



cc AH  
AJC or  
2 PPs

PM/83/71

PRIME MINISTER

Gibraltar

1. When in Madrid on 6 - 7 September for the CSCE closing session I took the opportunity, as planned, to discuss the Gibraltar question with the Spanish Foreign Minister. I also discussed Gibraltar more briefly when I met the King and the Prime Minister.

2. The meeting with Sr Moran followed the lines envisaged in my minute of 1 September. It was a useful first contact and enabled me to explore present Spanish thinking on Gibraltar. Moran was clearly determined to improve the tone of discussion about Gibraltar and to make amends for the atmosphere created during his visit here in March. But, although the atmospherics were greatly improved, the substance of the Spanish position has not changed. Moran said that, although he did not like the 1980 Lisbon agreement, he was prepared to keep it as a framework for dealing with the issue. But he continued to take the line that there was still a need for "clarification" of the British side of the undertakings in the agreement. He insisted that it was a political and practical impossibility for him to carry out the Spanish undertaking to remove restrictions without something to show in return. In effect he was arguing that the Spaniards could not implement their part of the Lisbon agreement unless they had some additional face-saver.

3. For my part I restated our willingness to implement the agreement reached at Lisbon in 1980. I emphasised our commitment to the Gibraltarians. Their views and wishes were the key element. I also stressed the need to improve the context in which the whole issue was discussed by practical

measures



measures such as economic steps to benefit those on both sides of the frontier. But such beneficial changes could only come about with the lifting of restrictions. I tried also to persuade Moran to see Spanish accession to the Community as a way in which some of the more contentious issues, such as the treatment of Spaniards in Gibraltar and vice versa, might be handled.

4. I conclude from this meeting, and from the other indications we have had about Spanish attitudes, that the prospects of getting the present Spanish Government to lift the restrictions on Gibraltar, using only the formula which had been agreed last year with their predecessors for implementing the Lisbon agreement, are very poor.

5. The British interest, it seems to me, can be summed up as follows:

- (i) in Gibraltar itself, to get the remaining restrictions lifted, without of course paying any undue price to Spain or forfeiting the confidence of the Gibraltar Government and people;
- (ii) to keep to the timetable for Spanish entry into the European Community, ie conclusion of the negotiations before the end of 1984 and actual entry on 1 January 1986 (this is the last possible date within the life-time of the present Spanish Parliament and the deadline which the Spanish Government has set if Spain is not to lose interest in membership); and
- (iii) to ensure if possible that the referendum on NATO membership, which the Spanish Government intend to hold, probably in 1985, goes the right way.

6. Point (i) speaks for itself. As to (ii) it is clear that the final stages of negotiating the terms of Spanish entry into the Community create a two-edged weapon. At present we have the Commission and Community partners with us in maintaining that the restrictions on imports and the free movement of people



are incompatible with Community obligations. We ourselves have made it clear that simply because of the nature of these obligations Spain would not be able to accede to the Community while the restrictions on Gibraltar remain in force. This is a useful form of pressure on the Spaniards. But, whatever the legal position, all our experience in other Community negotiations must make us doubt if we could keep our Community partners with us if disagreement about Gibraltar were the only matter holding up Spanish entry into the Community. If we came to that point, our partners would start looking to us to "show flexibility", ie to make concessions, to buy Spain's compliance with EC obligations. If we maintained our veto and Spain failed to join the Community, our partners both inside and outside the Community would see this in itself as a major setback for Western interests for which we should be blamed. Although in the last resort we would have an entirely justifiable case for a veto, I believe that our interests and those of Gibraltar would be much better served if we can avoid the issue being posed so starkly.

7. As to point (iii), the outcome of Spain's efforts to join the European Community will also affect her membership of NATO. This is a matter of great political and strategic interest to the West. The present Spanish Government is against participation in the integrated military structure and equivocal about continued membership of the Alliance itself. The Prime Minister probably favours membership while the Foreign Minister is opposed. A majority of public opinion appears at present to be against continued membership. One reason for delaying a promised referendum on the subject until 1985 is probably Sr Gonzales's hope that, by then, public opinion may have changed in the light of Spain's acceptance as a member of the European Community. There can be no guarantee that a referendum will go in favour of membership of NATO even if Spain is by then a member of the Community. But it is a virtual certainty that the result will be unfavourable if EC accession has foundered on the Gibraltar problem. We must, if at all possible, avoid a situation which will stack the cards



against a favourable outcome on a matter of such great importance to ourselves and our allies and for which we, however unfairly, would be partly blamed. We must also do our best to avoid exposing ourselves to heavy pressure from our allies, particularly the Americans who have invested a great deal in encouraging Spain to join NATO, to make concessions over Gibraltar in order to improve the chances of Spain remaining in the Alliance.

8. The time when we can expect these pressures to build up seriously is now less than a year away. The EC accession time-table means that, before autumn 1984 when the Accession Treaty should be signed if accession is to take place on 1 January 1986, we must, at the very least, have public and bankable assurances from the Spaniards that they will lift restrictions before the date of accession. The signing of the Accession Treaty will be only a few months before the 1985 NATO referendum. The two will inevitably be seen as closely linked. Time is therefore short if we are to get the frontier restrictions lifted.

