervousness about Soviet reactions.

4. The case for supporting Spanish accession is strong. It would be a major psychological boost for the Alliance and strongly reinforce the southern flank; it could help to buttress democracy within Spain. Militarily, Spanish membership would provide an important immediate addition to the conventional strength of the Alliance.

5. The Soviet Union has made a number of attempts to warn Spain off and would make all the propaganda it could over Spain's entry into NATO. But I do not consider that there would be any substantial effect on Soviet actions, for instance in increasing their pressure on Poland or Yugoslavia.

6. We have consistently said that we make no formal links between Spain's entry either to the European Community or NATO and the lifting of restrictions on Gibraltar. But, so far as the EC is concerned, we have said that a closed frontier within Community territory is inconceivable and I told the former Spanish Foreign Minister that Parliament would not ratify the necessary treaty while the border was sealed. In the case of NATO, however, it has hitherto been Spain which has made conditions, saying that NATO entry would not be possible until the Gibraltar problem was on the way to solution.

7. I intend to bring home to the Spaniards that they would be well advised on a whole variety of grounds to use NATO entry as the occasion for reopening the Gibraltar frontier

/if

if they have not done so before. The pressures to implement the Lisbon agreement on reopening the border would, as Sr Perez Llorca himself effectively admitted on 16 March, be very strong as Spain moved into NATO. And Spanish use of military facilities at Gibraltar, and participation in command structures affecting the Gibraltar area, would have to be blocked if the Spaniards declined to use the opportunity to move forward to negotiations over Gibraltar. Nonetheless, because of our strategic and political interest in strengthening NATO and the enthusiasm of the US Administration for Spanish membership, I am against attempting to make any formal Gibraltar condition over Spain's entry into NATO. It should be left to the Spaniards should they insist on doing so to make a linkage which our Allies will find petty and inappropriate. Unlike the EC case, there is no legal or constitutional constraint on Spain joining even with border restrictions maintained.

8. The importance of Spanish membership of NATO to the West will be generally very well understood by the Party, Parliament and the public at large. We may well, however, face some criticism if the Lisbon agreement remains unimplemented at the time of parliamentary consideration of Spain's entry. The conflict between our interest in getting the Gibraltar problem out of the way and our wider NATO interest may be shown up. I hope we shall resolve it by getting the Lisbon agreement implemented at last but, if that is not achieved, I believe that we can best pursue the two objectives without linkage.

9. With the timings very uncertain, I doubt whether discussion in OD now would be useful. But I wished to keep you and other members informed of developments. I am consequently sending copies of this minute to them and to Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office
1 May 1981

CONFIDENTIAL

Spain
Eg. On relevant
Nort files

Mr Daunt - SED

Secretary of State's Discussions with Mr Haig:
Spain and Gibraltar

During the private discussions which preceded the main session of talks this morining, Mr Haig told Lord Carrington that the Spanish had pressed him very hard on Gibraltar. Paradoxically, the more the Spanish had pressed him, the more he was inclined to believe that the Spaniards were not seriously interested in an early solution which might bring problems over Ceuta and Melilla. [Mr Bullard has expressed doubts about this analysis.]

The Spaniards had said that they would not apply for NATO membership until September.

(G G H Walden)
Private Secretary

10 April 1981

cc: PS
PS/LPS
PS/PUS
Mr Bullard
Mr Fergusson
Mr Alexander, No. 10

MODBA - did you ack?

MAP 23/3 (2)

Prime Minister

Mrs

Spain

Centre for Policy Studies

8 Wilfred Street · London SW1E 6PL · Telephone 01-828 1176 Cables: Centrepol London

March 20, 1981

Dear Michael,

1. You may not have seen that Felipe González spoke very warmly indeed of the Prime Minister on his return to Spain, saying that she had been more vigorous in support of Spanish democracy in its hour of trial than any other Western leader. Press cutting attached.

(in Spanish)

2. This, as you will know, contrasts with the ill judged comment by Mr.Haig that the Spanish coup was a Spanish affair, or words to that effect.

3. But even that last point has had some benefits, encouraging some Spaniards to think that NATO would be better than a bilateral defence agreement with the US.

4. The leading article in Spain's best weekly paper, Cambio 16, makes the above point strongly. I enclose another press cutting. This makes a very definite change of view in an important quarter.

(in Spanish)

5. I shall busy myself with a paper about 'what should we do about Cuba'.

Yours ever

Hugh

Directors: Hugh Thomas (*Chairman*) · Sir Nicholas Cayzer, Bt (*Hon Treasurer*) · Alfred Sherman (*Director of Studies*)
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cc FCO vb

Spain

10 DOWNING STREET

THE PRIME MINISTER

18 March 1981

Dear Senor Suarez

I should like to thank you for your kind letter of 11 February and for the feelings of friendship which you have expressed.

I have greatly enjoyed working with you and should like to express my sincere admiration for your contribution to restoring democracy to Spain. I felt the greatest possible relief that the events of 23 February proved abortive; but it must have been a searing personal experience for you and all the other Deputies in the Cortes. I much admired your personal courage on that occasion.

With very best wishes for the future.

signed

MT

Senor Don Adolfo Suarez Gonzalez

jfh

Spain

Foreign and Commonwealth Office

London SW1A 2AH

Type draft for PM's signature

13 March 1981

Dear Michael,

Thank you for your letter of 11 March enclosing a copy of a letter to the Prime Minister from Sr Suarez. I enclose a translation as you requested.

Although it is not strictly necessary for the Prime Minister to reply to Sr Suarez's letter, there is no doubt that he would appreciate an acknowledgement. He has expressed great admiration for the Prime Minister on several occasions in the past. I am therefore enclosing a draft reply.

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing St

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
Prime Minister

DEPARTMENT: **TEL. NO:**

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Sr Adolfo Suarez Gonzalez

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

I should like to thank you for your kind letter of 11 February and for the feelings of friendship which you have expressed.

I have greatly enjoyed working with you and should like to express my sincere admiration for your contribution to restoring democracy to Spain. I felt the greatest possible relief that the events of 23 February proved abortive; but it must have been a searing personal experience for you and all the other Deputies in the Cortes. I ~~should like to say how~~ much ~~I~~ admired your personal courage on that occasion.

With very best wishes for the future.

Enclosures—flag(s).....

TRANSLATION

The President of the Government
Madrid, 11 February 1981

Most Excellent Mrs Margaret Thatcher
Prime Minister of the United Kingdom
LONDON

My Dear Prime Minister and Friend

Having submitted my resignation as President of the Government to His Majesty the King, I wish to express my feelings of friendship towards yourself and towards the United Kingdom.

During my term of office, I had the honour of establishing with you a very satisfactory and productive personal relationship which allowed relations between our two countries to develop in a constructive and cordial way and eased the way towards the solution of our problems at a time when my country's application to join the European Economic Community received the support of the United Kingdom.

Please accept, my dear Prime Minister, along with my sincere wishes for your personal happiness, the assurances of my highest consideration.

Adolfo Suarez.

R/e

LPO

Spain

10 DOWNING STREET

From the Private Secretary

11 March 1981

BF

dated 11/2/81

I enclose a copy of a letter which the Prime Minister has received from the former Prime Minister of Spain, Mr. Suarez. I should be grateful if you could let me have a translation of Mr. Suarez's letter, together with a draft reply if you think it necessary for the Prime Minister to send one.

MA

F. N. Richards, Esq.,
Foreign and Commonwealth Office.

CC.

File BK

10 March 1981

I am replying on the Prime Minister's behalf to your letter to her of 4 March.

The letter which you enclosed from Don Adolfo Suarez has been placed before the Prime Minister.

MICHAEL ALEXANDER

His Excellency Senor Don Fernando Arias Salgado

HS

Spain

10 DOWNING STREET

From the Private Secretary

9 March 1981

The Prime Minister has asked me to thank you for your letter to her of 6 March enclosing a message from the President of the Spanish Council of Ministers. The Prime Minister is most grateful for Don Leopoldo Calvo Sotelo's message.

M. O'D. B. ALEXANDER

His Excellency Senor Don Fernando Arias-Salgado

HS

9 March 1981

I enclose a copy of a message which the Prime Minister has received from the President of the Spanish Council of Ministers. I have acknowledged receipt. No further action would seem to be required.

MICHAEL ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office.

SUBJECT

cc Master
Ops
Prime Minister
+ Ps.

(2)

T46/81

SPANISH AMBASSADOR

24 BELGRAVE SQUARE
LONDON SWIX 8QA

9/3

6th March 1981

Dear Prime Minister

I have much pleasure in giving you the text of the following message that Don Leopoldo Calvo Sotelo, President of the Spanish Council of Ministers, has sent in reply to your recent communication:

"I thank you for your congratulations on my investiture as President of the Government by the Chamber of Deputies, and the successful outcome for Spanish democracy of the failure of the grave attempt to alter the constitutional legality of my country.

"I welcome most especially the wish of the Government over which you preside that my country should quickly become a full member of the European Community, a wish that I and my Government fully share.

"It is also my hope that with the new responsibilities I have undertaken I shall be able to make a contribution towards a greater understanding between our two countries".

Yours sincerely,

FERNANDO ARIAS-SALGADO

The Right Honourable Margaret Thatcher, MP,
Prime Minister,
Downing Street,
LONDON SW1.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T46/81

SPANISH AMBASSADOR

24 BELGRAVE SQUARE
LONDON SWIX 8QA

4th March 1981

Dear Prime Minister

Filed under 11/2/81

I have pleasure in forwarding the enclosed letter that the former President of the Spanish Council of Ministers, Don Adolfo Suarez, has sent addressed to you.

Yours sincerely

FERNANDO ARIAS SALGADO

The Right Honourable Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
LONDON SW1.

CONFIDENTIAL

GRS 420
CONFIDENTIAL
FM MADRID 261845Z FEB 81
TO IMMEDIATE FCO
TELEGRAM NUMBER 89 OF 26 FEBRUARY
INFO IMMEDIATE WASHINGTON (FOR PRIVATE SECRETARY)
INFO PARIS BONN UKDEL NATO UKREP BRUSSELS GOVERNOR GIBRALTAR
(PERSONAL)

M.I.P.T.

PROSPECTS FOR NEW SPANISH GOVERNMENT : FOREIGN POLICY ASPECTS.

CALVO SOTELO'S IMMEDIATE TASK MUST BE TO CONCENTRATE ON DOMESTIC PROBLEMS, JUDGING FOREIGN POLICY OPTIONS IN THAT LIGHT. NEVERTHELESS I WOULD EXPECT THE NEW GOVERNMENT TO PLACE CONSIDERABLE EMPHASIS ON THE NEED TO BRING SPAIN CLOSER TO THE DEMOCRATIC INSTITUTIONS OF WESTERN EUROPE. THE DRAMATIC EVENTS OF THIS WEEK HAVE DEMONSTRATED THAT THE RETURN TO DEMOCRACY IN SPAIN HAS NOT YET FULLY ACHIEVED. IT IS A CONTINUING PROCESS IN WHICH SPAIN URGENTLY NEEDS THE SUPPORT OF HER FOREIGN FRIENDS.

2. IN PARTICULAR, THERE MAY BE A TENDENCY TO ARGUE THAT FRESH POLITICAL IMPETUS SHOULD BE GIVEN TO SPAIN'S EARLY ENTRY INTO THE EUROPEAN COMMUNITY. THIS WAS DESCRIBED BY CALVO SOTELO IN HIS PROGRAMME AS A HISTORIC OBJECTIVE OF THE FIRST MAGNITUDE (MY TELEGRAM NO 68). THE SPANIARDS HAVE SHOWN NO MORE WILLINGNESS THAN THE COMMUNITY NEGOTIATORS TO SWEEP ECONOMIC DIFFICULTIES UNDER THE CARPET. CALVO SOTELO IS WELL AWARE OF THE REASONS FOR THE SLOW PROGRESS MADE IN THE CURRENT NEGOTIATIONS. BUT I WOULD EXPECT TO HEAR MORE OF THE PROPOSAL MADE BY PUNSET TO THE LORD PRIVY SEAL LAST MONTH FOR A DECLARATION BY COMMUNITY HEADS OF GOVERNMENT INDICATING RENEWED POLITICAL SUPPORT FOR SPANISH ENTRY. BEHIND AN INSTICTIVE DESIRE TO TURN RECENT EVENTS TO THEIR ADVANTAGE WILL LIE A GENUINE NEED FOR SUPPORT AT WHAT IS STILL A DELICATE JUNCTURE.

