



Prime Minister.

Foreign and Commonwealth Office

The Foreign Secretary mentioned to you the idea at X below. He

London SW1A 2AH

now proposes to meet the Spanish

15 March, 1984

Foreign Minister on 9/10 April to

carry this forward — and then incidentally

Johnathan, to improve or change of supplying liquor to Spain.

Message to go ONLY if Sir J. Hassan has

A.S.C. $\frac{15}{3}$

no reservation about it.
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Gibraltar

You will recall that we corresponded last year about the possible ways of getting the Spaniards to lift restrictions on Gibraltar. Our correspondence rested with an exchange of letters dated 20 October which followed a minute from the Foreign and Commonwealth Secretary to the Prime Minister dated 19 September 1983.

We have long recognised that Spanish accession to the European Community offered us the best lever available for achieving a normalisation of relations at the border between Spain and Gibraltar. But it has become clear from various contacts with Spaniards over the last six months, including Sir Geoffrey Howe's meeting with the Spanish Foreign Minister, that some appearance of movement on our part would be necessary to enable the Spaniards to justify to their public opinion the lifting of all restrictions.

X
When the Chief Minister called on Sir Geoffrey on 7 March, following his electoral victory, Sir Joshua Hassan agreed to an approach designed to secure the full lifting of restrictions. In essence, we would propose to the Spaniards that those rights which both sides will enjoy upon the day of Spain's accession to the EC would be implemented at an agreed dates in advance, on a reciprocal basis. These rights would of course exclude the freedom for Spaniards to seek work in Gibraltar, which would be subject to the transitional period agreed by the Community (probably 7 years).

You will recall that we went over the details of this approach extensively in the correspondence to which I refer above. Its rationale is described in the minute to the Prime Minister of 19 September 1983. As you will see from the attached paper (originally enclosed with Brian Fall's letter of 11 October 1983) the reciprocal rights in question cover certain aspects of rights of establishment and rights to provide services, social security and medical benefits and transport.

Sir J Hassan readily agreed that we should proceed along these lines and that we should do so quickly and in close consultation.



Against this background, Sir Geoffrey proposes to meet the Spanish Foreign Minister next month to discuss the way forward on the lines described above. This meeting, which might take place in the margins of the Foreign Affairs Council in Luxembourg on 9/10 April, would be preceded by a meeting of officials to prepare the ground.

Meanwhile we have recently received a hint from the King of Spain through HM Ambassador in Madrid that the proposals for the Rapier contract (whose value is approximately £170 million) would be improved by a British 'sweetener' as regards Gibraltar. We clearly cannot give anything away on Gibraltar to help our case on Rapier, but Sir Geoffrey believes that a personal message to Sr Moran might be enough to tip the scale in favour of Rapier as against Roland (France/Germany) or Chaparral (US). Roland is Rapier's main competitor, but the outcry in Spain as a result of French action last week against Spanish fishing boats in the Bay of Biscay may also help to tip the balance in our favour. A decision on this contract is expected before the end of March. I enclose a copy of the draft message, whose delivery would be subject to the concurrence of the Governor of Gibraltar, who is in touch with Sir J Hassan, to ensure that the Chief Minister has the required support from his colleagues.

*We discussed
or rather
repeatedly
the situation
as it
before. There
cannot be any
link between
Rapier and
we propose on
Gibraltar.*

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street



FILE

RW

cc: SIR. P. G.

10 DOWNING STREET

From the Private Secretary

16 March, 1984

GIBRALTAR

The Prime Minister saw over night your letter of 15 March.

Mrs. Thatcher has made two comments. First, she believes that the proposed message from the Foreign and Commonwealth Secretary to the Spanish Foreign Minister should be sent only if the Chief Minister of Gibraltar has no reservations about it.

Secondly, the Prime Minister has minuted to the effect that there cannot be any link between the Rapier contract and proposals relating to Gibraltar. I think Mrs. Thatcher would wish the first sentence of paragraph 2 and also paragraph 3 of the proposed telegram to Madrid to be revised accordingly.

