

**CONFIDENTIAL**

PS/10. DOWNING STREET.

CONFIDENTIAL UK COMMS ONLY CYPHER CAT ALFA  
FROM GIBRALTAR 121644Z JUL 83  
TO IMMEDIATE FCO TEL NO PERSONAL 91 OF 12 JUL 83  
INFO IMMEDIATE MOD FOR CFS AND DS12  
IMMEDIATE ODA

YOUR TELNO 34: GIBRALTAR DOCKYARD

1. FOLLOWING IS TEXT OF HASSAN'S LETTER TO ME OF TODAY COVERING THE GIBRALTAR GOVERNMENT'S RESPONSE TO PAPER IN YOUR TUR.

AS I TOLD YOU YESTERDAY, MY COLLEAGUES AND I HAVE BEEN DISCUSSING MOST CAREFULLY THE TERMS OF THE WORKING PAPER BY UK OFFICIALS WHICH WE RECEIVED ON SATURDAY. I NOW ENCLOSE A PAPER WHICH SETS OUT OUR CONSIDERED VIEWS. AS YOU WILL SEE, WE HAVE - ALTHOUGH WITH MUCH RELUCTANCE, BUT IN CONSIDERATION OF HMG'S OWN POSITION - REDUCED OUR REQUEST FOR A TWO-YEAR TRANSITIONAL PERIOD TO ONE OF ONE YEAR. THIS IS THE MINIMUM WHICH WE THINK WE CAN LIVE WITH.

2. TO ENABLE US TO ARRIVE AT THIS NEW POSITION IT HAS BEEN NECESSARY TO LAY MUCH GREATER STRESS ON THE NEED FOR EARLY, REAL AND SUBSTANTIAL PROGRESS ON AGREEMENT TO ACTUAL TRANSFER OF LAND SURPLUS TO MOD'S ESSENTIAL REQUIREMENTS.

3. AS THE PAPER STATES, WE ARE GRATEFUL TO THE PRIME MINISTER FOR THE SIX MONTHS' EXTENSION AND THE EXTRA £3M WORTH OF WORK WHICH SHE HAS OFFERED. I HOPE THAT THE FLEXIBILITY WE HAVE SHOWN IN MOVING FROM OUR OWN PREVIOUS POSITION WILL BE APPRECIATED AND THAT THERE WILL BE A SUITABLE RESPONSE TO IT. I WISH TO DRAW ATTENTION ALSO TO THE FIRM COMMITMENTS WHICH WE ARE PREPARED TO ENTER INTO AND WHICH ARE RECORDED IN THE PAPER.

4. I FIND IT NECESSARY TO STATE THAT IT WOULD NOT BE POSSIBLE, EITHER IN OUR OWN MINDS OR AGAINST THE BACKGROUND OF THE OPPOSITION WHICH WE ARE LIKELY TO ENCOUNTER IN THE HOUSE OF ASSEMBLY, EVEN TO THE TERMS WHICH WE NOW PROPOSE, FOR GIBRALTAR MINISTERS TO COMMIT THEMSELVES TO COMMERCIALISATION IF THEIR PRESENT POSITION WERE TO BE WEAKENED FURTHER

2. SEE MIFT.

WILLIAMS

GIBRALTAR

LIMITED

SED  
DEF D  
NEWS D  
FUSD  
ECD (E)  
PLANNING STAFF  
PS

PS/LADY YOUNG  
PS/MR WHITNEY  
PS/FUS  
SIR J BULLARD  
MR JAMES  
MR CARTLEDGE  
MR HANNAY  
MR WRIGHT

ADDITIONAL DISTRIBUTION  
GIBRALTAR

(REPEATED AS REQUESTED)

**CONFIDENTIAL**