3. CALVO SOTELO'S DECLARED INTENTIONS TOWARDS NATO (MY TELEGRAM NO 67) ARE ALSO ROBUST. THE INCOPORATION OF SPAIN INTO NATO WILL LIKEWISE BE REGARDED HERE AS AN IMPORTANT ANCHOR FOR SPANISH DEMOCRACY. IT WOULD ALSO, ON BALANCE, BE ATTRACTIVE TO THE LEADERS OF THE ARMED FORCES, WHOM CALVO SOTELO NEEDS TO CARRY WITH HIM, AND

GIVE THEM A USEFUL AND NON-POLITICAL ROLE. ON THE OTHER HAND, NATO ENTRY WOULD SPLIT THE COUNTRY AND DISSIPATE THE CURRENT MOOD OF NATIONAL UNITY. THERE MAY ALSO BE INCREASED DOUBTS ABOUT THE WELCOM ACCORDED TO SPAIN BY SOME IMPORTANT NATO GOVERNMENTS. THE CURRENT GERMAN TACTIC (SEE UKREP BRUSSELS TEL NO 644) SEEMS TO BE TO CONCENTRATE SPANISH ATTENTION MORE ON ENTRY INTO THE COMMUNITY.

4. ON GIBRALTAR CALVO SOTELO HAS DECLARED HIS INTENTION OF APPLYING THE LISBON DECLARATION (MY TELEGRAMS NOS 67 AND 69). THIS WOULD ACCORD WITH THE REASONING SET OUT ABOVE. BY NATURE HE IS MORE POSITIVE THAN SUAREZ. BUT HE WILL HAVE TO WATCH THE PARLIAMENTARY ARITHMETIC AND ALSO TO TAKE ACCOUNT OF UNRECONSTRUCTED OPINION ON GIBRALTAR, PARTICULARLY IN THE ARMED FORCES.

5. IN SHORT, CALVO SOTELO IS LIKELY TO TAKE A FAR REACHING AND BASICALLY HELPFUL VIEW ON THE SUBJECTS OF MOST INTEREST TO US. BUT HIS OWN LIBERTY OF MANOUEVRE WILL BE LIMITED.

PARSONS

FCO/WHITEHALL
SED

Spain

RESTRICTED

GR 60
RESTRICTED
FM WASHINGTON 270545Z FEB 81
TO IMMEDIATE MADRID
TELEGRAM NUMBER 1 OF 27 FEBRUARY 1981
AND TO IMMEDIATE FCO

FOLLOWING FROM PRIVATE SECRETARY TO PRIME MINISTER
BEGINS:
PRIME MINISTER HAS APPROVED THE TEXT IN FCO TEL. 323 OF 26 FEBRUARY. I SHOULD BE GRATEFUL IF THE MESSAGE COULD BE DELIVERED TO SR. CALVO SOTELO AS SOON AS POSSIBLE.
ENDS.

HENDERSON

LIMITED
SED
INFORMATION D
NEWS D
PS
PS/LPS
PS/PUS
MR BULLARD
MR FERGUSSON

[COPIES SENT TO NO 10 DOWNING ST]

RESTRICTED

SUBJECT

RESTRICTED

8642 - 1

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 36/81

OO WASHINGTON
GRS 187
RESTRICTED

FM FCO 261245Z FEB 81
TO IMMEDIATE WASHINGTON
TELEGRAM NUMBER 323 OF 26 FEBRUARY 1981.
INFO PRIORITY MADRID

1a

cc. Master set
opt.

FOR PRIVATE SECRETARY

1. IT WOULD BE APPROPRIATE FOR THE PRIME MINISTER TO SEND A MESSAGE TO SR CALVO SOTELO FOLLOWING THE VOTE IN THE CORTES YESTERDAY WHICH CONFIRMED HIM AS PRIME MINISTER OF SPAIN. WE SUGGEST THAT YOU CLEAR THE FOLLOWING TEXT AND INSTRUCT MADRID DIRECT TO TRANSMIT IT. THE AMBASSADOR THERE HAS RECOMMENDED STRONGLY THAT THE MESSAGE REFER TO SPAIN'S ACCESSION TO THE EC: HENCE THE REFERENCE TO EARLY MEMBERSHIP.

BEGINS

I WAS DELIGHTED TO LEARN THAT YOU HAD BEEN CONFIRMED BY THE CORTES AS PRESIDENT OF THE GOVERNMENT AND SEND MY WARMEST CONGRATULATIONS. THE NEWS WAS ESPECIALLY WELCOME, COMING SO SOON AFTER THE ORDEAL WHICH YOU, THE OTHER MEMBERS OF THE CONGRESS OF DEPUTIES AND SPANISH DEMOCRACY ITSELF SO SUCCESSFULLY SURMOUNTED ON 23-24 FEBRUARY. THE BRITISH GOVERNMENT LOOK FORWARD TO WELCOMING SPAIN TO EARLY AND FULL PARTNERSHIP AS A MEMBER OF THE EUROPEAN COMMUNITY. I MYSELF LOOK FORWARD TO WORKING CLOSELY WITH YOU AND SEND ALL GOOD WISHES FOR YOUR SUCCESS. ENDS.

CARRINGTON

[COPIES SENT TO NO 10 DOWNING STREET]

NNNN
LIMITED
SED
INFORMATION D
NEWS DEPT
PS
PS/LPS
PS/PUS
MR FERGUSSON

RESTRICTED

Spain.

Mr Fergusson

SPAIN: INTERNAL

1. The Embassy at Madrid telephoned at 1150 to report that the Civil Guard detachment in the parliament building had surrendered; Colonel Tejero had agreed to give himself up at the Civil Guard barracks at El Pardo. All Deputies, including the six party leaders who had been kept apart from other hostages, had been released.

2. The parliamentary committee which decide on procedures would meet tomorrow. Parliamentary confirmation of Sr Calvo Sotelo could go forward as early as the evening of 25 February but might be delayed to 26 February.

3. The Secretary-General of the UCD had said that yesterday's incident would not produce radical political change, such as the formation of a coalition government; normal political life would be resumed and Sr Calvo Sotelo's chances of parliamentary confirmation had not been affected. Nothing so far said by socialist spokesmen had contradicted this message of 'return to normal'.

T L A Daunt
Southern European Department

24 February 1981

c c PS
PS/LPS
PS/PUS
Mr Bullard
News Dept
Mr Alexander, No 10

EL PRESIDENTE DEL GOBIERNO

Madrid, 11 de Febrero de 1.981

Excma. Sra. Margaret Thatcher
Primer Ministro del Reino Unido
L O N D R E S

Mi querida Primer Ministro y amiga:

Habiendo presentado mi dimisión como Presidente del Gobierno a S.M. el Rey, deseo expresarle mis sentimientos de amistad hacia su persona y hacia el Reino Unido.

Durante el curso de mi mandato tuve el honor de establecer con usted una relación personal muy satisfactoria, que se ha revelado fructífera, permitiendo que las relaciones entre nuestros dos Países se desarrollasen de una manera constructiva y cordial, facilitando avances en la solución de nuestros problemas, al tiempo que la solicitud de mi país para adherirse a la Comunidad Económica Europea, recibía el apoyo del Reino Unido.

Reciba, querida Primer Ministro, junto con mis sinceros deseos de felicidad personal, el testimonio de mi más alta consideración,

Adolfo Suárez

Spain

CONFIDENTIAL

GPS 530A
CONFIDENTIAL
FM MADRID 021740Z FEB 81
TO IMMEDIATE FCO
TELNO 39 OF 2 FEBRUARY 1981
INFO ROUTINE EC POSTS UKDEL NATO WASHINGTON MOSCOW LISBON GIBRALTAR
(PERSONAL) UKREP BRUSSELS

A period of considerable uncertainty seems to be in prospect.

MY TEL NO 38: CHANGE OF SPANISH PRIME MINISTER

THERE MUST NOW BE AT LEAST A WEEK'S DELAY BEFORE THE ISSUE OF SUAREZ' SUCCESSOR IS SETTLED. THE KING LEAVES TOMORROW FOR A THREE DAY VISIT TO THE BASQUE COUNTRY AS SCHEDULED. THE UCD CONGRESS HAS BEEN RESCHEDULED TO TAKE PLACE IN PALMA DE MALLORCA FROM 6-8 FEBRUARY. EVEN IF THE UCD CONGRESS RESOUNDINGLY ENDORSES A NEW LEADER, THE KING MAY WANT TO CONDUCT FURTHER CONSULATATIONS BEFORE HE NAMES A CANDIDATE FOR PRIME MINISTER. THE EARLIEST PARLIAMENT COULD MEET TO TAKE A VOTE OF CONFIDENCE IS 10 FEBRUARY. THE KING'S VISIT TO THE US IS LIKELY TO BE POSTPONED.

2. MUCH HANGS ON THE IMPENDING PARTY CONFERENCE. CALVO SOTELO'S CANDIDACY MAY NOW BE IN QUESTION AND SUAREZ HAS YET TO DISCLOSE HIS HAND. THE WING OF THE UCD CRITICAL OF SUAREZ AND HIS NOMINATION OF CALVO SOTELO HAS MADE IT CLEAR THAT THE CONSENSUS OF SUPPORT CALVO SOTELO OBTAINED IN THE EXECUTIVE COMMITTEE MEETING ON 29 JANUARY (FROM WHICH SOME OF THEM WALKED OUT) WILL NOT NECESSARILY BE SUPPORTED BY THEM AT THE PARTY CONGRESS. THEY HAVE DEMANDED THAT A NUMBER OF LEADING MEMBERS OF SUAREZ' GOVERNMENT SHOULD NOT RETAIN POWER UNDER HIS SUCCESSOR, AND THEY WANT THE LEADERSHIP AND THE PARTY'S PROGRAMME TO BE THRASHED OUT AT THE CONFERENCE. THE OUTCOME CANNOT AT THE MOMENT BE PREDICTED AND COULD CAUSE SURPRISES. FAILURE TO REACH A CONSENSUS WHICH WILL STICK IN PARLIAMENT COULD PRECIPITATE ELECTIONS. THESE COULD WELL GO AGAINST THE UCD. THIS PERHAPS PUTS A PREMIUM ON UNITY IN PALMA.

3. THE KING'S CAUTIOUS METHOD OF IMPLEMENTING THE CONSTITUTIONAL PROCESS (MY TELNO 36) HAS WORKED AGAINST CALVO SOTELO, ALLOWING THOSE OPPOSED TO HIS APPOINTMENT, BOTH INSIDE THE UCD AND IN OTHER POLITICAL GROUPS, TO MAKE THEIR VOICES HEARD. IMPLEMENTING THE CONSTITUTION, THE KING DULY RECEIVED IN TURN THE LEADERS OF THE VARIOUS PARLIAMENTARY GROUPS. THIS GAVE THEM THE OPPORTUNITY TO ADDRESS THE NATION BY TELEVISION FROM THE ROYAL PALACE GATES. FROM THIS IT BECAME CLEAR THAT CALVO SOTELO'S APPOINTMENT MIGHT EXACERBATE RATHER THAN EASE RELATIONS BETWEEN THE LEFT AND THE RIGHT (MY TELNO 38).

/4.

CONFIDENTIAL

4. THE KING'S VISIT TO THE BASQUE COUNTRY INTERPOSES A BREATHING SPACE, WHATEVER PROBLEMS OF SECURITY, PROTOCOL AND POLITICS IT MAY POSE. HE HAS PROBABLY BEEN RIGHT TO ALLOW THE UCD TO SORT OUT THEIR INTERNAL DISAGREEMENTS ABOUT THE LEADERSHIP THOUGH HE MAY STILL FACE SOME TRICKY DECISIONS NEXT WEEK. MEANWHILE HIS DECISION TO STICK TO HIS VISIT TO THE BASQUE COUNTRY MAY BE INTENDED TO ILLUSTRATE THAT THE SITUATION DOES NOT CAUSE HIM UNDUE ANXIETY. INFORMATION FROM WELL-PLACED ARMY CONTACTS OVER THE WEEKEND HAS CONFIRMED OUR VIEW THAT THE ARMY, WHATEVER THEY MAY FEEL ABOUT THE KING'S VISIT TO THE BASQUE COUNTRY, ARE NOT CONSIDERING UNCONSTITUTIONAL ACTION.