A. J. COLES

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

CONFIDENTIAL

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OUT TELEGRAM

		Classification and Caveats CONFIDENTIAL	Precedence/Deskby IMMEDIATE
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ZCZC	1	ZCZC
GRS	2	GRS
CLASS	3	CONFIDENTIAL
CAVEATS	4	
DESKBY	5	
FM FCO	6	FM FCO
PRE/ADD	7	TO IMMEDIATE MADRID
TEL NO	8	TELEGRAM NO
	9	INFORMATION IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL)
	10	INFORMATION PRIORITY UKREP BRUSSELS
	11	Your telegram No 164: SPAIN/GIBRALTAR/RAPIER
	12	1. We agree that we should try to take advantage of
	13	this opportunity by developing the process outlined in FCO
	14	telegram No 87. MIFT sets out a message to Sr Moran which
	15	you should deliver at the most appropriate opportunity before
	16	the Spanish Cabinet meets on <u>21 March</u> (subject to indication
	17	from <u>Governor</u> that he has no objection, from Gibraltar
	18	standpoint). In doing so, please stress the desirability
	19	of the confidentiality of our exchanges being preserved as
	20	far as possible.
	21	2 For your own information, we see some risk in
///	22	specifically linking our ideas for the way forward over
//	23	Gibraltar with our offer on Rapier. Our prime objective is
/	24	to secure the lifting of restrictions on Gibraltar: we
	25	would not wish the Spaniards to pocket our approach in a

NNNN ends telegram	BLANK	Catchword purely
File number	Dept SED	Distribution GIBRALTAR LTD ADDITIONAL GIBRALTAR
Drafted by (Block capitals) R A NEILSON		
Telephone number 233-4806		
Authorised for despatch		
Comcen reference	Time of despatch	

OUT TELEGRAM (CONT)

	Classification and Caveats CONFIDENTIAL	IMMEDIATE	Page 2
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 purely Rapier context. For this reason, the message does not refer to Rapier. But, if the Spaniards are looking for an excuse to choose Rapier instead of Roland, we would hope that this message would serve the purpose.
 3. We would have no objection, if you consider it appropriate, to you implying to the King that the message might also be considered in this light.
 4. If Moran accepts the idea of an early meeting, you should proceed quickly with arrangements for preparatory visit by Hannay as envisaged in FCO telegram No 87.

HOWE
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OUT TELEGRAM

	↓	Classification and Caveats CONFIDENTIAL	Precedence/Deskby IMMEDIATE
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ZCZG	1	ZCZC
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DESKBY	5	
FM FCO	6	FROM FCO
PRE/ADD	7	TO IMMEDIATE MADRID
TEL NO	8	TELEGRAM NO
	9	INFORMATION IMMEDIATE TO GOVERNOR GIBRALTAR (PERSONAL)
	10	MIPT: SPAIN/GIBRALTAR/RAPIER
	11	Following is text of my message to Moran:
	12	QUOTE
	13	Following our last meeting on 20 February I have
	14	been looking over the state of the various diplomatic and
	15	technical contacts which you and I set in train at our
	16	meeting in New York last September. My own view is that these
	17	contacts have been very useful in clarifying several areas
	18	of interest to both sides. I feel sure that this has been
	19	greatly helped both by the businesslike spirit in which we
	20	have approached the problem, and also by the mutual restraint,
	21	consistent with our agreement in New York, which we have
///	22	succeeded in maintaining in public. Your very careful line
//	23	at your meeting with the Foreign Affairs Committee of the
/	24	Cortes was a recent example.
	25	

NNNN ends telegram	BLANK	Catchword 2. In the
File number	Dept SED	Distribution GIBRALTAR LIMITED ADDITIONAL GIBRALTAR
Drafted by (Block capitals) R NEILSON		
Telephone number 233-4806		
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Classification and Caveats

CONFIDENTIAL

IMMEDIATE

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2 2. In the light of the progress so far made and bearing
 3 in mind the timetable for the negotiations for Spain's
 4 entry to the Community, I believe that it might now be
 5 possible to make further progress. I should therefore like
 6 to suggest that we should meet in the margins of the Foreign
 7 Affairs Council in Luxembourg on 9 or 10 April to discuss
 8 the way forward. I know that this is rather earlier than
 9 the dates you had envisaged when we last met. But I believe
 10 it would be helpful ~~to~~ to bring the meeting forward a
 11 bit.

12 3. I also think that our meeting will be more fruitful if
 13 we can arrange for some advance preparation to take place
 14 between officials. Our Embassy can take this further if you
 15 agree in principle. UNQUOTE.

