



PRIME MINISTER

PM/79/75

Gibraltar

1. I am most grateful for your approval (recorded in your Private Secretary's letter of 14 August) and that of other OD colleagues for the broad approach to the Gibraltar problem outlined in my minute of 13 August. Unless I receive comments to the contrary, I propose to proceed on this basis. Meanwhile, a number of points have been raised which call for comment.

2. First, I might repeat my underlying thinking. This is that it is not in the UK's broader interests to have a major quarrel with Spain over Gibraltar. The Spaniards are certainly on a hook; the rational and sensible course for them would be to get themselves off it by lifting the restrictions and beginning to woo the Gibraltarians. We shall press them to do this - but with not much hope of success. Our best assessment is that their own public opinion will not let them and that for us to insist upon this course would lead us not to a solution but to further quarrels. For the UK to sit back in such circumstances could lead to serious damage to our wider EEC interests and our bilateral trading interests (particularly in such areas as large scale arms sales, when the Gibraltar problem has done much to inhibit our chances in a promising market). Aid to Gibraltar would have to be continued at a substantial level - possibly, in view of the rundown nature of the territory's economy and infrastructure, increased.

3. We must, therefore, for our own national reasons, be prepared to help the Spaniards. Of course the basic political point is that our guarantee to the Gibraltarians on sovereignty is absolute until they release us from it. On the other hand this does not exclude political talks, including talks about sovereignty, with full safeguards. In view of the wider interests at stake, I do not think that we should be unwilling to move if the Gibraltarians are willing to do so.

/4. Nothing



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4. Nothing may come out of these talks. But the mere fact of offering them, combined with an offer to introduce legislation on the lines suggested in paragraph 6 of my earlier minute, would be concrete signs of good faith on our part which would help the Spaniards to explain to their public opinion any "concessions" they might make.

5. John Nott argued in his letter of 20 August that the Spain/EEC negotiation may give us a lever to get the restrictions lifted. I am not so sure. The EEC point cuts both ways: in particular it would give the French (for whom Spanish membership of the EEC poses serious economic difficulties) an opportunity to hold up the accession negotiations while putting the blame for the delay on the UK. Moreover the removal of the restrictions by itself, however welcome, would be only a partial solution; an overall understanding would still be necessary. This is what the political talks would aim to achieve. But there should be no doubt about the strength of the British commitment to the Gibraltarians.

6. You raised the question of the Treaty of Utrecht. Your understanding that Gibraltar would, under the Treaty, revert to Spain if Britain ever wished to alienate sovereignty is quite right. What I had meant, however, by the reference in paragraph 4 of my minute of 13 August, was that it was the legal incompatibility of the restrictions, with the obligations Spain would assume as a member of the EEC, which was not clear cut. That a continuation of the present situation would be politically unacceptable is of course self-evident.

7. I am copying this minute to other members of OD and to Sir John Hunt.

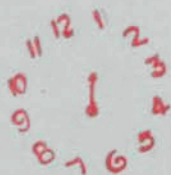
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(CARRINGTON)

Foreign and Commonwealth Office
6 September 1979

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Gibraltar

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From the Private Secretary

10 September 1979

GIBRALTAR

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 6 September on this subject. She has made no comment.

I am sending copies of this minute to the Private Secretaries to the other members of OD and to Martin Vile (Cabinet Office).

M. O'D. B. ALEXANDER

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

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TMP

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Gibraltar



Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

4 September 1979

George Walden Esq
Private Secretary to the
Foreign and Commonwealth Secretary
Foreign Office
LONDON SW1A 2AH

NBPN

Plans
4/5

Dear George,

GIBRALTAR.

The Lord President has seen Lord Carrington's minute of 13 August to the Prime Minister and the further correspondence on this subject. He takes the view that it will be a mistake for internal political purposes to go further at this stage than we can carry the Gibraltarian leaders with us.

Copies of this go to Michael Alexander at Downing Street, Private Secretaries to the other members of OD and to Martin Vile in Sir John Hunt's office.

Yours sincerely,
Jim Buckley.

J BUCKLEY
Private Secretary

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4 SEP 1979



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Gibraltar



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FOREIGN AND COMMONWEALTH SECRETARY

GIBRALTAR

*NSPM
GJM
28/8*

I am content with the proposals for discussions with the Spanish Foreign Minister which you outlined in your minute of 13th August to the Prime Minister.