5. THE UNRAVELLING REPORTED ABOVE INTRODUCES A NEW AND DISTURBING NOTE OF UNCERTAINTY. SUAREZ' REMOVAL, EVEN IF IT PROVES TEMPORARY, HAS UNDOUBTEDLY PRECIPITATED A MAJOR CRISIS IN THE UCD, IN THE RELATIONS OF SPAIN'S POLITICAL PARTIES AND IN THE STABILITY OF SPAIN'S STILL FRAGILE INSTITUTIONS.

PARSONS

FCO/WHITEHALL
SED

Spain

CONFIDENTIAL

2 Lits : Defence.

GRS 280
CONFIDENTIAL
FM MADRID 301709Z JAN 81
TO IMMEDIATE FCO
TELEGRAM NUMBER 37 OF 30 JANUARY
INFO PRIORITY EC POSTS, UKDEL NATO, WASHINGTON, MOSCOW, LISBON, GIBRALTAR (PERSONAL), UKREP BRUSSELS.

M.I.P.T. : SUAREZ' RESIGNATION.

1. SUAREZ' RESIGNATION SURPRISED EVERYONE. HE HAS PLAYED HIS CARDS CHARACTERISTICALLY CLOSE IN RECENT MONTHS. BUT NOBODY BELIEVED THAT HE WOULD FAIL TO RETAIN THE UCD LEADERSHIP AT THE PARTY CONGRESS PLANNED FOR 29 JANUARY AND POSTPONED AT THE LAST MOMENT AS A RESULT OF A STRIKE BY AIR TRAFFIC CONTROLLERS (MY TELNO 32, NOT TO ALL).

2. IN A DIGNIFIED BUT UNREVEALING TELEVISION STATEMENT ON 29 JANUARY SUAREZ EMPHASISED THAT HIS DECISION WAS IRREVERSIBLE. HE REFERRED TO THE CONSTANT AND DESTRUCTIVE CRITICISM TO WHICH HE HAD BEEN SUBJECTED BUT STRESSED THAT HE HAD NOT BEEN PUSHED OUT, INDEED THAT HE HAD BEEN ASKED TO STAY ON. HE NEVERTHELESS GAVE THE IMPRESSION OF A MAN BELEAGUERED BY ATTACKS FROM LEFT AND RIGHT AND ABANDONED BY HIS OWN FRIENDS IN THE CENTRE, LEAVING OFFICE TO SAFEGUARD THE DEMOCRATIC SYSTEM. HIS CLAIM TO HAVE RESIGNED TO PREVENT SPANISH DEMOCRACY BEING A PARENTHESIS IN SPAIN'S HISTORY RAISES MORE QUESTIONS THAN IT ANSWERS.

3. THERE ARE RUMOURS OF A MAJOR ROW INVOLVING THE KING, SUAREZ AND POSSIBLY THE ARMY OVER THE PLANNED ROYAL VISIT TO THE BASQUE COUNTRY NEXT WEEK AND OVER THE POSSIBILITY OF HELPING THE BASQUE GOVERNMENT WITH SOME GESTURE (EG A LIMITED AMNESTY) TOWARDS ETA. THIS MAY REFLECT A TENDENCY BY THE PRESS TO SEE THE HAND OF THE MILITARY BEHIND UNEXPECTED EVENTS IN SPAIN. WE DO NOT HAVE THE FULL FACTS, AND MUST FOR THE MOMENT RESERVE JUDGEMENT. THE DECISION TO POSTPONE THE UCD CONGRESS CERTAINLY AROUSED A FURORE. IT MAY BE THAT THE CUMULATIVE EFFECT OF ALL THESE PRESSURES TIPPED THE BALANCE.

4. NOW SEE MIFT.

PARSONS
FCO | WH
SED

CONFIDENTIAL

GRS 600 CONFIDENTIAL
CONFIDENTIAL
FM MADRID 301735Z JAN 81
TO IMMEDIATE FCO
TELEGRAM NUMBER 38 OF 30 JANUARY
INFO PRIORITY EC POSTS, UKDEL NATO, WASHINGTON, MOSCOW, LISBON, GIBRALTAR (PERSONAL), UKREP BRUSSELS.

M.I.P.T. : CHANGE OF PRIME MINISTER

1. ALTHOUGH WELL-PLACED TO SUCCEED SUAREZ IN DUE COURSE, CALVO SOTELO PROBABLY OWES HIS PREFERMENT NOW TO HIS DISCRETION IN THE MANOEUVRING FOR POSITION BEFORE THE PARTY CONGRESS. HE HAS FEW ENEMIES WITHIN THE UCD AND HAS AVOIDED IDENTIFICATION WITH ANY PARTICULAR FACTION, THOUGH HIS PRIVATE SYMPATHIES ARE WITH THE CHRISTIAN DEMOCRATS. HE WILL HOPE TO UNIFY A PARTY STILL DEEPLY DIVIDED BUT HIS CREDENTIALS FOR DOING SO ARE QUESTIONABLE . HE IS A CAUTIOUS TECHNOCRAT WITH BROAD MINISTERIAL EXPERIENCE SEMI COLON AN OLDER, SLIGHTLY COLOURLESS BUT PERHAPS MORE REASSURING FIGURE THAN SUAREZ. HIS APPOINTMENT WILL BE WELCOMED BY BUSINESS MEN, BANKERS, THE CHURCH AND PROBABLY THE ARMY. HIS NOMINATION DOES NOT NECESSARILY REFLECT A SWING TO THE RIGHT. (IT WAS DIFFICULT TO TELL WHERE SUAREZ STOOD). BUT HIS APPOINTMENT WILL NOT BE WELCOME TO THE MORE LEFTWING ELEMENTS INSIDE HIS OWN PARTY OR TO THE OTHER PARTIES OF THE LEFT OUTSIDE. THE COMMUNIST LEADER CARRILLO, HAS ALREADY SAID THAT HIS PARTY WILL ACTIVELY OPPOSE A GOVERNMENT HEADED BY CALVO SOTELO. THE TACIT CONSENSUS BETWEEN LEFT AND RIGHT ON MANY ISSUES MAY BE AT RISK.

2. CALVO SOTELO, IF CONFIRMED, WOULD REPRESENT CONTINUITY RATHER THAN RADICAL CHANGE. SUAREZ PROPOSED HIM TO THE UCD EXECUTIVE COMMITTEE AS HIS SUCCESSOR, PROVOKING FURIOUS OPPOSITION FROM HIS (SUAREZ') CRITICS. CALVO SOTELO WAS FINALLY ENDORSED BY CONSENSUS. HE WILL HOWEVER FACE AN UNEASY PERIOD IN THE SHORT TERM. HE MUST FIRST WIN HIS VOTE OF CONFIDENCE. THE WING OF THE UCD CRITICAL OF SUAREZ REMAINS MILITANT AND ACTIVE, AND CAN BE EXPECTED TO BID FOR A GREATER SHARE OF POWER WHEN THE UCD FINALLY CONVENES ITS PARTY CONGRESS (PERHAPS AT THE END OF NEXT WEEK). THE POSSIBILITY MUST EXIST THAT THOSE MOST RELUCTANT TO ENDORSE CALVO SOTELO AT THE EXECUTIVE COMMITTEE MEETING MAY RENEGE AT THE CONGRESS SEMI COLON OR THAT THERE MAY BE OTHER PROBLEMS OVER THE VOTE OF CONFIDENCE. IN THESE CIRCUMSTANCES, ONE COULD NOT EXCLUDE EARLY ELECTIONS, WHICH COULD IN ANY CASE BE NECESSARY BEFORE 1983 IF INSTABILITY IN GOVERNMENT AND PARTY RANKS CONTINUES. BUT THE KING WILL BE HOPING THAT ALL GOES SMOOTHLY ACCORDING TO PRESENT PARLIAMENTARY ARITHMETIC, ENABLING HIM TO PLAY THE STRICTLY LIMITED CONSTITUTIONAL ROLE HE WOULD DOUBTLESS PREFER, RATHER THAN THE ACTIVE PART HE TOOK IN THE APPOINTMENT OF SUAREZ.

3. WE NEED NOT TAKE TOO APOCALYPTIC A VIEW OF SUAREZ' DEPARTURE. SPANISH DEMOCRACY HAS NOT HAD TO COPE WITH AN UNFORCED RESIGNATION BEFORE BUT SHOULD BE ABLE TO TAKE THE STRAIN. CALVO SOTELO MAY INDEED BE AN IMPROVEMENT ON SUAREZ FROM OUR POINT OF VIEW. HE KNOWS BRITISH MINISTERS AND IS WELL DISPOSED TOWARDS US. HE IS A STRONG PRO-MARKETEER, WITH MORE EXPERIENCE AND INTEREST THAN SUAREZ IN ECONOMIC AFFAIRS. HE HAS NO KNOWN POLITICAL VIEWS ON GIBRALTAR BUT WE HAVE NO REASON TO BELIEVE HE WILL WISH TO ALTER SPANISH POLICY. MUCH WILL DEPEND ON WHETHER HE RETAINS PEREZ-LLORCA (AN OLD COMPA-NION - IN - ARMS) AND PUNSET. THERE IS ALSO NO REASON TO THINK THAT HE WILL CHANGE SPAIN'S BASIC COMMITMENT TO NATO MEMBERSHIP, THOUGH HE MAY HAVE HIS OWN VIEWS ON ITS TIMING.

4. IF AND WHEN CALVO SOTELO IS APPOINTED AS PRIME MINISTER, I SHALL BE RECOMMENDING THAT THE PRIME MINISTER SHOULD SEND HIM A MESSAGE OF CONGRATULATIONS.

PARSONS

[REPEATED AS REQUESTED]
[THIS TELEGRAM WAS NOT ADVANCED]

FCO/WHITEHALL
SED

With the compliments of

GEORGE WALDEN

THE PRIVATE SECRETARY

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

Secretary of State
a PS/CPS
PUS
R Bullard

RESTRICTED

Private Secretary

Mr Martin
Mr Daunt
Mr Fergusson

SPAIN: RESIGNATION OF SR SUAREZ

1. Mr Reddaway telephoned me just now to say that the resignation of Sr Suarez has been announced on Spanish radio an hour ago. He said that it had come as a bomb-shell.

2. It appears that the decision taken by the UCD Executive Committee on 27 January to postpone its party congress, scheduled to open in Mallorca on 29 January brought to a head the in-fighting between the Christian Democrat and Liberal faction of the party, notwithstanding the fact that the postponement was dictated by a
A strike of air traffic controllers (Madrid telegram number 32).

3. Apparently the different factions within the party were pushing for greater democratisation, and the Executive Committee had been expected to press for the reconceiving of the party congress by 11 February, or even earlier. Mr Reddaway believes that Sr Suarez tended his resignation by way of a pre-emptive strike and in the full knowledge that there was no alternative leader. He is unlikely to have wished to commit political suicide, and Mr Reddaway considers that he did this in the hope of getting his colleagues to beg him to come back to the hell.

Margaret Wilkin

29 January 1981

M S Wilkin (Miss)
Southern European Department

cc: Miss Mills, Research Dept.
PUSD
News Dept.

29/1

PS. Sr Munoz-Seca telephoned to say that Sr Calvo Sotelo is the most probable successor - though probably only a caretaker.

RESTRICTED

cc Lord. Defence Sec. DS12, MOD.

TOP COPY

CONFIDENTIAL

WOSSOW/X
NO. 15
29JAN1981
REGISTRY

CONFIDENTIAL

FM MADRID 281245Z JAN 81

TO PRIORITY F C O

TELEGRAM NUMBER 32 OF 28 JANUARY

INFO ROUTINE GIBRALTAR (PERSONAL)

SPAIN : UCD PARTY CONGRESS

1. THE UCD EXECUTIVE COMMITTEE DECIDED LATE ON 27 JANUARY TO POSTPONE ITS PARTY CONGRESS, SCHEDULED TO OPEN IN MALLORCA ON 29 JANUARY. A STRIKE BY AIR TRAFFIC CONTROLLERS, WHICH IS STILL IN PROGRESS, HAD MADE IT VITUALLY IMPOSSIBLE FOR DELEGATES TO BE SURE OF GETTING TO THE CONGRESS. NO NEW DATES FOR THE MEETING HAVE BEEN ANNOUNCED.