17 HOWE,

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GIBRALTAR: ANALYSIS OF EC RIGHTS AND PRESENT RIGHTS OF SPANIARDS

Introduction

1. This paper examines the main rights of EC nationals in Gibraltar, and the present difference in treatment (if any) of Spaniards. Comment is given under each heading on the possible value to Spain of obtaining EC-type rights in advance of accession, and the implications for Gibraltar.

2. Some 250 Spanish nationals have continued to live and work in Gibraltar since the frontier was closed in 1969. Since partial opening of the frontier to pedestrians in December 1982 a few additional Spaniards have found employment.

A. Rights of establishment and freedom to provide services

3. EC Rights

To enter Gibraltar freely to settle or to render a service and to buy land or property on same basis as Gibraltarians.

4. Present practice for Spaniards

- (a) Must obtain entry and residence permits, latter being issued only to those with work permits.
- (b) May only purchase land or property if they form a limited company in Gibraltar; or, with Governor's consent, if they have been resident in Gibraltar for 15 years.

5. Comment

For Spain EC rights would represent a significant advance on present practice.

For Gibraltar These rights will have to be applied to Spaniards on accession (no transitional period). Some fear of 'swamping' by Spanish commercial competition (cf free entry of EC banks now being controlled by economic need criterion, in contravention of EC rules). But lack of available property will limit inflow: so will derogation granted to Spain to limit capital outflows (see para 17 below). No significant financial implications if rights given to Spaniards in advance. Limited legislative action required.

6. Conclusion Possible area for giving Spaniards rights in advance of accession at little real cost to Gibraltar.

/B.



B. Freedom of Movement of Labour

7. EC rights

- (a) to enter to seek work freely;
- (b) non-discriminatory terms of employment;
- (c) equal trade union rights;
- (d) access to education and training for children;
- (e) equal access to housing.

8. Present practice for Spaniards

- (a) Free entry: Spaniards may only enter to look for work as short stay visitors.
- (b) Terms of Employment: Spaniards need work permits but are otherwise guaranteed same pay and conditions of work as Gibraltarians by practice (not law), and, in common with all workers, are protected against unfair dismissal (by law).
- (c) Trade Union Rights: Rights of non-resident Spanish workers are limited in that they may neither vote on nor lead strike activity, and eligibility for senior union office is circumscribed.
- (d) Education: Free education available to all residents of Gibraltar, but not to families of non-resident workers.
- (e) Housing: Any permanent resident of Gibraltar eligible to apply for government-owned housing.

9. Comment

For Spain Rights under his heading have so far been the key issue in attempts to press for 'equal' treatment before agreeing to lift restrictions.

For Gibraltar Free movement of labour very sensitive because of fears of local unemployment after dockyard closure and of undercutting of wages. Impossible to move more quickly than rest of EC on abolition of work permit controls (EC will probably settle for 7 year transitional period). But Spanish residents of Gibraltar currently enjoy rights at 7 b, c, d and e (with the key exceptions that they require permits to work).

/ May be



May be some scope for extension of some of these rights to non-residents. Amendments to Immigration Control, Control of Employment, and Trade Unions and Trade Disputes (Conciliation and Arbitration) Ordinances would be required.

10. Conclusion No room for movement on working without permit prior to accession (and probably before end of transition period). Some room for movement on other rights in this category.

C. Social Security and Medical Benefits

11. EC Rights

- (a) equal treatment for contributory benefits (including pensions) and non-contributory pensions;
- (b) unemployment benefit for 13 weeks;
- (c) family allowances payable for frontier workers;
- (d) families of non-resident workers to be eligible for medical treatment in Spain at Gibraltar's expense, or in Gibraltar.

Though negotiations have not been completed, these obligations are in general expected to take effect on accession, without any transitional period.

12. Present Practice for Spaniards

All workers in Gibraltar, resident or non-resident, pay full Gibraltar tax. Equal treatment, except that:

- (a) families of non-resident workers not eligible for free medical and hospital treatment;
- (b) family allowances paid only when families are resident in Gibraltar;
- (c) pensions payable to non-resident Spaniards (e.g. those who worked in dockyard before closure of frontier) are not increased in line with increases in Gibraltar rates.

13. Comment

For Spain EC rights will provide important benefits for pensioners and in eligibility of non-resident families for family allowances and medical treatment.

For Gibraltar Full advance implementation of all EC rights under this heading would impose very high financial costs on

/Gibraltar



Gibraltar, out of proportion to the political value to Spain of the concession. Pensions a particularly serious worry; we are already discussing with the Commission ways in which the liability arising on accession might be alleviated.

