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RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND THE CHIEF
MINISTER OF GIBRALTAR AT 1645 HOURS AT 10 DOWNING STREET ON
TUESDAY, 26 JULY, 1983

Present:

Prime Minister	Sir Joshua Hassan
Mr. Ian Stewart, M.P.	Mr. A. J. Canepa
Mr. Coles	Mr. J. Pitaluga

Sir Joshua Hassan said that he was glad that we had been able to reach an agreement about the future of the Gibraltar dockyard. He was grateful to the Prime Minister for the personal interest she had shown. He particularly appreciated the postponement by one year of the closure of the naval dockyard and our willingness to transfer certain MOD sites. He would now put his full weight and that of his colleagues behind the agreement. He would present the agreement in the most favourable light and hope that public opinion in general, and the trade unions in particular, would support it. There was, however, a considerable task of persuasion ahead.

He wished to raise one problem, simply so that he could say that he had mentioned it. The original ODA proposal had been that it would guarantee the first two years of losses from the dockyards. Now there was an understanding, enshrined in the agreement, that consideration would be given in the future to helping the Gibraltar economy.

Mr. Stewart said that two separate points were involved. The ODA had undertaken to compensate trading losses for two years. Then a general formula had been agreed for possible future help for the economy. With regard to the first point it was worth noting that we were now offering an increased workload for the dockyard which would be spread over three years.

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We should be as helpful as we could over the distribution of the work so that if the Gibraltar Government wished a certain amount to be bunched in the third year, this could be done.

Sir Joshua Hassan said that he had wished only to mention this matter, not to make an issue of it. With regard to MOD lands, very considerable progress had been made. The MOD had held on to some of these properties for too long. A breakthrough had now been made and he hoped there would be no undue delay in transferring the properties.

He was prepared to stake his whole political career on the agreement.

Mr. Canepa commented that he had stated earlier that Gibraltar's objective should be to move from an artificial to a more natural economy. This inevitably meant that Gibraltar would be more subject to the play of market forces but that was a more adult situation for the colony.

Sir Joshua Hassan said that the agreement disposed of our problem, provided only that the Gibraltar Parliament approved it. The Prime Minister commented that she believed that the agreement measured up to the problem and the challenges ahead.

Sir Joshua Hassan thanked the Prime Minister for her firm attitude on the link between Spanish entry into the European Community and the border restrictions. The partial opening of the border had done serious damage to the Gibraltar economy. He was most grateful for the help that was now being given by a team of our EC experts. Mr. Hannay had told him that while Spanish officials had well understood the link between entry into the Community and the Gibraltar problem, Spanish Ministers were only now beginning to realise that it was not just Britain but EC Member States more widely who required restrictions to be lifted.

At the end of the discussion, Sir Joshua Hassan

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presented the Prime Minister with a small silver model of the Rock.

The discussion ended at 1715.

A. J. C.

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10 DOWNING STREET

From the Private Secretary

26 July, 1983

Dear Roger,

Gibraltar

I enclose a record of the conversation between the Prime Minister and the Chief Minister of Gibraltar at No. 10 this evening.

I am copying this letter and enclosure to Richard Mottram (Ministry of Defence).

Yours ever

John Gles

R. B. Bone, Esq.,
Foreign and Commonwealth Office

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