2. THIS POSTPONEMENT IS UNFORTUNATE BOTH FOR THE PARTY AND FOR SUAREZ AND THERE IS NO EVIDENCE THAT IT WAS ENGINEERED. IT MAY, HOWEVER, LIBERATE THE FOREIGN MINISTER TO GET HIS MIND BACK ON TO NORMAL BUSINESS. SERIOUS INTERNAL PARTY SQUABBLING HAS NOW BEEN GOING ON FOR OVER TWO MONTHS. SUAREZ' RUNNING OF THE PARTY AND THE DISTRIBUTION OF POWER HAVE BEEN PRIMARILY AT ISSUE. LAST WEEK HE CLEVERLY TOOK WIND OUT OF HIS CRITICS' SAILS BY ACCEPTING SOME OF THEIR SUGGESTIONS FOR PARTY AND POLITICAL REFORMS. HE WAS EXPECTED TO RIDE OU TTHE MEETING SUCCESSFULLY AND HENCE RE-ESTABLISH HIS POSITION. POSTPONEMENT WILL MEAN THE BOIL WILL NOT BE LANCED AND THE SQUABBLING AND UNCERTAINTY WILL CONTINUE. WHILE THIS LASTS, THERE WILL BE A TEMPTATION TO SHELVE HARD DECISIONS, AND THIS COULD AFFECT THE HANDLING OF THE GIBRALTAR ISSUE.

3. WE TELEPHONED THE CONSERVATIVE PARTY CENTRAL OFFICE THIS MORNING TO WARN THEIR TWO OBSERVERS TO STAND DOWN.

PARSONS

LIMITED
SED
NEWS D
INFORMATION D
MR BULLARD
MR FERGUSSON.

THIS TELEGRAM WAS NOT ADVANCED

CONFIDENTIAL

Spain 1

SECRET

PS/No 10 Downing Street

NATO

GRS 210
SECRET
DEDIP
DESKBY 091000Z
FM MADRID 082105Z JAN 81
TO IMMEDIATE F C O
TELEGRAM NUMBER 5 OF 8 JANUARY
INFO ROUTINE MOD (STRICTLY PERSONAL FOR QUINLAN, DUS - POL)
INFO SAVING WASHINGTON (PERSONAL FOR SIR N HENDERSON), UKDEL NATO
(PERSONAL FOR SIR C ROSE)

Read in full.

SPAIN/NATO

AT THEIR MEETING TETE A TETE BEFORE THE TALKS TODAY, THE SPANISH FOREIGN MINISTER TOLD THE LORD PRIVY SEAL IN STRICTEST CONFIDENCE THAT THE SPANISH GOVERNMENT PROPOSED DURING FEBRUARY TO ANNOUNCE THEIR INTENTION TO SEEK IMMEDIATE MEMBERSHIP OF NATO, INCLUDING MEMBERSHIP OF THE INTEGRATED MILITARY STRUCTURE. THE SPANISH AIM WOULD BE TO ACHIEVE THIS BY SEPTEMBER/OCTOBER. PEREZ-LLORCA STRESSED THAT THIS INITIATIVE WAS BEING TAKEN IN THE INTERESTS OF SPAIN'S SECURITY AND AS A CONTRIBUTION TO WESTERN DEFENCE AT A TIME OF SEVERE TENSION. BUT HE ALSO HOPED THAT IT WOULD HELP IN THE CONTEXT OF SPAIN'S APPLICATION TO JOIN THE EC AND THE IMPLEMENTATION OF THE LISBON AGREEMENT ON GIBRALTAR. THE SOCIALIST OPPOSITION WOULD MAKE A FUSS BUT FELIPE GONZALEZ QUOTE WANTED TO BE RAPED UNQUOTE.

2. SIR IAN GILMOUR ASSURED PEREZ-LLORCA THAT THE BRITISH GOVERNMENT WAS STRONGLY IN FAVOUR OF SPAIN JOINING NATO, AND THE SOONER THE BETTER. NATO MEMBERSHIP WOULD NOT AFFECT THE GIBRALTAR QUESTION EXCEPT OVER THE USE OF BASE FACILITIES : HOWEVER THE DECISION MADE IT ALL THE MORE IMPORTANT TO GET THE LISBON AGREEMENT IMPLEMENTED WELL AHEAD OF THE NATO APPLICATION.

3. PEREZ-LLORCA SAID THAT HE HAD SPOKEN IN SIMILAR TERMS TO THE FEDERAL GERMAN GOVERNMENT BUT TO NO-ONE ELSE. IT WAS ESSENTIAL THAT THERE SHOULD BE NO LEAK, PARTICULARLY AHEAD OF THE UCD PARTY CONFERENCE LATER THIS MONTH. HE WOULD DISCUSS THE MATTER WITH THE NEW US ADMINISTRATION IN FEBRUARY AND THEN WOULD LIKE TO MEET YOU DURING MARCH.

4. PLEASE GIVE THIS TELEGRAM SUITABLY RESTRICTIVE DISTRIBUTION.

FCO PLEASE PASS SAVING TO WASHINGTON AND UKDEL NATO.

PARSONS

[REPEATED AS REQUESTED]

LIMITED
HD/SED
HD/DEF D
PS
PS/LPS
PS/MR HURD
PS/PUS
SIR A ACLAND
MR BULLARD
MR FERGUSSON
MR P H MOBERLY

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DIO CABINET OFFICE
PS/NO 10 DOWNING STREET]
[COPIES SENT TO NO 10 DOWNING ST]

SECRET

CONFIDENTIAL

GRS 320
CONFIDENTIAL
FM LISBON 071733Z OCT
TO ROUTINE FCO
TELEGRAM NUMBER 202 OF 08 OCTOBER 1980
INFO SAVING UKREP BRUSSELS, MADRID, UKMIS NEW YORK, UKDEL NATO, WASHINGTON, D13(WEST)MOD, PARIS, BONN.

MY TELNO 198: ELECTION RESULTS

1. THE FULL PROVISIONAL RESULTS ARE NOW AVAILABLE WITH THE EXCEPTION OF THOSE FOR THE FOUR EMIGRANTS SEATS OF WHICH LAST YEAR THE ALLIANCE WON THREE AND THE SOCIALISTS ONE. THE RESULTS ARE:-

	PERCENTAGE OF VOTE	SEATS
DEMOCRATIC ALLIANCE	47.1	131
SOCIALISTS	28.0	73
COMMUNISTS	16.9	41
UDP	1.4	1

2. THE DEMOCRATIC ALLIANCE THUS HAVE A MAJORITY OF 16 (WHICH MAY RISE TO 19 AFTER THE EMIGRANTS RESULTS ARE ANNOUNCED). THE COMMUN-ISTS HAVE LOST SEVEN SEATS (THREE OF THEM IN THEIR TRADITIONAL STRONGHOLD LISBON) AND ABOUT 2% OF THE POPULAR VOTE. THEY HAVE BEEN QUICK TO POINT OUT HOWEVER THAT THEY STILL MANAGED TO ATTRACT OVER A MILLION VOTES. THE ALLIANCE MADE THEIR SIX GAINS IN THE NORTH, IN LISBON AND THE AZORES. THE SOCIALISTS (WHO SHOULD HAVE GAINED SEATS WITH THE FORMATION OF THEIR COALITION WITH ASDI AND UEDS) HAVE IN FACT LOST SEVEN SEATS.

3. THE COUNCIL OF MINISTERS HAVE ANNOUNCED THAT SA CARNEIRO WILL NOT BE TENDERING HIS RESIGNATION TO THE PRESIDENT AND THAT THE GOVERNMENT INTEND TO CONTINUE IN OFFICE AND TO PRESENT A MOTION OF CONFIDENCE TO THE NEW ASSEMBLY AS SOON AS POSSIBLE. ONLY AFTER THE NEW PRESIDENT IS ELECTED AND SWORN IN IN JANUARY WILL THERE BE A GOVERNMENT RESHUFFLE AND THE NEW GOVERNMENT WILL THEN PRESENT A FULL PROGRAMME TO THE ASSEMBLY OF THE REPUBLIC.

4. THE GOVERNMENT ARGUE THAT THE CONSTITUTION DOES NOT SPECIFY WHAT SHOULD HAPPEN WHEN A GOVERNMENT IN OFFICE WINS A RENEWED MAJORITY. THEY HAVE SAID THAT THEY BELIEVE IT WILL BE IN THE NATIONAL INTEREST FOR THEM TO STAY IN OFFICE. THIS VIEW CHALLENGES THAT TAKEN UNANIMOUSLY BY THE COUNCIL OF THE REVOLUTION (OF WHICH EANES IS CHAIRMAN) AT A MEETING LAST WEEK AT WHICH IT WAS DECIDED THAT IF THE ALLIANCE WON THE ELECTIONS SA CARNEIRO SHOULD RESIGN AND BE RE-APPOINTED BY THE PRESIDENT. BUT I WOULD BE SURPRISED IF EANES SHOULD NOW DECIDE TO DISMISS AND THEN RE-APPOINT THE GOVERNMENT WHICH WOULD BE A CUMBERSOME AND TIME-CONSUMING PROCESS.

FCO PLEASE PASS SAVINGS ADDRESSEES

MORAN

[REPEATED AS REQUESTED]

FCO/WHITEHALL
SED

THIS TELEGRAM
WAS NOT
ADVANCED

Spain

CYPHER

LVO NR 292/26

FDW G 63/26

OO BELGRADE (DESKBY 260700Z)

GRS 800

CONFIDENTIAL

CONFIDENTIAL
DESKBY 260700Z
FM F C O 260224Z SEP 80
TO IMMEDIATE BELGRADE (FOR PS/PRIME MINISTER)
TELEGRAM NUMBER 230 OF 26 SEPTEMBER 1980

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF PRIVATE SECRETARY WAS RECEIVED FROM UKMIS NEW YORK TELEGRAM NUMBER 1369 OF 25 SEPTEMBER 1980
INFO IMMEDIATE MADRID
INFO PRIORITY UKREP BRUSSELS PARIS BONN UKDEL NATO MOSCOW LUXEMBOURG
INFO SAVING TO EEC AND NATO POSTS

FOLLOWING FROM PRIVATE SECRETARY

SECRETARY OF STATE'S TALK WITH THE SPANISH FOREIGN MINISTER

1. LORD CARRINGTON CONGRATULATED SR PEREZ-LLORCA ON HIS APPOINTMENT AND ON THE SUCCESS OF THE NEW GOVERNMENT IN THE RECENT VOTE OF CONFIDENCE.

2. SR PEREZ-LLORCA STRESSED HIS GOVERNMENT'S DETERMINATION TO PURSUE SR SUAREZ' POLICY AIMED AT SPANISH MEMBERSHIP OF NATO, ANNOUNCED IN 1979. THEY WERE NOT COMMITTED TO ANY TIMETABLE. BUT THEY WERE COMMITTED TO CERTAIN EXTERNAL AND INTERNAL CONDITIONS (OR ''CIRCUMSTANCES''). FIRSTLY, SOME REAL PROGRESS ON COMMUNITY MEMBERSHIP WAS NEEDED (''A LIGHT AT THE END OF THE TUNNEL'') TO ENCOURAGE SPANISH PUBLIC OPINION TO SEE THE ADVANTAGES OF COMMUNITY AND NATO MEMBERSHIP IN THE SAME CONTEXT. ON NATO ITSELF, IT WOULD BE PREFERABLE FOR ALL CONCERNED TO ENSURE THAT THE SPANISH SOCIALIST PARTY TOOK A CALM VIEW OF THE ISSUE. IF THE SOCIALISTS MADE A FUSS, THIS MIGHT PROVOKE SECOND THOUGHTS ABOUT SPANISH MEMBERSHIP IN CERTAIN NATO COUNTRIES. HIS OWN IMPRESSION WAS THAT THE SPANISH SOCIALISTS WANTED TO BE RAPED: THERE WOULD INEVITABLY BE A CERTAIN AMOUNT OF THEATRE. UNFORTUNATELY THE PROSPECT OF MEMBERSHIP OF NATO DID NOT PROVOKE POPULAR ENTHUSIASM AT THE MOMENT. LORD CARRINGTON STRESSED THAT BRITAIN SAW SPANISH MEMBERSHIP AS LOGICAL, AND BENEFICIAL TO ALL. SR PEREZ-LLORCA SAID THAT THE BEST THEY COULD HOPE FOR FROM THE SOCIALISTS WAS OPPOSITION TO JOINING, TOGETHER WITH A REALISATION THAT ONCE SPAIN WAS IN THE SOCIALISTS WOULD NOT TAKE THE COUNTRY OUT AGAIN IF THEY CAME TO POWER.

