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OO MADRID
 GRS 574
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 DESKBY 230830Z
 FM FCO 221800Z NOV 82
 TO IMMEDIATE GOVERNOR GIBRALTAR
 TELEGRAM NUMBER PERSONAL 92 OF 22 NOVEMBER
 INFO IMMEDIATE MADRID, MODUK (FOR DS12, CPO, HDCFS CO-ORD),
 HD CM (IR), HD CM (P AND S)
 GIBRALTAR DOCKYARD: MY FIRST IPT
 FOLLOWING FORWARDED TO YOU AT REQUEST OF MOD.
 BEGINS.

W.D.
briefing on Gibraltar to Thursday,
I suggest. A.J.C. 23/11.

1. FOLLOWING TEXT WILL BE RELEASED TO MOD INDUSTRIAL AND
 NON INDUSTRIAL TRADE UNION REPRESENTATIVES IN LONDON AT 1700
 GMT ON 23 NOVEMBER.

'I ENCLOSE A COPY OF A PARLIAMENTARY QUESTION THAT WILL BE
 ANSWERED ON 23 NOVEMBER. I WILL KEEP YOU INFORMED OF FURTHER
 DEVELOPMENTS AND OF ARRANGEMENTS FOR CONSULTATION.' PLEASE
 ASK FOGIB TO ARRANGE FOR THE DOCKYARD MANAGER TO RELEASE THIS
 TEXT AND THE PARLIAMENTARY QUESTION AND ANSWER TO LOCAL TRADE
 UNION REPRESENTATIVES AT 1800 LOCAL TIME. HE SHOULD GIVE THEM
 WARNING DURING THE AFTERNOON THAT AN UNSPECIFIED STATEMENT IS TO
 BE MADE.

2. THE FOLLOWING DEFENSIVE Q AND A MATERIAL MAY BE DRAWN ON
 FREELY. IT WILL BE DRAWN ON AS NECESSARY BY MOD SPOKESMAN IN
 LONDON.

Q EXACT CLOSURE DATE OF ROYAL DOCKYARD?

A NOT YET DECIDED.

Q CONTINUING NAVAL WORK FOR GIBRALTAR?

A WILLING TO ALLOCATE A CERTAIN AMOUNT OF NAVAL WORK TO
 COMMERCIAL DOCKYARD DURING ITS OPENING PHASE.

Q VALUE OF THIS WORK?

A TO BE DECIDED IF COMMERCIALISATION GOES AHEAD.

Q OTHER MOD ASSISTANCE?

A WILLING SUBJECT TO PARLIAMENTARY APPROVAL TO UNDERTAKE FREE
 TRANSFER TO GIBRALTAR GOVERNMENT OF SURPLUS DOCKYARD LANDS

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BUILDINGS AND MOVEABLE ASSETS REQUIRED FOR COMMERCIAL OPERATION OF DOCKYARD.

Q SAVINGS TO MOD FROM CLOSING DOCKYARD?

A UP TO 10 MILLION POUNDS STERLING A YEAR.

Q PROSPECTS FOR EXISTING DOCKYARD WORKFORCE?

A IF COMMERCIALISATION GOES AHEAD THERE ARE LIKELY TO BE SUBSTANTIAL OPPORTUNITIES FOR EMPLOYMENT IN THE YARD.

Q REDUNDANCY PAYMENTS?

A DISCUSSIONS HAVE BEEN OFFERED TO LOCAL TRADE UNIONS REPRESENTATIVES.

Q WOULD A COMMERCIAL DOCKYARD IN GIBRALTAR COMPETE FOR WORK WITH UK YARDS?

A NOT A MATTER FOR MOD. (IF PRESSED) SO FAR AS NAVAL WORK IS CONCERNED ALREADY SAID THAT MOD WILLING TO ALLOCATE A CERTAIN AMOUNT OF NAVAL WORK TO A COMMERCIAL DOCKYARD DURING ITS OPENING PHASE.

Q WHY AID GIBRALTAR?

A GIBRALTAR DOCKYARD ONLY SIZEABLE INDUSTRIAL ENTERPRISE IN GIBRALTAR AND ITS CLOSURE WILL HAVE SERIOUS EFFECT ON ECONOMY. SUCCESSIVE GOVERNMENTS HAVE RECOGNISED NEED TO SUPPORT AND SUSTAIN ECONOMY OF GIBRALTAR.

Q WHY NO AID UK SHIP REPAIR?

A NOT A MATTER FOR MOD (IF PRESSED) MOD PROVIDES SIGNIFICANT VOLUME OF NAVAL WORK TO COMMERCIAL YARDS, MOST RECENTLY REPAIR OF SHIPS TAKEN UP FROM TRADE FOR FALKLANDS CRISIS.

Q TRADE UNION INVOLVEMENT?

A TRADE UNIONS WILL BE KEPT INFORMED AND WILL BE INVITED TO JOIN THE DISCUSSION PROCESS ENVISAGED IN THE STATEMENT.

