



FCS/81/78

SECRETARY OF STATE FOR DEFENCEDefence Programme: Gibraltar

1. I understand that our officials have, as suggested in paragraph 12 of my minute of 5 June, discussed your proposals for closure of the Dockyard at Gibraltar during 1982. The proposal continues to cause me great difficulty. I can see the problem in seeking to justify maintaining the Dockyard at Gibraltar whilst closing Chatham and Portsmouth. But the policy of successive British Governments since 1969 has been:-

".... to support Gibraltar and to sustain its people As long as Spanish policy is one of intimidation and harrassment, we shall take all necessary steps to frustrate that policy and see the Gibraltarians through the difficulties they face."

Shutting down Gibraltar would look incompatible with this commitment. I agree with the Chief Whip (his minute of 11 June to the Prime Minister) that it would occasion additional criticism and add to the worries on our own side of the House.

2. The reaction in Gibraltar would be bound to be adverse. When a previous Administration contemplated closing the Dockyard in the late 1970s, the Chief Minister was warned in advance and knows of the rolling five year assumption on which it has been operated by your Department in recent years. If we fail to consult in advance and it looked as though we were renegeing on the commitment to 'support and sustain', Sir Joshua Hassan might well resign in protest and we could find ourselves with a constitutional crisis on our hands.

3. Substantial reductions in the Dockyard would in any circumstances be difficult to handle given the likely impact on Gibraltar's economy, Government finances and employment.

/And



And the political impact in the context of support against the 'Spanish siege' would be particularly important. We should have to find other funds to maintain economic activity. And it would be necessary immediately to release redundant Service installations to the Gibraltar Government without expecting payment.

4. I think it essential to reach agreement on these issues before taking decisions, let alone saying anything about cuts at the Gibraltar Dockyard. I hope therefore that you will agree to say nothing on the subject in your initial statement on the outcome of the Defence Review. The line should in my view be that the future of the Dockyard will be discussed with the Gibraltar Government bearing in mind our commitment to 'support and sustain'.

5. Sir Joshua Hassan will be in this country on 18-23 June. If any reference was to be made to Gibraltar in a statement before 24 June, it might well be desirable that you or I should see him in advance.

6. I am sending copies of this minute to our colleagues in OD, the Chief Whip and Sir Robert Armstrong.

16 June 1981

C
(CARRINGTON)

Foreign and Commonwealth Office