3. ON GIBRALTAR, IT WAS AGREED THAT IT WAS PREMATURE TO GO INTO DETAIL. LORD CARRINGTON STRESSED HOWEVER THAT THE 10 APRIL AGREEMENT WAS AS SATISFACTORY AS IT WAS POSSIBLE TO SECURE IN THE CIRCUMSTANCES. HE DID NOT WISH TO APPORTION BLAME FOR THE DELAY IN IMPLEMENTATION. BUT THIS DELAY HAD LED TO SOME CYNICISM IN GIBRALTAR, WHICH WAS NOT TO SPANISH OR BRITISH ADVANTAGE. IT WAS OBVIOUS THAT THE AGREEMENT HAD BEEN GREETED WITH LESS THAN COMPLETE ENTHUSIASM BY THE GIBRALTARIANS, DESPITE OUR EXPLANATIONS ABOUT SAFEGUARDS. THE FACT THAT NOTHING HAD HAPPENED SINCE THEN HAD AROUSED SOME DOUBTS AMONGST GIBRALTARIANS ABOUT WHETHER SPAIN WAS SERIOUS ABOUT IMPLEMENTING THE AGREEMENT. THE KEY TO A SOLUTION LAY IN THE GOODWILL OF THE GIBRALTARIANS.

4. SR PEREZ-LLORCA SAID THAT THERE WERE SOME GOOD REASONS FOR THE DELAY. SPANISH CITIZENS IN GIBRALTAR MUST SOMEHOW ENJOY THE SAME RIGHTS AS OTHER EUROPEAN CITIZENS. HE REALISED THAT THIS WAS SOMETHING OF A VICIOUS CIRCLE, WHICH HAD TO BE BROKEN. LORD CARRINGTON SAID THAT THIS WAS WHAT OFFICIALS WERE FOR. HE HOPED THAT MINISTERS WOULD BE ABLE TO GIVE A PUSH TO IMPLEMENTATION.

5. SR PEREZ-LLORCA WAS NOT HAPPY ABOUT THE COMMUNITY ACCESSION NEGOTIATIONS. THE FRENCH POSITION WAS NOW CLEAR: THERE COULD BE NO PROGRESS ON THE NEGOTIATIONS ON AGRICULTURE, FINANCE OR FISHERIES UNTIL THESE ISSUES HAD BEEN SETTLED AMONGST THE NINE. HE QUITE UNDERSTOOD ABOUT THE PROBLEMS OF SOUTH-WESTERN FRANCE, BUT IT NOW SEEMED THAT THE FRENGH WERE CONCERNED NOT SO MUCH ABOUT THE PRESIDENTIAL ELECTIONS NEXT YEAR, AS ABOUT THE PARLIAMENTARY ELECTIONS IN 1983. THE SPANISH ACCEPTED THE POSTPONEMENT OF DISCUSSION OF THESE ISSUES UNTIL THE END OF THE NEGOTIATIONS. BUT HAD DONE SO RELUCTANTLY. THEY TOO HAD AN IMPORTANT ELECTORAL STAKE ON AGRICULTURE. THEY HOPED THAT FRANCE WOULD MOVE ON THE AGENDA. THE SPANISH DID NOT WANT TO APPEAR TOO ANXIOUS, BUT COULD NOT HIDE THE DIFFICULTIES RAISED BY THE FRENCH POSITION.

6. LORD CARRINGTON EXPLAINED THE CONNECTION WITH RECENT DEVELOPMENTS IN THE COMMUNITY, ESPECIALLY THOSE RELATED TO THE SETTLEMENT OF THE PROBLEM OF THE UK BUDGET CONTRIBUTION: THE NEED TO RESTRUCTURE THE BUDGET WITHIN THE 1 PERCENT VAT CEILING: AND TO SWITCH EXPENDITURE FROM AGRICULTURE SURPLUSES TO EG REGIONAL AND SOCIAL POLICIES. WE UNDERSTOOD SPANISH DIFFICULTIES, BUT THOUGHT THAT THE ACCESSION NEGOTIATIONS AND THE SEARCH FOR SOLUTIONS TO EXISTING COMMUNITY PROBLEMS COULD PROCEED IN PARALLEL. THERE HAD BEEN NO SIGNIFICANT DISCUSSION OF ACCESSION DURING THE PRIME MINISTER'S VISIT TO PARIS OR AT BORDEAUX.

7. SEE MIFT ON ANGLO-SOVIET RELATIONS.

8. IT WAS AGREED THAT BOTH SIDES SHOULD TAKE THE PRESS LINE IN UKMIS NEW YORK TELNO 1363.

FCO PLSE PASS SAVING TO ROME THE HAGUE BRUSSELS COPENHAGEN DUBLIN AND NATO POSTS

CARRINGTON

NNNN

043/26

CYPHER

LVO 212

FDW G 187/23

PP BELGRADE

GRS 100

UNCLASSIFIED
FM FCO 231650Z SEP 80
TO PRIORITY BELGRADE
TELEGRAM NUMBER 185 OF 23 SEPTEMBER 1980
FOR DAUNT/FERGUSSON
FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF SED
WAS RECEIVED FROM UKMIS NEW YORK TELNO 1320 OF 22 SEPT

BEGINS

INFO MADRID GIBRALTAR

UNGA GENERAL DEBATE: GIBRALTAR

1. IN HIS STATEMENT TO THE GENERAL ASSEMBLY TODAY (22 SEPTEMBER) THE SPANISH FOREIGN MINISTER INCLUDED A BRIEF PASSAGE ON GIBRALTAR. HE SAID THAT HE REGRETTED THAT THE QUESTION OF GIBRALTAR HAD NOT YET BEEN SOLVED. A CONVERGENCE OF POLITICAL WILL WAS NEEDED TO RESOLVE THE DISPUTES BETWEEN SPAIN AND THE UK. HE WELCOMED THE START MADE IN LISBON LAST APRIL. BUT GIBRALTAR HE SAID, WAS QUOTE A PART OF THE SPANISH FATHERLAND UNQUOTE WHOSE RETURN TO THE FOLD WOULD REMOVE AN OBSTACLE TO GOOD RELATIONS BETWEEN THE UK AND SPAIN.

ENDS

CARRINGTON

07/27/24

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CO ATHENS DESKBY 24ø9øøZ

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UNCLASSIFIED
DESKBY 24ø9øøZ
FM FCO 231ø3øZ SEPT 8ø
TO IMMEDIATE ATHENS
TELEGRAM NUMBER 166 OF 23 SEPTEMBER

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF DEPARTMENT WAS RECEIVED FROM MADRID TELNO 336 OF 22 SEPTEMBER
INFO UKMIS NEW YOKR GIBRALTAR

SPANISH FOREIGN POLICY

1. BEFORE LEAVING FOR NEW YORK TO ATTEND UN GENERAL ASSEMBLY THE NEW SPANISH FOREIGN MINISTER, PEREZ-LLORCA, TOLD THE PRESS CORRESPONDENTS THAT THE CHANGE OF MINISTER DID NOT IMPLY ANY CHANGE IN SPANISH FOREIGN POLICY. ON GIBRALTAR HE IS REPORTED TO HAVE SAID QUOTE THERE EXISTS A BALANCE OF PRINCIPLES WHICH SHOULD GOVERN THE NEGOTIATIONS. ONE OF THESE IS THAT THERE MUST BE NO DISCRIMINATION AGAINST SPANIARDS WHO LIVE OR WHO MIGHT LIVE IN GIBRALTAR. UNQUOTE. HE INTENDED TO MAKE THIS POINT TO YOU.

CARRINGTON

NNNN

LLG 757/23

FDW G 070/23

OO ATHENS DESKBY 240900Z

GRS 170

CONFIDENTIAL
DESKBY 240900Z
FM FCO 231030Z SEP 80
TO IMMEDIATE ATHENS
TELEGRAM NUMBER 165 OF 23 SEPTEMBER

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF DEPARTMENT WAS RECEIVED FROM GIBRALTAR :

CONFIDENTIAL UK COMMS ONLY
SIC
CYPHER CAT A

FM GIBRALTAR 221545Z SEP 1980
TO IMMEDIATE FCO TELEGRAM NUMBER PERSONAL 74 OF 22 SEP 80
INFO IMMEDIATE UKMIS NEW YORK (FOR BULLARD AND PRIVATE SECRETARY)
INFO MADRID

MADRID TELNO 334. MEETING WITH NEW SPANISH FOREIGN MINISTER
1. I FULLY ENDORSE THE RECOMMENDATIONS IN PARAGRAPH 3 OF MADRID TELEGRAM UNDER REFERENCE AND WOULD LOKE TO REINFORCE THE FIRST POINT IN SUB PARA (B). GIBRALTARIAN LEADERS AND PEOPLE HAVE ALWAYS FOUND THE LISBON AGREEMENT HARD TO SWALLOW. FURTHER DELAY IN IMPLEMENTING THE AGREEMENT MIGHT LEAD TO OUTRIGHT REJECTION OF NEGOTIATIONS BECAUSE IT COULD NO LONGER BE SAID THAT DELAYS ARE ADMINISTRATIVE. TO GIBRALTARIANS SPANISH POLICY STILL HASA RING OF COERCION ABOUT IT. THERE IS A GROWING GIBRALTARIAN CONVICTION THAT SPANISH GOODWILL DOES NOT EXIST AND THAT WITHOUT THIS NEGOTIATIONS COULD BE POINTLESS. ONLY EARLY IMPLEMENTATION OF THE LISBON AGREEMENT, HOPEFULLY IN OCTOBER, MIGHT CHANGE THIS CONVICTION.

