

MO 5/16

Prime Minister

A.S.C. 1/7.

PS/Prime Minister
 PS/Foreign & Commonwealth Secretary
 PS/Lady Young (Minister of State)
 (FCO)

Head of DS12
Head of CFS Co-ord(N)

GIBRALTAR: MEETING WITH PETER NASH OF A & P APPLIEDORE

Yesterday the Secretary of State asked Mr Peter Nash to a meeting to discuss the future of the Gibraltar Dockyard. US of S(DP) and Lady Young were both present.

2. The Secretary of State opened the meeting by referring to US of S(DP)'s recent visit to Gibraltar where he had explored further the Gibraltarians attitude to closure of the Dockyard. He felt it was time that APA were also given an opportunity to explain in more detail their thoughts on the way ahead. Mr Nash thanked the Secretary of State for calling the meeting. He believed that it would be best from APA's point of view if the December 1983 date were adhered to but he knew that political factors might militate against this and APA could, up to a point, accept some slippage. He felt that a six-month delay might be accommodated but anything beyond that would only increase the difficulties and risks of establishing a commercial enterprise. What APA needed most was a definite watershed - a date which was made public and from which there would be no movement. He believed that once such a date were agreed upon it would then be possible to get down to discussing the terms of new job offers and the changes needed in working practices. The Gibraltarians were only too keen to put off the evil day. They needed to be jolted from their current soft attitudes by being presented with hard choices of either accepting new ways of working or accepting unemployment. None of this could happen until a date for closure was fixed.

3. The Secretary of State said that Hassan was suggesting that APA were not really very concerned about delays in closure. Mr Nash explained that Hassan had been quoting him selectively. He re-emphasised that the longer the delay the less credible would be the enterprise and indeed any slippage would raise hopes that their might be another change of heart. US of S(DP) explained that Hassan had argued for



a gradualist approach when he had seen him recently in Gibraltar. Mr Nash commented that without a definite watershed there would not be enough pressure on individual workers to decide what they wanted.

4. Mr Nash was then asked how he planned the establishment of the new Dockyard. He explained that if the Dockyard were closed immediately he could have ships for commercial work there by December. Some of the workforce could be taken on by APA the day after being made redundant by MOD. The build up of personnel would begin right away. Conversion and modernisation of the yard could go ahead now provided the situation was such that the contractors were allowed in the dock. The Secretary of State commented that getting the modernisation work underway immediately might be a concrete sign of HMG's commitment and might therefore encourage the workforce into accepting agreement on closure. Lady Young however considered that the ODA would not wish to release funds until the workforce had accepted commercial working practices otherwise they might never do so. Mr Nash agreed that it was important to inject realism into the situation and this could not be done if the spoon-feeding from HMG continued for too long. The Secretary of State asked what changes were needed in the working practices before training and capital investment could go ahead. Mr Nash said that, for example, APA needed the workforce to move to a two shift a day system with flexibility between trades.

5. US of S(DP) finally enquired whether APA would be able to accept a year's slippage from December 1983. Again Mr Nash stressed that it would make the project more risky but he gave the impression that APA would, if pressed, accept that delay because they recognised the political difficulties involved. However, everything was dependent on agreeing a date and then sticking to it.

8th July 1983

J. Ridley
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