14. Conclusion Advance movement on pension rights extremely costly for Gibraltar: therefore not an attractive option. Room for manoeuvre on other rights under this heading (particularly given that non-resident workers pay same taxes as residents) but may be difficult to disentangle them from pensions.

D. Free movement of capital

15. EC rights

EC requirement to comply with *acquis* on free movement of capital.

16. Present practice

Spain - unlike Gibraltar - currently maintains exchange controls, with tight limits on outward investment.

17. Comment

For Spain Difficult to apply in advance of accession. Already granted a five year derogation on capital outflows for property investment and a three year derogation for the purchase by Spaniards of foreign securities traded at a stock exchange.

For Gibraltar Easy. No exchange controls. Effect of derogation for Spain will limit Spanish purchase of property in Gibraltar.

18. Conclusion Cost free for Gibraltar. Very unattractive to Spain. Might therefore be traded against Social Security rights in C. above as part of a package of EC rights minus some elements.

E. Transport

19. EC rights

EC requirement that Spanish driving licences be recognised without a Gibraltar driving test, and coach tour operators be allowed in without a licence.



20. Present practice for Spaniards

Spanish licences recognised in Gibraltar for first 3 years of residence, but only for private driving.

21. Comment

For Spain could be useful presentationally.

For Gibraltar an easy gesture.

22. Conclusion No real problems in giving rights in advance. But of little significance.



Foreign and Commonwealth Office

London SW1A 2AH

14 March 1984

Jan John,

Gibraltar

*A revised version of this has
been put to the Prime
Minister. A.S.C. 16/3*

You will recall that we corresponded last year about ^{h.a.} the possible ways of getting the Spaniards to lift restrictions on Gibraltar. Our correspondence rested with an exchange of letters dated 20 October which followed a minute from the Foreign and Commonwealth Secretary to the Prime Minister dated 19 September 1983, a copy of which is attached for ease of reference.

We have long recognised that Spanish accession to the European Community offered us the best lever available for achieving a normalisation of relations at the border between Spain and Gibraltar. But it has become clear from various contacts with Spaniards over the last six months, including Sir Geoffrey Howe's meetings with the Spanish Foreign Minister, that some appearance of movement on our part would be necessary to enable the Spaniards to justify to their public opinion the lifting of all restrictions.

When the Chief Minister called on Sir Geoffrey on 7 March, following his electoral victory, Sir Joshua Hassan agreed to an approach designed to secure the full lifting of restrictions. This is basically the one which was outlined in Sir Geoffrey's minute to the Prime Minister of 19 September. In essence, we would propose to the Spaniards that those rights which both sides will enjoy upon the day of Spain's accession to the EC would be implemented at an agreed date in advance, on a reciprocal basis. These rights would of course exclude the freedom for Spaniards to seek work in Gibraltar, which would be subject to the transitional period agreed by the Community (probably 7 years). Sir J Hassan readily agreed that we should proceed along these lines and that we should do so quickly and in close consultation.

/Against



Against this background, Sir Geoffrey proposes to meet the Spanish Foreign Minister next month to discuss the way forward on the lines described above. This meeting, which might take place in the margins of the Foreign Affairs Council in Luxembourg on 9/10 April, would be preceded by a meeting of officials to prepare the ground. Sir Geoffrey would send a personal message to Sr Moran. I enclose a copy of the draft message, whose delivery would be subject to the concurrence of the Governor of Gibraltar, who is in touch with Sir J Hassan, to ensure that the Chief Minister has the required support from his colleagues.

One reason for making this move lies in a hint which we have received from the King of Spain through HM Ambassador in Madrid that the proposals for the Rapier contract (whose value is approximately £170 million) would be improved by a British "sweetener" as regards Gibraltar. The relevant telegrams are enclosed. We clearly cannot give anything away on Gibraltar to help our case on Rapier, but Sir Geoffrey believes that a message on the lines proposed might be enough to tip the scale in favour of Rapier as against Roland (France/Germany) or Chaparral (US). Roland is Rapier's main competitor, but the outcry in Spain as a result of French action last week against Spanish fishing boats in the Bay of Biscay may also help to tip the balance in our favour. A decision on this contract is expected at the end of March.

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street



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.