9. These considerations lead me to believe that the time has now come to tackle the task of creating conditions in which the present Spanish Government will steel themselves to lifting the restrictions on Gibraltar. It is clear - if only because of the change of Government - that it is no longer enough to wait, as we have been doing, for Spain to implement the bargains struck between the then Foreign Ministers of Britain and Spain in April 1980 and clarified when the then Spanish Prime Minister came here in January 1982. But, in considering the pressures of the time-table discussed above, we must not lose sight of the first objective, which is to retain the confidence of Gibraltarian opinion and carry Sir Joshua Hassan with us in anything we do. An important factor here is the elections in Gibraltar which are due by March 1984 at the latest and which will probably be held early next year. With a generous solution of the dockyard issue in his pocket, Hassan is now in a much better position to face these elections than he was a



few months ago. But the period before the elections is still likely to be a time of particular political sensitivity for him. We must take this fully into account in our dealings with the Spaniards.

10. During my meeting with Moran in Madrid we agreed to meet again in New York during the week of 26 September when we will both be there for the General Assembly. At that meeting I believe that our interests would be best served if I were to suggest that we should examine further ways in which the 1980 Lisbon statement could be brought into effect, and restrictions lifted, before the Gibraltar problem begins seriously to complicate the process of Spanish accession to the EC. I envisage this being done by two general approaches. First, discussions by experts on the implications for Gibraltar/Spain of Spanish entry to the Community, and second, exploratory talks between our Ambassador and the Spanish MFA.

11. Discussions on EC matters would explore whether Spain's forthcoming entry to the Community might be used as a means of providing Spain with the presentational justification for lifting restrictions well in advance of actual accession. We should have to work to lower present Spanish expectations of what can be achieved in this way. But, in the light of these discussions, it might subsequently be possible, for example, to reach agreement that, in return for the lifting of restrictions, Spain could enjoy some of the rights they will get on accession in advance of the actual accession date. These cannot include immediate free movement of labour (a present Spanish demand which is a very sensitive issue for the Gibraltarians) since that will be subject throughout the Community to a long transitional period, probably of 7 years. Such an approach might provide a face-saving way out for Spain at minimal cost to Gibraltar. The same talks would be used to explain to the Spaniards in detail why their present restrictions are legally incompatible with their Treaty obligations, although this is a subject on which it is tactically most effective for the Community (ie the Presidency

*Such as what?*



and the Commission) to make the running for us.

12. The purpose of the other talks, between our Ambassador and the Spanish Ministry of Foreign Affairs, would be to discover whether the political will exists on the Spanish side to lift restrictions and, if so, to identify ways in which the Spaniards' concern about the problems they face in terms of public presentation might be met. These discussions might tie in with the talks on EC matters if the EC context looked like providing the right way forward. Alternatively, they might show that we can only make progress through an approach which would achieve the objectives of the Lisbon agreement by a similar process of linked moves by both sides but getting away from sterile arguments about the precise meaning of the various undertakings in that document. It might be possible, for instance, to think of a parcel of practical measures which would allow for resumed communications between Spain and Gibraltar by land, sea and air, and also improve the status both of Spaniards in Gibraltar and of Gibraltarians in Spain, without confronting head-on the delicate and emotional issues which have so far prevented the Lisbon agreement from being implemented. It might also be possible to identify and open up ways of practical economic co-operation - for example in tourism - that could help to take matters forward. We are currently giving further thought to all this.

13. In this same context, if the Spaniards again put forward the use of Gibraltar airport and competition with Malaga as serious obstacles to lifting restrictions, I would point out that our previous offer of technical talks on air services remains on the table.

14. In identifying possible ways forward we would, as I say, have to make sure that we carry Sir J Hassan with us. This means keeping him closely informed in confidence of what we are doing, making progress with the Spaniards where we can, but

/accepting



accepting and getting the Spaniards to accept that in some areas we may not be able to take any concrete action until after the Gibraltar elections. We should insist meanwhile that any discussions with the Spaniards are purely exploratory and that they should be conducted in a low key manner through normal diplomatic channels.

15. I am copying this minute to Michael Heseltine and to Sir Robert Armstrong.

Foreign and Commonwealth Office  
19 September 1983

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10 DOWNING STREET

*From the Private Secretary*

24 September, 1983.

Gibraltar

The Prime Minister has seen the minute of 19 September by the Foreign and Commonwealth Secretary describing the approach which he intends to take with the Foreign Minister of Spain when he meets him at the General Assembly next week.

Mrs. Thatcher is content with the approach described in paragraphs 10-14 of the minute, though she has commented that she believes that the Chief Minister of Gibraltar will be concerned at its implications in advance of his elections.

With regard to the reference in paragraph 11 to the advance enjoyment by Spain of some of the rights that they will obtain on accession to the Community, the Prime Minister has asked which rights we have in mind.

I am sending copies of this letter to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

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

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U. COLLEGE

MR. COLES ✓

GIBRALTAR

I have studied the attached copy of the Foreign Secretary's minute to the Prime Minister of 19 September. I discussed this question with the FCO last week. I am impressed by paragraph 6. I can easily envisage a situation, in less than a year's time, when our Community partners start to bring pressure on us to make some concession to Spain in order to facilitate the latter's entry to the EEC. This is a situation which we must avoid if possible. Hence, I think that the cautious attempt to move the present deadlock off dead centre, as proposed by the Foreign Secretary, would be well justified.

ASP

A.D. PARSONS  
20 September 1983

Prime Minister

The Foreign Secretary's minute is attached.

He is seeing the Spanish Foreign Minister in New York on Monday.

Content that he should pursue the approach described in paragraphs 10 to 14?

Yes - but I thought we already had a paper about A-J.C. 23 the effect of accession 19. on Gibraltar.  
I think Hallan will be worried about the approach that side of his election job