

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

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cc Bluff  
RC



Foreign and Commonwealth Office

London SW1A 2AH

3 July 1985

002 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

GH.

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 without prejudice to Isthmus sovereignty issue.
5. How will AP handle Gibraltar in European Parliament? Mutual tolerance and understanding needed.
6. (If appropriate) Gibraltarian wishes 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 interests should be protected, but not their wishes (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.

#### AP and European Parliament

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.



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  
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EUROPEAN DEMOCRATIC GROUP  
EUROPEAN PARLIAMENT

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GMK MA  
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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