2. I know that I do not need to elaborate to you the importance of Gibraltar for our defence interests, especially in support of NATO. Gibraltar's strategic position with its harbours and airfield makes it an extremely valuable base particularly for maritime surveillance and the control of the Strait in tension and war, and obviously the airfield is also critical for the reinforcement of Gibraltar itself.

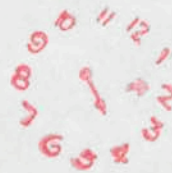
3. I am sending a copy of this minute to the Prime Minister and to the other recipients of yours.

28th August 1979

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28 AUG 1979



FROM THE PRIVATE SECRETARY

Gibraltar



HOUSE OF LORDS,
SW1A 0PW

24 August 1979

Dear George,

*NJPM
GJM
25/8*

The Lord Chancellor has seen a copy of the Foreign and Commonwealth Secretary's minute to the Prime Minister about Gibraltar dated 13 August 1979, and also copies of the ensuing correspondence.

The Lord Chancellor agrees with the comments made by the Secretary of State for Trade in his letter to the Foreign and Commonwealth Secretary of 20 August. He thinks that the political implications at home of talks about "a new political status" would be not inconsiderable, both in the Conservative party and with the general public. He believes the only way to make progress on this issue is for the Spanish Government to start wooing the Gibraltarians, and that in any talks with the Spanish we ought to make this plain to them.

I am sending copies of this letter to the Private Secretaries to the Prime Minister, the other members of OD and Sir John Hunt.

*Yours sincerely
Ian Maxwell*

I H MAXWELL

G G H Walden Esq
Private Secretary to the
Secretary of State for Foreign Affairs
Foreign and Commonwealth Office
Downing Street
LONDON

SW1A 2AL

20 AUG 1979



Gibraltar

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DEPARTMENT OF TRADE

1 VICTORIA STREET LONDON SW1H 0ET

Telephone 01-215 7877



From the Secretary of State

WJH
GJH
21/8

The Rt Hon Lord Carrington PC KCMG MC
Secretary of State for
Foreign Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1

20 August 1979

Dear Secretary of State

Thank you for sending me a copy of your minute of 13 August to the Prime Minister about Gibraltar. I have also seen a copy of the reply from Number 10 dated 14 August.

I have no objection to the broad approach that you propose to follow on this but I am more than a little concerned, in a political sense, about "the initiation of talks about a new political status" with the British Government undertaking to introduce legislation which would come into effect only when the people of Gibraltar had signified agreement by referendum. What does this mean?

Since as you say opinion in Gibraltar about a change in status is unlikely to be favourable for many years, will not the proposals create suspicion and acrimony in Parliament and in this country for little gain? Are we not now in an extremely strong position to argue for the restoration of Gibraltar's links with Spain as part of the EEC negotiation, without giving away in return talks on a new political status? There is nothing that causes more annoyance in the country than a hint that HMG is resiling, albeit delicately, from support for small but

Contd...



From the Secretary of State

loyal friends of Great Britain. The Falkland Islands and Gibraltar are particular cases in point. I do not think this issue is a case for diplomacy but for standing firm.

I would certainly not wish to delay any action on the matter but I also think we should be clear at the outset just what we mean by a new political status.

I am sending copies of this letter to the Prime Minister, other members of OD and to Sir John Hunt.

Yours sincerely

J Nott

JN

JOHN NOTT

(approved by the Secretary of State
and signed in his absence)

20 AUG 1979



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TRADE
CO
Gibraltar

10 DOWNING STREET

From the Private Secretary

14 August 1979

GIBRALTAR

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute (PM/79/71) of 13 August about Gibraltar.

Subject to the views of her colleagues in OD, the Prime Minister agrees with the approach to further negotiations on Gibraltar which Lord Carrington outlines in his minute.

The Prime Minister has noted the statement in paragraph 4 of the minute that "The legal position is by no means clear cut": she has commented that her impression had been that the legal position is indeed clear cut, namely that under the Treaty of Utrecht Gibraltar reverts to Spain if it ceases to be British.

I am sending copies of this letter to the Private Secretaries to the other members of OD and to Martin Vile (Cabinet Office).

B. G. CARTLEDGE

Paul Lever, Esq.,
Foreign and Commonwealth Office.