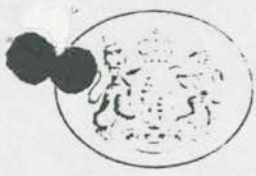
7. As to point (iii), the outcome of Spain's efforts to join the European Community will also affect her membership of NATO. This is a matter of great political and strategic interest to the West. The present Spanish Government is against participation in the integrated military structure and equivocal 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




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.

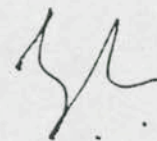
14. In identifying possible ways forward we would, as I say, have to make sure that we carry Sir J Hassan with us. This means keeping him closely informed in confidence of what we are doing, making progress with the Spaniards where we can, but

/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

OUT TELEGRAM

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	11	Your telegram No 164: SPAIN/GIBRALTAR/RAPIER
	12	1. We agree that we should try to take advantage of
	13	this opportunity by developing the process outlined in FCO
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	15	you should deliver at the most appropriate opportunity before
	16	the Spanish Cabinet meets on 21 March (subject to indication
	17	from Governor that he has no objection, from Gibraltar
	18	standpoint). In doing so, please stress the desirability
	19	of the confidentiality of our exchanges being preserved as
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Comcen reference	Time of despatch	

OUT TELEGRAM (CONT)

	Classification and Caveats CONFIDENTIAL	IMMEDIATE	Page 2
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purely Rapier context. For this reason, the message does not refer to Rapier. But, if the Spaniards are looking for an excuse to choose Rapier instead of Roland, we would hope that this message would serve the purpose.

3. We would have no objection, if you consider it appropriate, to you implying to the King that the message might also be considered in this light.

4. If Moran accepts the idea of an early meeting, you should proceed quickly with arrangements for preparatory visit by Hannay as envisaged in FCO telegram No 87.

HOWE
NNNN

NNNN ends telegram	BLANK	Catchword
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OUT TELEGRAM

	↓	Classification and Caveats CONFIDENTIAL	Precedence/Deskby IMMEDIATE
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ZCZC	1	ZCZC
GRS	2	GRS
CLASS	3	CONFIDENTIAL
CAVEATS	4	
DESKBY	5	
FM FCO	6	FROM FCO
PRE/ADD	7	TO IMMEDIATE MADRID
TEL NO	8	TELEGRAM NO

9 INFORMATION IMMEDIATE TO GOVERNOR GIBRALTAR (PERSONAL)
 10 MIPT: SPAIN/GIBRALTAR/RAPIER

11 Following is text of my message to Moran:

12 QUOTE

13 Following our last meeting on 20 February I have
 14 been looking over the state of the various diplomatic and
 15 technical contacts which you and I set in train at our
 16 meeting in New York last September. My own view is that these
 17 contacts have been very useful in clarifying several areas
 18 of interest to both sides. I feel sure that this has been
 19 greatly helped both by the businesslike spirit in which we
 20 have approached the problem, and also by the mutual restraint,
 21 consistent with our agreement in New York, which we have
 22 succeeded in maintaining in public. Your very careful line
 23 at your meeting with the Foreign Affairs Committee of the
 24 Cortes was a recent example.

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NNNN ends telegram	BLANK	Catchword 2. In the
File number	Dept SED	Distribution GIBRALTAR LIMITED ADDITIONAL GIBRALTAR
Drafted by (Block capitals) R NEILSON		
Telephone number 233-4806		
Authorised for despatch		
Comcen reference	Time of despatch	

OUT TELEGRAM (CONT)

	Classification and Caveats CONFIDENTIAL	IMMEDIATE	Page 2
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 2 2. In the light of the progress so far made and bearing
 3 in mind the timetable for the negotiations for Spain's
 4 entry to the Community, I believe that it might now be
 5 possible to make further progress. I should therefore like
 6 to suggest that we should meet in the margins of the Foreign
 7 Affairs Council in Luxembourg on 9 or 10 April to discuss
 8 the way forward. I know that this is rather earlier than
 9 the dates you had envisaged when we last met. But I believe
 10 it would be helpful ~~to~~ to bring the meeting forward a
 11 bit.
 12 3. I also think that our meeting will be more fruitful if
 13 we can arrange for some advance preparation to take place
 14 between officials. Our Embassy can take this further if you
 15 agree in principle. UNQUOTE.

17 HOWE,
 18 NNNN

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NNNN ends telegram	BLANK	Catchword
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