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Prime Minister

MO 5/16

I am happy that Ian should make the statement but - What would Hassan's reaction be?

Agree that Mr. Stewart should make the statement?

A.S.C. 25.7

PRIME MINISTER

GIBRALTAR DOCKYARD

with ASC?

I have seen Ian Stewart's report of his recent visit to Gibraltar and I regard the Understanding he has reached with Sir Joshua Hassan as a very satisfactory outcome to the negotiations.

2. Once Sir Joshua ratifies the final document next week I believe it would be appropriate to announce the agreement to Parliament in an Oral Statement. You may feel, as I do, that Ian should make the Statement since he has carried the day to day responsibility for the negotiations and of course, now agreement has been reached, the Statement should not be unduly controversial.

3. Naturally, if you felt that it would be constitutionally more correct for me to make the Statement I would do so, although I consider that credit should still be given to the man who achieved the settlement.

4. I am copying this to the Foreign and Commonwealth Secretary.

W.A.H.

Ministry of Defence

25th July 1983

G. G. Walter : Policy M 4



25 JUL 1988



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10 DOWNING STREET

From the Private Secretary

26 July 1983

Gibraltar Dockyard

The Prime Minister has seen your Secretary of State's minute of 25 July.

She is content that, once the Chief Minister of Gibraltar has ratified the final document, Mr. Ian Stewart should make an oral statement in Parliament. She would simply wish to be sure that the Chief Minister would not himself react unfavourably to the fact that the statement was not made by a Cabinet Minister. Perhaps, therefore, you would satisfy yourself on that point.

I am copying this letter to Roger Bone (Foreign and Commonwealth Office).

A. J. COLES

Richard Mottram Esq
Ministry of Defence

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Top copy Local Govt - Relations Pt
cc Gibraltar (see page
2)

There were four statements today.

1. The Scottish Rates Support Grant

This was a fairly routine occasion giving Opposition members a chance to complain generally about interference with local government. There was comparatively little support from Government benches but Mr. Younger had no difficulty.

2. Stock Exchange

Mr. Parkinson's statement predictably aroused the wrath of the Opposition who accused the Government of exempting their friends in the City from the requirements of the law. There was, however, a general welcome from the Government side for the statement and considerably detailed questioning about the agreement reached with the Stock Exchange. Opposition members were not interested at all in the contents of Mr. Parkinson's statement and he was able to make effective use of the point that the Opposition had given the trade unions very considerable immunities while requiring nothing from them in exchange. He also stressed the desirability of settling matters out of court at a great saving to the taxpayer. Generally speaking the Opposition were not able to make their charges stick.

3. Public Expenditure

Mr. Rees had a considerable success with his statement both in its content and style. The approach of the Opposition clearly demonstrated there would have been disproportionate trouble had the statement not been oral. But Mr. Rees' low-key approach was, I suspect, far more successful in diffusing the situation than would have been the Chancellor. The Opposition questioning concentrated on job losses, in particular in the National Health Service which suggests that you may have the figure of 8,000 job cuts quoted to you tomorrow.

/4. Gibraltar

From: Mr I R Lee

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WR
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Prime Minister

PARLIAMENTARY UNDER-SECRETARY OF STATE
FOR DEFENCE PROCUREMENT

A.J.C. 26/7

DP/IS 8/9/1

26 July 1983

Dear Coler,

I attach the final version of the statement on Gibraltar that Mr Stewart will be making in the House of Commons tomorrow. Lord Trefgarne will make the parallel announcement in the Lords.

I am copying this to the Private Secretaries of the members of OD, the Leader of the House and Sir Robert Armstrong; also to the offices of Lady Young, Timothy Raison and, within the Ministry of Defence, John Stanley and Lord Trefgarne.

Yours sincerely,

(Private Secretary)

A J Coles
Private Secretary to Prime Minister
No 10 Downing Street



STATEMENT TO PARLIAMENT ON THE GIBRALTAR DOCKYARD

1. Following close consultation and detailed discussions between HMG and the Govt of Gibraltar on the arrangements for the closure of the Royal Naval Dockyard at Gibraltar, the establishment of a commercial ship repair yard to take its place, and certain related matters, the Govt of Gibraltar have agreed to recommend to the Gibraltar House of Assembly, and to support fully, the terms which have been agreed between us. The Chief Minister of Gibraltar is proposing a motion to this effect in the House of Assembly this afternoon.

2. The Royal Naval Dockyard will now close by 31st December 1984, a year later than originally envisaged. To this end a state of redundancy will be declared in respect of the rundown of the Royal Naval Dockyard on 1 September 1983. Individual redundancy notices will be issued thereafter as appropriate. Full redundancy payments will be made. It has been agreed with the Gibraltar Government that, following closure of the Royal Naval dockyard, the yard will re-open immediately as the Gibraltar Ship Repair Company which will be a commercially managed enterprise with A&P Appledore International Ltd acting as managers on behalf of the Gibraltar Government.

3. Associated with the closure of the Naval dockyard and the establishment of a commercial yard, HMG have agreed on

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a number of measures of support to the Gibraltar economy. The land and assets for the commercial ship repair yard will be handed over free of charge to the Gibraltar Government. A total of up to £28 million will be provided to meet the initial cost of conversion, working capital, and operating losses, if any, in the first two years of commercial operation of the new yard. These funds will only be committed after satisfactory assurances have been obtained by the commercial operator from the workforce on new working practices. Subject to those assurances funds could be disbursed before closure of the naval dockyard. The flow of funds thereafter will depend on the maintenance of these working practices.

During the first three years of operation of the commercial yard, work will be provided by the Ministry of Defence on Royal Fleet Auxiliary vessels to the value of £14 million at current prices. Work will also be available on other Ministry of Defence vessels to the approximate value of £0.5 million to £1 million per year. In addition the Ministry of Defence are leasing accommodation to the Gibraltar Ship Repair Company for use by management staff so as not to throw an additional burden onto Gibraltar's scarce stock of housing.

4. Agreement has been reached on new arrangements for the transfer of surplus defence land to the Gibraltar Government. The Ministry of Defence has also undertaken to release to the Gibraltar Government a number of sites which will

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facilitate the development of tourist and commercial facilities on the Rock. Release will take place when present facilities on these sites have been reprovided elsewhere and when the Gibraltar Government is ready to proceed with development. In addition, MOD has agreed to review its long term property requirements to see what other sites might in future be available for transfer to the Gibraltar Government.

5. If there are any future difficulties for the Gibraltar economy, HMG would be prepared, in line with the policy of supporting Gibraltar during the present border restrictions, to look at the whole economic and budgetary situation with a view to considering whether, and if so what, further measures of support might be necessary or justifiable in the circumstances of the time.

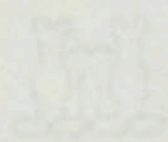
6. The closure of the Royal Naval dockyard at Gibraltar inevitably poses great problems of re-adjustment for those who work there and for the economy as a whole. Nevertheless, given the substantial measures of support which I have announced, both for the dockyard and for the broader development of the economy, I am confident that the establishment of a commercial yard, will provide a real opportunity for Gibraltar and its people to create a viable and effective alternative.



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COMMONWEALTH OF AUSTRALIA





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