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PM/79/71

PRIME MINISTER

Gibraltar

Prime Minister

Agree with his approach,
subject to colleagues'
views?

13/8

Yes

1. I have been reviewing policy over the Gibraltar problem in advance of a first meeting with the Spanish Foreign Minister in September. The Lord Privy Seal visited the colony on 15 - 17 July for consultations and to gauge Gibraltarian opinion.
2. The talks with Spain initiated by our predecessors were held with Gibraltarian participation at both Ministerial and technical level. They petered out last December with little result. It was clear that the Spaniards would not willingly lift the main restrictions on Gibraltar without British agreement to political talks, not excluding discussion of sovereignty.
3. In Gibraltar the Lord Privy Seal confirmed the commitment that the people of Gibraltar would not pass under the sovereignty of another state against their freely and democratically expressed wishes. Moreover he repeatedly emphasised that, although there was no formal link between restrictions on Gibraltar and Spanish accession to the European Community, it was inconceivable that a border between two parts of EEC territory could remain closed: restrictions should be lifted before the crucial stage of the negotiations was reached. Gibraltar leaders stressed that the commitment over sovereignty was for them the crucial issue. They were willing to see talks with Spain resumed without pre-conditions but hoped to be consulted closely.
4. If the main Spanish restrictions on Gibraltar are maintained, we shall have to raise the issue during the negotiations for Spain's accession to the EEC. The opportunity to do so is likely to occur before the end of this year. The legal position is by no means clear cut but our contention would be that restrictions would be incompatible with the obligations Spain would assume over the free movement of people and goods. Unless the Spanish gave way, this would complicate the negotiations; relations with Spain and commercial interests there might be damaged. The French

I thought it was mainly under the Treaty of Utrecht & Gibraltar which seems to be British, it would revert to Spain.

/ might



might secretly welcome a delay but our other partners would be looking to both sides to make a genuine effort, in parallel with the Spain/EEC negotiation, to reach an accommodation over Gibraltar.

5. The continuation of the restrictions is bad for Gibraltar, which is running down. The Spain/EEC negotiation, if exploited skilfully, offers the best prospect we shall have in the foreseeable future to put Spain under sufficient pressure to get the restrictions lifted and reach an overall understanding.

6. The obvious way forward would be for Spain to lift the restrictions and start to woo the Gibraltarians while British aid (to which we are committed as part of the "support and sustain" commitment while the restrictions are maintained) was wound down. I intend again to press Senor Oreja to adopt this course and to stress that there can be no going back on the commitment to respect Gibraltarian wishes over sovereignty: democratic Spain must accept that. But the Spaniards are unlikely to move unilaterally. I therefore would see advantage, in order to avoid the EEC complication and wider damage to British interests in Spain, in exploring with Senor Oreja whether a package approach might be possible whereby the restrictions could be gradually lifted and political talks initiated without compromising the commitment on sovereignty. The sort of package which I envisage is the phased restoration of Gibraltar's links with Spain and the initiation of talks about a new political status, with the British Government undertaking to introduce legislation which would come into effect only when the people of Gibraltar had signified their agreement in a referendum. To judge by the present state of opinion in Gibraltar, any such agreement to a change of status by the Gibraltarians is unlikely for many years.

7. If a solution along some such lines seemed feasible, it would be necessary to put more detailed proposals to Gibraltar leaders before any formal negotiation with Spain was initiated; Gibraltarian participation in at least some phases might again be desirable. The Chief Minister and his colleagues would dislike the whole idea: they are very nervous about any early move on the

/ sovereignty



sovereignty issue until the restrictions have been lifted for long enough for their own public opinion to evolve. Although they agree to talks without preconditions, they would evidently prefer that no sort of initiative was taken beyond threatening to veto Spanish entry to the EEC. But the present impasse suits neither us nor the Gibraltarians. Important British and European issues are at stake ; and so long as we continue to make it clear that the decision over any change in sovereignty remains for the Gibraltarians, I believe that we should have a good defence, in Parliament and in public, for the course which I advocate exploring.

8. I should be grateful to know whether you and our colleagues on OD agree that I should be guided by the foregoing when I meet Senor Oreja on 24 September.

9. I am copying this minute to other members of OD and to Sir John Hunt.

C

(CARRINGTON)

Foreign and Commonwealth Office

13 August 1979

13 AUG 1979