CARRINGTON

NNNN

LLG 734
FDW G97/22

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CONFIDENTIAL
FM F C O 221642Z SEP 8ø
TO IMMEDIATE ATHENS (FOR DAUNT/FERGUSSON)
TELEGRAM NUMBER 164 OF 22 SEPTEMBER

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF DEPARTMENT
WAS RECEIVED FROM MADRID TELNO 334 OF 22 SEPTEMBER
INFO IMMEDIATE UKMIS NEW YORK (FOR BULLARD AND PRIVATE SECRETARY)
PRIORITY GIBRALTAR (PERSONAL)

MY TELEGRAM NO. 331 : NEW SPANISH FOREIGN MINISTER

1. IN THE EVENT THE MINISTER WAS UNABLE TO SEE ME ON SATURDAY MORNING AS HE HAD TO GO TO AN EMERGENCY CABINET MEETING AND THEN STRAIGHT TO NEW YORK. BUT DURAN HAD UNDERTAKEN TO BRIEF HIM IN ACCORDANCE WITH OUR CONVERSATION REPORTED IN MY TELEGRAM UNDER REFERENCE.
2. I DOUBT WHETHER THERE IS MUCH DANGER OF PEREZ-LLORCA NOW DECLINING IN PRINCIPLE TO IMPLEMENT THE LISBON AGREEMENT. THE GREATER DANGER IS THAT SUAREZ AND HE WILL GIVE IT A LOW POLITICAL PRIORITY, REGARDING IT AS SOMETHING OF A DOMESTIC LIABILITY WITHOUT ANY REAL COUNTER BALANCING ADVANTAGE INTHE FIELD OF FOREIGN AFFAIRS. IT THEREFORE SEEMS NECESSARY TO MAKE CLEAR TO PEREZ-LLORCA THE DISADVANTAGES FOR SPAIN AS WELL AS BRITAIN IF THE LISBON AGREEMENT IS NOT IMPLEMENTED THIS AUTUMN.
3. I RECOMMEND ACCORDINGLY THAT THE SECRETARY OF STATE SHOULD TAKE THE FOLLOWING LINE ON GIBRALTAR WITH THE SPANISH FOREIGN MINISTER IN THE COURSE OF THEIR GENERAL TALK IN NEW YORK THIS WEEK:
A) IT IS IN THE REAL INTERESTS OF ALL PARTIES THAT THE LISBON AGREEMENT SHOULD BE IMPLEMENTED WITHOUT FURTHER DELAY, WITH THE OPENING OF NEGOTIATIONS AND THE RESTORATION OF DIRECT COMMUNICATIONS TAKING PLACE IF POSSIBLE NEXT MONTH.
B) FAILING THIS, THE PROSPECT OF PROGRESS WILL RECEIVE A DISTINCT SETBACK, ESPECIALLY IN VIEW OF THE INDEPENDENT NATURE OF GIBRALTARIAN PUBLIC OPINION WHICH THE SPANIARDS MUST ACCEPT AS A FACT. THERE ARE ALSO PARLIAMENTARY SENSITIVITIES IN BRITAIN TO TAKE INTO ACCOUNT
* C) SPAIN WOULD LOSE AS MUCH AS BRITAIN,/28% ,95 .943, FROM A FAILURE TO IMPLEMENT THE LISBON AGREEMENT. WE WISH TO BE CONSTRUCTIVELY HELPFUL TO SPAIN OVER HER ENTRY INTO THE COMMON MARKET, WHERE WE HAVE MANY INTERESTS IN COMMON, AND OVER THE POSSIBILITY OF HER ACCESSION TO NATO. EXCHANGES OF VISITS AT THE HIGHEST LEVEL WOULD HELP TO SET THE SEAL ON THIS CLOSE RELATIONSHIP. BUT IT IS DIFFICULT TO TAKE THINGS FURTHER UNTIL THE FRONTIER IS OPEN AND THE GIBRALTARIAN NEGOTIATIONS START.

CARRINGTON

NNNN

RRR

* SPAIN WOULD LOSE AS MUCH AS BRITIAN, IF NOT MORE, FROM FAILURE TO IMPELEM

Spain

Prime Minister

To glance

MAP 19/9

CONFIDENTIAL

GRS 530
CONFIDENTIAL
FM MADRID 180920Z SEP 80
TO PRIORITY F C O
TELEGRAM NUMBER 329 OF 18 SEPTEMBER 1980
INFO ROUTINE GIBRALTAR (PERSONAL), LISBON, UKREP BRUSSELS, UKDEL NATO, WASHINGTON

SPANISH GOVERNMENT'S PROGRAMME

1. SUAREZ FOLLOWED HIS CHANGE OF GOVERNMENT (MADRID TELNOS 318, 319 AND 320) BY ANNOUNCING A NEW PROGRAMME ON 16 SEPTEMBER WHICH IS TO BE PUT TO A VOTE OF CONFIDENCE TONIGHT. REACTIONS TO IT SUGGEST HE WILL WIN THIS AND THE PROGRAMME WILL THUS BECOME THE GOVERNMENT'S BROAD PLAN OF ACTION, DESIGNED TO SEE IT SAFELY THROUGH TO THE NEXT ELECTIONS IN 1983. THE PROGRAMME IS AUSTERE AND AMBITIOUS. IT COVERS ECONOMIC POLICY AND SOME SWEEPING SOCIAL AND CONSTITUTIONAL CHANGES. FOREIGN POLICY WAS EXCLUDED: THE PRIME MINISTER SAID THAT THIS REMAINED UNCHANGED FROM THAT ANNOUNCED AFTER THE LAST ELECTION (MADRID SAVING TELNO 7 OF 2 APRIL 1979).

2. THE ECONOMY, WHOSE WEAK STATE AND UNCERTAIN PROSPECTS UNDERLAY THE RECENT GOVERNMENT CRISIS, IS TO BE TACKLED WITH LARGELY CONVENTIONAL REMEDIES. THE AIM IS TO RAISE THE GDP TO 4-5 PER CENT ANNUAL GROWTH BY 1983, THOUGH PROGRESS IS NOT EXPECTED BEFORE 1981. THE EMPHASIS IS SHIFTED SLIGHTLY FROM CONTROL OF INFLATION TO THE REDUCTION OF UNEMPLOYMENT, THOUGH THE CONSTRAINTS OF CONTINUING INFLATION AND POOR BALANCE OF PAYMENTS PROSPECTS ARE EXPLICITLY RECOGNISED. JOBS ARE TO BE SUSTAINED THROUGH INCENTIVES TO INVESTMENT BY THE PRIVATE SECTOR AND BY INCREASED PUBLIC EXPENDITURE PARTICULARLY ON ENERGY, HOUSING , TRANSPORT AND AGRICULTURAL INFRASTRUCTURE. AT THE SAME TIME THE GOVERNMENT ARE TO APPLY SEVERE RESTRAINTS ON PUBLIC EXPENDITURE ON CURRENT ACCOUNT, SUPPLEMENTED BY FISCAL MEASURES WHICH WILL RAISE THE INDIRECT TAX BURDEN. DEFENCE EXPENDITURE IS TO BE CUT: WE UNDERSTAND THAT THIS WILL REDUCE THE ARMY PROCUREMENT BUDGET BY 50 PER CENT, WHICH SEEMS LIKELY TO AFFECT THE PROSPECTS FOR RAPIER AND OTHER ARMS SALES IN THE PIPELINE. SUAREZ EMPHASISED THAT SACRIFICES FROM ALL WOULD BE NEEDED.

/3. SUAREZ

3. SUAREZ IS ALSO TO GET A GRIP ON REGIONAL POLICY. THE PROCESS OF DEVOLUTION IS TO BE COMPLETED BY 1983, WITH GALICIA RECEIVING THE SAME POWERS AS THE BASQUE COUNTRY AND CATALUNIA, AND ANDALUSIA GETTING SPECIAL TREATMENT. IN THE SOCIAL FIELD SUAREZ PROMISED A SWEEPING OVERHAUL OF THE JUDICIAL SYSTEM AND A BILL GUARANTEEING PUBLIC LIBERTIES. CENTRAL AND LOCAL GOVERNMENT IS TO BE THOROUGHLY OVERHAULED AND FURTHER LABOUR LEGISLATION IS TO BE INTRODUCED.

4. THIS PROGRAMME REPRESENTS A REINFORCEMENT OF EXISTING POLICIES RATHER THAN A CHANGE OF TACK. BUT THE ECONOMIC PROGRAMME FOR THE FIRST TIME BEARS SUAREZ' PERSONAL STAMP. AS WAS CLEAR FROM THE SUBSEQUENT DEBATE (DETAILS BY BAG) SUAREZ HAS MOVED TO THE OFFENSIVE AND , WITH THE HELP OF A NEW TEAM WHICH LOOKS PROMISING, MEANS TO MAKE HEADWAY. NEVERTHELESS THE GOVERNMENT'S ECONOMIC PERFORMANCE WILL REMAIN THE TOUCHSTONE OF ITS SUCCESS AND HERE THE PROSPECTS ARE FAR FROM CHEERING. IN PARTICULAR THE 4-5 PER CENT GROWTH TARGET MAY PROVE A HOSTAGE TO FORTUNE.

PARSONS [THIS TELEGRAM WAS NOT ADVANCED]
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GRS 410 CONFIDENTIAL
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FM MADRID 101324Z SEPT 80
TO IMMEDIATE F C O
TELEGRAM NUMBER 319 OF 10 SEPTEMBER 1980
INFO PRIORITY GIBRALTAR (PERSONAL)
INFO ROUTINE LISBON, PARIS, UKREP BRUSSELS, UKDEL NATO, BONN
MOSCOW AND WASHINGTON

Read in full

MIPT : NEW SPANISH GOVERNMENT

MIFT COVERS IMPLICATIONS FOR BILATERAL RELATIONS.

2. THE NEW SPANISH GOVERNMENT ANNOUNCED ON 8 SEPTEMBER, THE SIXTH OF ADOLFO SUAREZ' FOUR YEARS AS PRIME MINISTER, IS STRONGER AND MORE COHERENT THAN ITS PREDECESSOR. ITS CONSTITUTION, WHICH ENDS MONTHS OF UNCERTAINTY, WAS UNUSUALLY DIFFICULT, SINCE ROOM HAD TO BE FOUND FOR THE MAJOR UCD POLITICIANS EXCLUDED FROM THE LAST TWO GOVERNMENTS, WHOSE MANOEUVRINGS HAVE BEEN A MAJOR CAUSE OF SUAREZ' LOSS OF PUBLIC CREDIBILITY. THE NEW TEAM SHOULD HELP TO RESTORE PARTY UNITY : IT BRINGS IN OR PROMOTES POLITICAL HEAVY-WEIGHTS REPRESENTING ALL THE MAJOR CURRENTS IN THE UCD (EXCEPT THE LIBERALS WHO HAVE APPARENTLY EXPIRED WITH THE DEATH OF JOAQUIN GARRIGUES). IN MOST CASES THEIR POLITICAL CREDENTIALS ARE RE-INFORCED BY THEIR PROFESSIONAL COMPETENCE AND PREVIOUS EXPERIENCE. THE REGIONAL MIX IS SHREWD. THE POLITICAL BALANCE ALSO IS FAIRLY EVENLY SPREAD BETWEEN THE SOCIAL DEMOCRAT AND CHRISTIAN DEMOCRAT ELEMENTS IN THE PARTY. SUGGESTIONS OF A SHIFT TO THE LEFT ARE ILL-FOUNDED.

3. AT THE SAME TIME SUAREZ HAS STRENGTHENED HIS PARLIAMENTARY SUPPORT WITH NEW VOTING ARRANGEMENTS LABORIOUSLY NEGOTIATED WITH THE CATALAN NATIONALISTS. THIS, AND A POSSIBLE NEW UNDERSTANDING WITH FRAGA'S RIGHTWING DEMOCRATIC COALITION, WILL BE PUT TO THE TEST IN A PARLIAMENTARY DEBATE NEXT WEEK WHICH MAY WELL INVOLVE A VOTE OF CONFIDENCE.

4. AS IN THE EARLIER RESHUFFLE THIS YEAR (MADRID TELNO 148) THE CHANGE IS MORE OF PERSONALITIES THAN OF POLICY. THE NEW GOVERNMENT'S PROGRAMME IS UNLIKELY TO CONTAIN MAJOR CHANGES, THOUGH SUAREZ IS MOST VULNERABLE ON HIS ECONOMIC PERFORMANCE. THE EXPERIENCE OF CALVO SOTELO, VICE-PRESIDENT FOR ECONOMIC AFFAIRS, IN BOTH PRIVATE AND PUBLIC SECTORS, TOGETHER WITH HIS GOOD STANDING IN THE BANKING WORLD, MAY HELP THE GOVERNMENT TO MANAGE THE ECONOMY BETTER AND HENCE REVIVE THE CONFIDENCE OF INVESTORS. NO CHANGES ON NATO OR EUROPE ARE ANTICIPATED. ON GIBRALTAR SEE MIFT.

/5. THE

5. THE NEW GOVERNMENT FACES FORBIDDING PROBLEMS, NOTABLY TERRORISM AS WELL AS ECONOMIC STAGNATION WITH HIGH AND RISING UNEMPLOYMENT AND UNRESOLVED REGIONAL ISSUES, SUAREZ WILL NOW HAVE MORE TIME TO ADDRESS THESE. BUT IT WILL NEED ALL THE UNDOUBTED TALENTS OF THE NEW TEAM TO RESTORE CONFIDENCE AND A SENSE OF PURPOSE INSIDE AND OUTSIDE PARLIAMENT. IT CERTAINLY LOOKS LIKE A GOVERNENT WITH WHICH WE CAN DO BUSINESS.