Q IS GIBRALTAR DOCKYARD NEEDED TO REPAIR SHIPS RETURNING FROM THE SOUTH ATLANTIC?

A GIBRALTAR HAS PLAYED A ROLE IN REPAIRING SHIPS RETURNING FROM THE SOUTH ATLANTIC BUT NO FURTHER WORK IS PLANNED.

Q EFFECT ON PAY?

A MATTER FOR OPERATOR IF COMMERCIALISATION TAKES PLACE.

Q ANY EFFECT ON PAY PARITY FOR NON DOCKYARD WORKERS?

A IF COMMERCIALISATION TAKES PLACE IT WILL NOT AFFECT THE

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

Q FUTURE OF SURPLUS DEFENCE LANDS OUTSIDE DOCKYARD?

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

Q RN ABANDONING GIBRALTAR?

A NAVAL BASE WILL REMAIN FULLY OPERATIONAL.
ENDS.

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TO IMMEDIATE GOVERNOR GIBRALTAR

TELEGRAM NUMBER PERSONAL 91 OF 22 NOVEMBER

INFO IMMEDIATE MADRID, MODUK (DS12)

GIBRALTAR DOCKYARD: MIPT

1. FCO AND ODA WILL TAKE THE FOLLOWING LINE IN ANSWERING PRESS ENQUIRIES FOLLOWING THE STATEMENT IN PARLIAMENT ON 23 NOVEMBER. (I) NATURE OF FORTHCOMING DISCUSSIONS BETWEEN OFFICIALS OF TWO GOVERNMENTS AND APPLIEDORES: OBJECT IS FIRST TO CARRY OUT A DETAILED EXAMINATION OF A AND P APPLIEDORE'S PROPOSALS, TAKING ACCOUNT OF OTHER RELEVANT FACTORS: AND SECOND, IF IT IS DECIDED THAT THERE IS A SATISFACTORY BASIS FOR COMMERCIALISATION, THEN TO NEGOTIATE A DETAILED SCHEME.

(II) TIMING: ROYAL DOCKYARD CLOSING IN 1983. WOULD EXPECT A COMMERCIAL ENTERPRISE TO START OPERATIONS IMMEDIATELY THE NAVAL DOCKYARD CLOSES. PRECISE TIMING DEPENDS ON OUTCOME OF NEGOTIATIONS.

(III) NATURE OF BRITISH INVOLVEMENT: HMG'S AIM WOULD BE TO MAKE SURE THAT A COMMERCIAL ENTERPRISE IS GIVEN A CHANCE TO GET OFF TO A GOOD START. THE PRECISE NATURE AND EXTENT OF HMG'S FINANCIAL INVOLVEMENT WOULD BE SUBJECT TO NEGOTIATIONS. (IF PRESSED) FUNDS FROM HMG WOULD COVER ESSENTIAL REFURBISHMENT AND REEQUIPMENT AND CERTAIN OTHER INITIAL COSTS. IT IS NOT POSSIBLE AT THIS STAGE TO GIVE A PRECISE FIGURE.

(IV) UNIONS: TRADE UNIONS IN LONDON AND GIBRALTAR ARE BEING INFORMED OF THE PARLIAMENTARY STATEMENT. THEY WILL OF COURSE BE CONSULTED DURING THE DISCUSSION PROCESS ENVISAGED IN THE STATEMENT

(IV) CHOICE OF APA: CONSULTANTS TO THE GIBRALTAR GOVERNMENT CONSIDERED PROPOSALS FROM 8 COMPANIES. THEY RECOMMENDED A AND P APPLIEDORE AS THE PREFERRED OPERATOR AFTER CAREFUL COMPARISON OF ALL THE PROPOSALS. THIS CHOICE WAS ENDORSED BY THE GIBRALTAR GOVERNMENT AND HMG. (IF PRESSED ABOUT BLANDS). AS A LOCAL

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

(VI) AID: THE LEVEL OF BRITISH AID TO GIBRALTAR'S LATEST DEVELOPMENT PROGRAMME HAS NOT YET BEEN DECIDED. AN ANNOUNCEMENT CAN BE EXPECTED SOON.

2. UNATTRIBUTABLY WE SHALL EMPHASISE THE IMPORTANCE OF WORKFORCE COOPERATION TO THE SUCCESS OF ENTERPRISE AND SAY THAT, IF A DECISION IS TAKEN BY BOTH GOVERNMENTS TO GO AHEAD WITH COMMERCIALISATION, IT IS CLEARLY IN THE WORKFORCE'S BEST INTERESTS TO ENSURE THAT THE SCHEME WORKS.

3. SUGGESTIONS THAT DECISIONS ABOUT THE DOCKYARD ARE CONNECTED IN ANY WAY WITH SPAIN OR ANGLO/SPANISH DISCUSSIONS ABOUT GIBRALTAR'S FUTURE WILL BE DISMISSED.

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