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FM MADRID 071829Z SEPT 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 514 OF 07 SEPTEMBER

AND TO PRIORITY GOVERNOR GIBRALTAR (PERSONAL), UKDEL NATO, UKREP BRUSSELS

FOLLOWING FROM PRIVATE SECRETARY

SECRETARY OF STATE'S MEETING WITH THE SPANISH PRIME MINISTER

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- 1. THE SECRETARY OF STATE MET WITH SR GONZALEZ AT THE MONCLOA THIS AFTERNOON FOR HALF AN HOUR. HAVING CONGRATULATED THE SPANIARDS ON THEIR EFFORTS TO BRING THE CSCE CONFERENCE TO A SUCCESSFUL CONCLUSION, THE SECRETARY OF STATE SAID THAT HE HAD A GOOD MEETING WITH MORAN YESTERDAY. HE FELT THEY HAD ESTABLISHED A GOOD WORKING RELATIONSHIP. HE HAD DEEN INTERESTED IN WHAT MORAN HAD SAID ABOUT THE KEY QUESTION REGARDING SPAIN'S ACCESSION TO THE ECONOMIC COMMUNITY. WE BELIEVED SPANISH ACCESSION WAS IMPORTANT AND WERE DOING ALL WE COULD TO HELP. HE HAD ALSO BEEN INTERESTED TO HEAR FROM MORAN ABOUT THE PROBLEMS FOR SPAIN IN MEMBERSHIP OF THE ALLIANCE. HE WOULD BE INTERESTED TO HEAR THE SPANISH PRIME MINISTER'S VIEW.
- 2. SR GONZALEZ PREFACED HIS REMARKS SAYING THAT HE FELT THERE WERE MANY COMMON INTERESTS BETWEEN BRITAIN AND SPAIN AND FEW PROBLEMS. ON THE EC HE BELIEVED THAT SPANISH ACCESSION WAS VERY IMPORTANT. PARTICIPATION IN NATO WAS HOWEVER A PROBLEM: IT HAD MANY DIFFERENT ASPECTS. HE HOPED IT WOULD BE POSSIBLE IN THE NEAR FUTURE TO SOLVE IT. HE WISHED TO INVOLVE THE SPANISH PEOPLE MORE IN DECISIONS ON FOREIGN POLICY. THIS WOULD LEAD THEM OUT OF THEIR ISOLATION. BUT IT HAD TO BE RECOGNISED THAT, WHEREAS THE SPANISH PEOPLE SAW MEMBERSHIP OF THE EC AS A POSITIVE BENEFIT TO SPAIN, THEY VIEWED MEMBERSHIP OF NATO DIFFERENTLY. THIS WAS AN IRRATIONAL VIEW WHICH HE DID NOT NECESSARILY SHARE HIMSELF: BUT IT HAD TO BE TAKEN INTO ACCOUNT.
- 3. ON GIBRALTAR, SR GONZALEZ STARTED BY ASKING THE SECRETARY OF STATE WHETHER HE THOUGHT THERE WAS LIKELY TO BE A CHANGE IN SOVEREIGNTY IN THIS GENERATION (ASKING HIS NOTE TAKERS NOT TO RECORD THE QUESTION). THE SECRETARY OF STATE AVOIDED ANY SPECIFIC ANSWER. HE COMMENTED THAT WE UNDERSTOOD WHAT THE SPANISH VIEW WAS ON SOVEREIGNTY. THEY TOO KNEW WELL OUR OWN OBLIGATIONS. THESE WERE NOT JUST WRITTEN INTO THE CONSTITUTION BUT WERE POLITICAL REALITIES. ANY CHANGES IN GIBRALTAR HAD TO BE ACCEPTABLE TO THE PEOPLE THERE. THE RIGHT APPROACH WAS TO DEAL WITH PRACTICAL MATTERS AND TO AVOID, SO FAR AS POSSIBLE, EMOTIVE TERMS SUCH AS SOVEREIGNTY. BUILDING UP ECONOMIC LINKS COULD ITSELF, IN TIME, PRODUCE CHANGED ATTITUDES. THE USE OF AIRPORTS WAS A CASE IN POINT.

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TOURISM COULD BE DEVELOPED IN THE GIBRALTAR AREAS USING BOTH GIBRALTAR AND MALAGA AIRPORTS TO THE ADVANTAGE OF ALL CONCERNED. WITH THE BUILDING OF ECONOMIC LINKS OTHER PROBLEMS WOULD BECOME LESS IMPORTANT. IN A SIMILAR FASHION SPANISH ACCESSION TO THE COMMUNITY COULD ITSELF PROVIDE A WAY OF SOLVING DIFFICULT ISSUES. FOLLOWING ACCESSION AND A TRANSITIONAL PERIOD THERE WOULD BE FREEDOM OF MOVEMENT OF LABOUR. THAT MIGHT PROVIDE THE BEST WAY OF DEALING WITH THE QUESTION OF SPANISH WORKERS IN GIBRALTAR. THE ESSENTIAL POINTS WERE TO DEAL WITH PRACTICAL ISSUES AND TO HAVE PATIENCE. THERE WERE MANY EXAMPLES IN BRITISH HISTORY OF SEEMINGLY FUNDAMENTAL PROBLEMS BEING SOLVED OVER TIME BY INITIALLY SMALL PRACTICAL STEPS.

- 4. SR GONZALEZ COMMENTED THAT HE HAD NEVER APPROVED OF THE RESTRICTIONS ON COMMUNICATIONS IMPOSED IN THE LATE 1960S. HE BELIEVED THAT BETTER UNDERSTANDING CAME ABOUT THROUGH GREATER COMMUNICATION. BUT, EVEN THOUGH GIBRALTAR MIGHT BE SMALL PHYSICALLY AND PERIPHERAL TO BRITISH FOREIGN POLICY CONCERNS, IT WAS A KEY AND LONG STANDING PROBLEM IN SPAIN.
- 5. SR GONZALEZ CONCLUDED BY ASKING THAT HIS WARMEST REGARDS SHOULD BE GIVEN TO MRS THATCHER. HE HAD BEEN DEEPLY IMPRESSED BY HER RECEPTION OF HIM WHEN STILL LEADER OF THE OPPOSITION. SHE WOULD BE WELCOME TO VISIT SPAIN AT A SUITABLE TIME (THE LAST PRIME MINISTERIAL VISIT HAD BEEN IN THE OTHER DIRECTION). HE UNDERTOOK TO DEMONSTRATE THAT, DESPITE THE GIBRALTAR PROBLEM, SPAIN WAS A FRIENDLY COUNTRY AND A GOOD PLACE TO VISIT.

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