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FM MADRID 101106Z SEPT 80
TO IMMEDIATE F C O
TELEGRAM NUMBER 318 OF 10 SEPTEMBER 1980
INFO ROUTINE GIBRALTAR, LISBON, PARIS, UKREP BRUSSELS, UKDEL NATO,
BONN, MOSCOW AND WASHINGTON.

SPANISH CABINET RESHUFFLE

1. THE SPANISH PRIME MINISTER, ADOLFO SUAREZ, RESHUFFLED HIS CABINET ON 8 SEPTEMBER. THE 23 MAN CABINET (AVERAGE AGE 46) ASSUMED OFFICE THE FOLLOWING DAY. THE LIST, WHICH INTRODUCES FOR THE FIRST TIME THE CONCEPT OF A SENIOR MINISTER (FOR WHICH THE CONFUSING TITLE OF MINISTER OF STATE HAS BEEN ADOPTED - THE BRITISH EQUIVALENT IS SECRETARY OF STATE) IS AS FOLLOWS :

PRESIDENT (IE PRIME MINISTER)	ADOLFO SUAREZ (48)
FIRST VICE-PRESIDENT WITH RESPONSIBILITY FOR SECURITY AND NATIONAL DEFENCE	LT GEN MANUEL GUTIERREZ MELLADO (68)
SECOND VICE- PRESIDENT WITH RESPONSIBILITY FOR ECONOMIC AFFAIRS	LEOPOLDO CALVO-SOTELO Y BUSTELO (54)
MINISTERS OF STATE	
MINISTER IN THE PRESIDENT'S OFFICE	RAFAEL ARIAS-SALGADO (38)
MINISTER FOR FOREIGN AFFAIRS	JOSE PEDRO PEREZ-LLORCA RODRIGO (40)
MINISTER OF ECONOMY AND COMMERCE	JUAN ANTONIO GARCIA DIEZ (40)
MINISTER OF AGRICULTURE	JAIME LAMO DE ESPINOSA (39)
MINISTER OF EDUCATION	JUAN ANTONIO ORTEGA Y DIAZ-AMBRONA (41)
MINISTER OF DEFENCE	AGUSTIN RODRIGUEZ SAHAGUN (49)
MINISTER OF THE INTERIOR	JUAN JOSE ROSON PEREZ (48)

/MINISTER

MINISTER OF FINANCE	JAIME GARCIA ANOVEROS (48)
MINISTER OF JUSTICE	FRANCISCO FERNANDEZ ORDONEZ (50)
MINISTER OF TERRITORIAL ADMINISTRATION (IE FOR THE REGIONS)	RODOLFO MARTIN VILLA (45)
MINISTER OF STATE AND SPECIAL ADVISER TO THE PRESIDENT	PIO CABANILLAS GALLAS (56)

MINISTERS

MINISTER OF INDUSTRY AND ENERGY	IGNACIO BAYON MARIN (36)
MINISTER OF CULTURE	INIGO CAVERO LATAILLADE (51)
MINISTER OF PUBLIC WORKS AND URBANIZATION	JESUS SANCHO ROF (40)
MINISTER OF HEALTH AND SOCIAL SECURITY	ALBERTO OLIART SAUSSOL (52)
MINISTER OF LABOUR	FELIX MANUEL PEREZ MIYAREZ (44)
MINISTER OF TRANSPORT AND COMMUNICATIONS	JOSE LUIS ALVAREZ ALVAREZ (50)
MINISTER OF RESEARCH AND UNIVERSITIES	LUIS GONZALEZ SEARA (44)

JUNIOR MINISTERS

ASSISTANT MINISTER FOR THE PUBLIC SERVICE	SEBASTIAN MARTIN RETORTILLO (49)
ASSISTANT MINISTER WITHOUT PORTFOLIO (SIC) RESPONSIBLE FOR RELATIONS WITH THE EC	EDUARDO PUNSET CASALS (44)

2. SEE MY 2 I F T'S FOR COMMENT.

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weekend

Prime Minister

CONFIDENTIAL

SAVING TELEGRAM

To see all

MAP

BY BAG
CONFIDENTIAL
FROM: MADRID

To FCO telegram No 9 Saving of 4 August 1980. RFI Saving to Lisbon, Rome, Ankara, UKDEL NATO.

MF

SPAIN: THE IMPACT OF TERRORISM

1. Spain has been spared terrorist atrocities on the scale of the Bologna explosion and political instability aggravated by terrorism on the Turkish model. ETA (politico-militar)'s beach-bombing campaign appears to have died out, having taken its toll of tourist earnings. But the rival military wing of ETA has stepped up its campaign of terror against the state. A succession of incidents in the last few weeks suggests that the Government's efforts have achieved only limited success.

2. ETA (m)'s campaign of intimidation and murder within the Basque country has not slackened. But a sensational variant was introduced with the robbery of nearly 8 tons of high explosive from an ill-guarded warehouse in Santander, and by the ambushing of two Civil Guard convoys. In the second of these ambushes, which took place outside the Basque country itself, one officer was killed and at least 30 other Civil Guards escaped death only because half of the charges placed failed to explode. And the urban terrorist organisation GRAPO, whose leadership the Government claimed to have dismembered earlier this year, was almost certainly responsible for an attempt to assassinate a General in Madrid last week: the General was only lightly injured but his bodyguard was killed.

3. The Government has put a brave face on this latest wave of violence. The new Minister of the Interior, Sr Rosón (recently Mr Whitelaw's host), has some grounds for his recent claim that police successes were reducing ETA's capability to sustain continuous activity (though he rightly avoided suggesting that the Government had got on top of ETA). He has also broken with tradition in criticising the vigilance of the security forces

/themselves:

themselves: his report to the Council of Ministers on the latest ambush was highly critical of their self-protection measures. General Santamaría, the Government's special representative for security matters in the Basque country, has belatedly met the Basque Prime Minister Garaicoetxea, who has been more forthright in his condemnation of terrorist violence. But winning the support of the Basque public for the security forces remains a slow and uphill business.

4. The cool efficiency of the theft of such a vast quantity of explosive pointed up continuing weaknesses in the Government's response to ETA. It was also a knock to public confidence, even though terrorism has been a feature of life in Spain for long enough to dull the sense of popular outrage at each new incident. With the public irritated by roadblocks and street searches but now diverted by holiday-making, ETA's insolent successes have probably not much lowered the Government's stock. But the failure to make headway despite sustained efforts and some signs of increasing political maturity among Basque politicians must be depressing for a Government which has yet to emerge from a bad patch on other counts. Politicians to the Right of the governing UCD find ready ears with their facile calls for the law to be enforced and authority restored. There is evidence that the Chiefs of Staff are concerned that the explosives now in ETA's hands will increase the terrorists' capability to attack the armed and security forces. But morale lower down remains high and there is no sign of the terrorists succeeding in provoking military counter-action, within or outside the Constitution. This is therefore one of the areas (high and rising unemployment is another) where Suárez can expect increasingly searching questions from allies and Opposition when political life resumes this autumn. Meanwhile his Government will continue its war of attrition in what still looks likely to be a long haul.

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Spain

4 June 1980

Thank you for your note of 20 May. The Prime Minister has read the enclosed minute about Spain and NATO with interest.

MICHAEL ALEXANDER

Hugh Thomas, Esq.

6c.

Spain

CONFIDENTIAL

GPS 650A
CONFIDENTIAL
FM MADRID 221222Z
TO PRIORITY FCO
TELNO 174 OF 22 MAY 1980
INFO ROUTINE GIBRALTAR(PERSONAL) LISBON

Read in full.

MB

THE STATE OF SPAIN

THE HOME SECRETARY IS DUE TO VISIT SPAIN NEXT WEEK. THIS WILL BE THE FIRST BILATERAL MINISTERIAL VISIT SINCE YOU SIGNED THE LISBON AGREEMENT ON GIBRALTAR, IT WILL BE A CONSIDERABLE ANGLO/SPANISH EVENT. YOU MAY THEREFORE LIKE TO HAVE A BRIEF PICTURE OF THE POLITICAL SCENE HERE AT PRESENT.

2. THE SPANISH GOVERNMENT IS UNDOUBTEDLY GOING THROUGH A BAD PATCH. (MY DESPATCH OF 12 MAY REFERS). RECENT REGIONAL ELECTIONS HAVE PRODUCED RESOUNDING SETBACKS FOR THE GOVERNING PARTY, THE UCD. SUAREZ' HANDLING OF TERRORISM, THE ECONOMIC RECESSION, AND LAW AND ORDER HAVE FURTHER CAUSED SOMETHING OF A CRISIS OF CONFIDENCE. THE RIGHT ARE GUNNING FOR HIM AS HARD AS THE LEFT. SUAREZ TOOK THREE WEEKS TO RESPOND WITH A CABINET RESHUFFLE WHICH CHANGED A FEW FACES BUT NOT HIS POLICIES. CRITICISM OF HIS PERSONAL LEADERSHIP CONTINUES. THE GOVERNMENT IS ATTEMPTING TO DRAW ITS STING WITH A MAJOR PARLIMENTARY DEBATE DESIGNED TO CLEAR THE AIR. THE SOCIALISTS HAVE RESPONDED WITH A MOTION OF CENSURE WHICH IN EFFECT ADVANCES FELIPE GONZALEZ' CANDIDATURE TO THE PRESIDENCY OF THE GOVERNMENT. IT WILL COME TO A VOTE NEXT WEEK. SUAREZ HAS A LOT DEPENDING ON THE UPSHOT OF THE DEBATE BUT PROBABLY NOT HIS OWN SURVIVAL.

3. THERE HAVE BEEN A NUMBER OF RECENT ACCIDENTS. MANY OF THESE HAVE ARISEN BECAUSE THE PROVISIONS OF THE CONSTITUTION AND THE INSTITUTIONAL INSTRUMENTS FOR CARRYING THEM OUT TEND TO GET OUT OF STEP. THUS THE MILITARY COURTS BEHAVE AS IF THEY WERE A LAW UNTO THEMSELVES. THE PUBLIC PROSECUTOR IS WAGING AN ILLIBERAL CAMPAIGN AGAINST THE LEADING INDEPENDANT NEWSPAPER, EL PAIS, ON GROUNDS WHICH WOULD NOT STAND SCRUTINY IN OTHER WESTERN EUROPEAN COUNTRIES. TERRORISM IN THE BASQUE COUNTRY CONTINUES UNABATED AND PARADOXICALLY MAKES RESPECTABLE THE EXTREMIST REFLEXES IT PROVOKES IN MANY SECTORS OF SPANISH SOCIETY. MATTERS ARE NOT HELPED BY MINISTERS' INEXPERIENCE IN HANDLING PARLIAMENT. IN THEORY THEY ARE ANSWERABLE BUT IN PRACTICE EVASIVE. THE SPANISH PARLIAMENT HAS NOT YET WON CONFIDENCE AS THE INSTRUMENT FOR PROMOTING NECESSARY CHANGE IN SPAIN'S MANY OUTDATED INSTITUTIONS. SUAREZ COMBINATION OF DISDAIN AND APPREHENSION HAS NOT HELPED.

4. THESE TEETHING PAINS HAVE BEEN MAGNIFIED BY THE VOLATILITY OF SPANISH PUBLIC OPINION. NEITHER MINISTERS NOR THE PUBLIC ARE USED TO THE UNPOPULARITY TO WHICH GOVERNMENTS ARE LIABLE AFTER SOME TIME IN OFFICE. THE GOVERNMENT'S INEXPERIENCE IN OPERATING A DEMOCRATIC SYSTEM AND A FREE PRESS HAS MADE MATTERS WORSE.

5. SPAIN'S POLITICAL AND ECONOMIC PROBLEMS ARE REAL ENOUGH. BUT SUAREZ' CURRENT TROUBLE IS MORE A MATTER OF ATMOSPHERICS THAN OF REAL CRISIS. HIS GOVERNMENT HAS SOLID ACHEIVEMENTS BEHIND IT, INCLUDING A NEW CONSTITUTION AND AN IMPRESSIVE RECORD OF REFORMIST LEGISLATION , NOT TO MENTION ITS CONVINCING VICTORIES IN THE FIRST TWO NATIONAL DEMOCRATIC ELECTIONS FOR FORTY YEARS. SUAREZ MAY HAVE LOST SOME OF THE ALLURE HE ENJOYED DURING THE TRANSITION TO FULL DEMOCRACY. HIS HANDLING OF THE DEVOLUTION ISSUE IN PARTICULAR DISPLAYS A CERTAIN TENDENCY TO LURCH. BUT MUCH OF THE CRITICISM STEMS AS MUCH FROM SQUABBLING WITHIN THE RULING PARTY AS FROM GOVERNMENT'S PATCHY PERFORMANCE. THERE IS CERTAINLY NO AGREEMENT ON ANY ALTERNATIVE LEADER. THE SOCIALIST PARTY IS NEITHER RIPE FOR OFFICE NOR IN A POSITION TO FORCE ITS CLAIMS. THE PRESS WILL NO DOUBT CONTINUE TO GIVE SUAREZ A BAD TIME AND WILL INEVITABLY PLAY UP THE CONTINUING ANOMALIES OF THE SOCIAL AND ECONOMIC SYSTEM HERE. BUT I EXPECT TO SEE THE PRESENT LEADERSHIP PULL THROUGH.

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Centre for Policy Studies

8 Wilfred Street · London SW1E 6PL · Telephone 01-828 1176 Cables: Centrepol London

May 20, 1980

Dear Michael.

I thought you might be interested to see this note & perhaps you wd. give it to the Prime Minister when appropriate.

Yours ever

Hugh Thomas

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To secure fuller understanding of the methods available to improve the standard of living, the quality of life and the freedom of choice of the British people, with particular attention to social market policies.

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Prime Minister (2)

MT 23/5

FS. MT

Private

Prime Minister

Spain in NATO

I know that it is government policy to ensure this.

I know too that the Spanish Government is in favour but in its own time.

A recent visit to Spain suggested to me that if we do want this we should seek to do something about it soon rather than later.

This is because:

1. The Russians are plainly determined to do everything to prevent this, and are stirring things in every way that they can, e.g. their main business wheeler dealer Mr. Ramón Mendoza has bought the evening paper Informaciones.

2. The Communist Party, otherwise formally anti Moscow, is united with the Soviet Union on this.

3. The Socialist Party, the main opposition party, is also against and even the social democrats such as Enrique Múgica, the shadow defence minister (otherwise admirable) thinks it would be an error to change over from Spain's old special relationship with the U.S.

4. The Government is (a) going through a bad period with public opinion and (b) plainly enjoys its semi independent role, the friend of the Arabs, the voice of Spanish America in Europe, etc. The holding of the Madrid Conference on European Security later in the year may enhance this semi neutral stance.

5. The French may be expected to want Spain have the same attitude to NATO as they have (i.e. not helpful) and France is the second most important arms salesman to Spain (Mirages; Agosta submarines; AMX-30 tanks).

6. Gibraltar may be a sticking point too for the Government.

This may be unduly pessimistic but I thought it worth saying.

Hugh Thomas

Hugh Thomas
May 19, 1980

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FM MADRID 101650Z
TO IMMEDIATE FCO
TELNO 77 OF 10 MARCH 1980
INFO ROUTINE GIBRALTAR (PERSONAL) D13 W.MOD

FOLLOWING SENT IN AMBASSADOR'S ABSENCE ON TOUR.

SPAIN: THE BASQUE ELECTIONS

1. THE BASQUES WENT TO THE POLLS ON 9 MARCH TO ELECT THEIR FIRST PARLIAMENT. THERE WAS RELATIVELY HEAVY (44%) ABSTENTION BUT NO INCIDENTS. PROVISIONAL RESULTS ARE AS FOLLOWS:

PNV (BASQUE NATIONALIST PARTY)	25
HERRI BATASUNA (PRO-ETA(M) EXTREME NATIONALIST)	11
PSOE (SPANISH SOCIALIST PARTY)	9
UCD (GOVERNMENT CENTRE PARTY)	6
EE (PRO-ETA(PM) NATIONALIST)	6
AP (RIGHT WING)	2
PCE (SPANISH COMMUNIST PARTY)	1
TOTAL	60

2. THIS IS AN IMPORTANT VICTORY FOR BASQUE NATIONALISM (42 OUT OF 60 SEATS) AGAINST THE MADRID BASED PARTIES, AND FOR THE MODERATE PNV AGAINST ALL COMERS. BUT IT WAS IN THE MAIN A VOTE FOR CONSTITUTIONAL HOME-RULE, NOT FOR INDEPENDENCE. THE NEW BASQUE PARLIAMENT HAS 30 DAYS IN WHICH TO FORM A GOVERNMENT AND CHOOSE A PRIME MINISTER(PRESIDENT). THE PNV ARE PROBABLY STRONG ENOUGH TO GOVERN ALONE, AND PLAN TO TRY. THEY CAN LOOK TO UCD, PSOE OR EE FOR AD HOC ALLIANCES, AND IF HERRI BATASUNA DECIDE NOT TO TAKE UP THEIR SEATS (AS IN THE NATIONAL PARLIAMENT) /THE PNV

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THE PNV ALONE WILL COMMAND AN ABSOLUTE MAJORITY. THIS WILL DO MUCH FOR CONFIDENCE LOCALLY AND IT MAKES SENSE OF THE CONSTITUTIONAL PROCESS ON WHICH THE GOVERNMENT IS LAUNCHED.

3. BUT THERE ARE MINUS FACTORS. THE POLITICAL GROUPING SUPPORTING THE ETA TERRORISTS HAVE SHARPLY INCREASED THEIR SHARE OF THE VOTE SINCE THE GENERAL ELECTION LAST YEAR, AND THOSE WHO FAVOUR INDEPENDENCE MAY NOW SEE THIS AS JUSTIFICATION FOR THE VIOLENT METHODS WITH WHICH ETA(M) HAVE PURSUED IT. THE GOVERNMENT UCD SLUMPED BADLY DESPITE A STRONG IF BELATED INTERVENTION BY SUAREZ PERSONALLY IN THE ELECTION CAMPAIGN, AND THE SOCIALISTS DID NOT IMPROVE ON THEIR POOR SHOWING AT THE LAST ELECTION. THERE HAD BEEN HOPES THAT A QUOTE SPANISH UNQUOTE VOTE WOULD MANIFEST ITSELF, OFFSETTING THE STRONG NATIONALIST CURRENT: BUT IT EVIDENTLY DID NOT EMERGE.

4. THE BASQUES SUFFER BOTH A SENSE OF AGGRIEVED INFERIORITY AND AN ACUTE ECONOMIC CRISIS. THE PNV WILL NOW SET ABOUT TRYING TO RECTIFY BOTH. THEY CAN BE EXPECTED TO USE THEIR NEW POSITION OF STRENGTH TO PRESS FOR THE MAXIMUM TRANSFER OF POLITICAL AND ECONOMIC POWERS PERMITTED UNDER THE AUTONOMY STATUTE. A KEY QUESTION WILL BE THE FINANCIAL ARRANGEMENTS GOVERNING THE NEW RELATIONSHIP BETWEEN MADRID AND THE BASQUE COUNTRY. THE PNV LEADER GARAICOETXEA'S PRESTIGE WILL HAVE BEEN GREATLY ENHANCED BY THIS RESULT, AND HAVING NEGOTIATED THE AUTONOMY STATUTE WITH SUAREZ LAST YEAR, HE NOW SEEMS LIKELY TO ADOPT AN EVEN TOUGHER STANCE IN NEGOTIATING DETAILED ARRANGEMENTS WITH MADRID: THE HIGH VOTE FOR HERRI BATASUNA WILL STRENGTHEN HIS ELBOW IN DOING SO. ON THE OTHER HAND, THE GOVERNMENTS PRESTIGE HAS RECEIVED A FURTHER BLOW IN THE WAKE OF THE ANDALUSIAN REFERENDUM (MADRID TELEGRAM NO 68) ANDTHERE WILL NOW BE MUCH HEART SEARCHING OVER THEIR REGIONAL POLICY AND SUAREZ' MANAGEMENT OF IT. THE ETA TERRORISTS OF BOTH MILITARY AND POLITICO-MILITARY PERSUASION WILL NOW BE REVIEWING THEIR TACTICS. ALTHOUGH THE BASQUES ARE WELL ON THEIR WAY TO ACHIEVING THEIR MAIN OBJECTIVES-THEIR OWN GOVERNMENT AT THE HEAD OF THEIR OWN PARLIAMENT WITH SWEEPING POWERS TO RUN THEIR OWN AFFAIRS-A RESUMPTION OF VIOLENCE CAN NOT BE RULED OUT.

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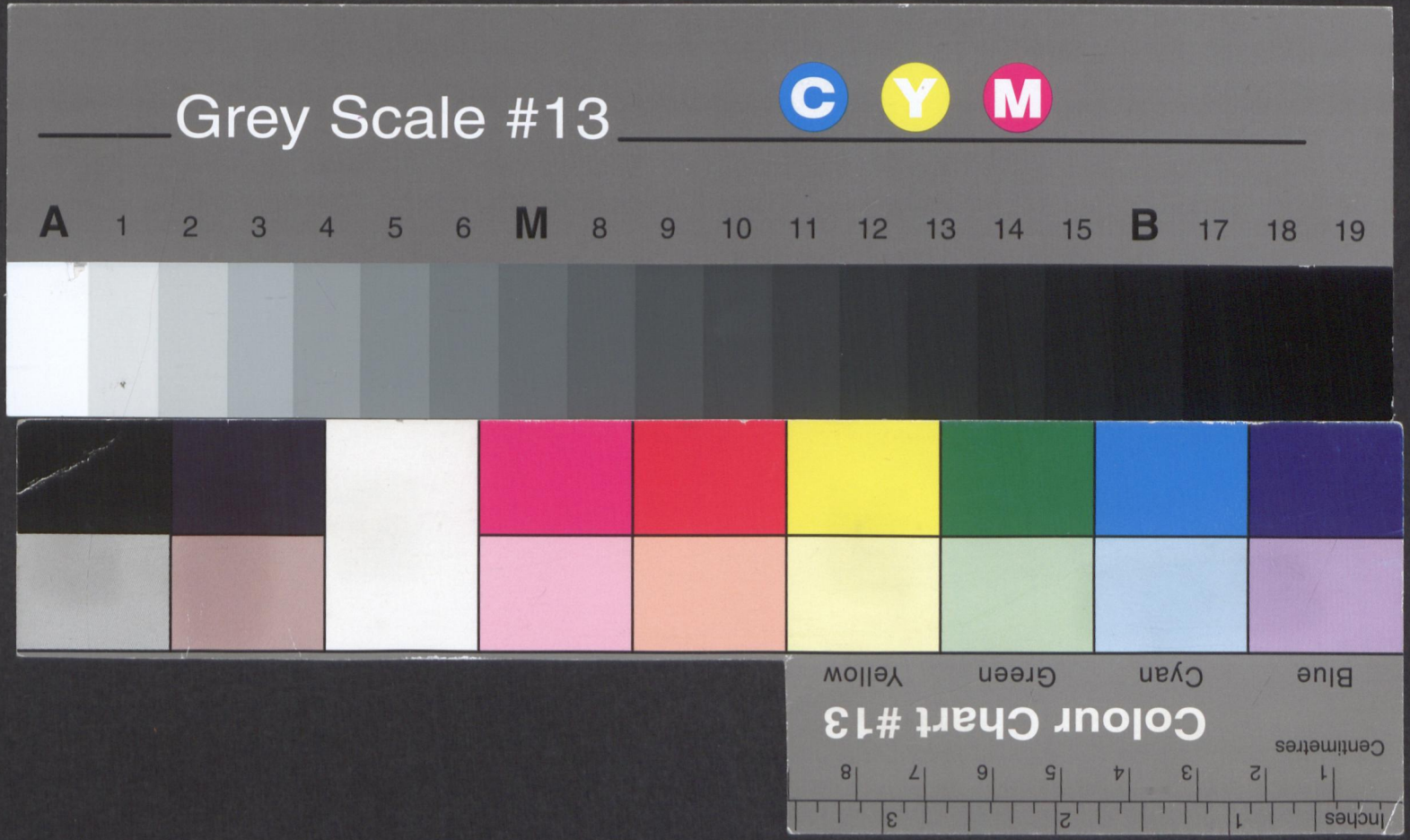
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