

Ref: B06524

PRIME MINISTER

c Sir Robert Armstrong

OD: Gibraltar

BACKGROUND

1. When the Spanish Prime Minister, Senor Calvo Sotelo, visited you in January he agreed finally to implement the 1980 Lisbon Agreement and open the border with Gibraltar on 20th April: talks aimed at overcoming Anglo-Spanish differences on Gibraltar would begin simultaneously. The April talks and the border opening were postponed because of the Falklands crisis: the new date is 25th June. The Foreign and Commonwealth Secretary is due to meet the Spanish Foreign Minister in the margins of the North Atlantic Treaty Organisation Summit on 10th June. The full background is contained in his minute to you of 28th May which has been copied to all members of the Committee.

FLAGA

2. The Government is committed to "support and sustain" the economy of Gibraltar so long as the frontier with Spain remains closed. Closure of the Gibraltar Dockyard in 1983 has been announced and a study of possible commercialisation is in hand: recommendations will be put to Ministers in the late summer.

3. The essential issue for decision now is whether we should go ahead with the talks on 25th June (which will be accompanied by the re-opening of the frontier and the lifting of Spanish restrictions) given that, in the highly charged atmosphere generated by the Falklands crisis, British Parliamentary and public opinion may see parallels with the events which led to the Argentine invasion on 2nd April, especially in view of Spain's public support for Argentina in the United Nations. (You will recall that the point was made in Cabinet on 3rd June that we should be looking for ways of bringing pressure to bear on Spain to take a less unhelpful line over the Falklands.)



4. The Chancellor of the Exchequer and the Secretary of State for Trade have a long-standing commitment to attend the NEEDC on 7th June and will not be present. The Chief Secretary, Treasury, has been invited to attend: he has commented on the public expenditure implications in his minute of 4th June to the Foreign and Commonwealth Secretary, which has been copied to you and other OD members. The Lord Chancellor, the Lord President and the Lord Privy Seal were due to attend the rehearsal of the ceremonies when President Reagan addresses members of both Houses of Parliament in the Royal Gallery: the Lord President and the Lord Privy Seal have been asked if they can attend OD instead and go late to the rehearsal. The Foreign and Commonwealth Secretary has asked if he can bring Sir Antony Acland, who has been Ambassador in Madrid, to the meeting.

HANDLING

5. You may wish to invite the Foreign and Commonwealth Secretary to introduce the discussion and then invite other colleagues to comment.

6. The main questions which need to be addressed are -

(a) What would be the consequences

- i. in Gibraltar;
- ii. for Anglo-Spanish relations; and
- iii. for NATO

if we were to suggest further postponement beyond 25th June?

Would this put paid to any prospect of reopening the frontier in the foreseeable future?

(b) What is the likelihood of the Spanish themselves asking for a postponement, if fighting is still going on in the South Atlantic?

(c) What would be the domestic political implications of opening negotiations on Gibraltar while we are still fighting in the Falklands? How can we deal with the criticism that negotiations with the Spanish over sovereignty can only lead to the same sort of frustration that triggered the Argentine invasion of the Falklands? How difficult will it be to negotiate with a Spanish government which, whatever its private willingness not to obstruct us in the South Atlantic, nevertheless feels itself constrained by domestic opinion to take Argentina's side in public?



(d) What are the practical measures of co-operation between Spain and Gibraltar which the Foreign and Commonwealth Secretary has in mind? Is the Chief Secretary, Treasury, content that such a programme should be offered?

CONCLUSIONS

7. Subject to the discussion, you may wish to guide the Committee to the following conclusions -

- (a) it remains a British interest - stronger now that Spain is a member of NATO and has applied for membership of the European Community - to secure the re-opening of the border between Gibraltar and Spain;
- (b) talks with Spain are an acceptable price for securing this;
- (c) we should not seek to postpone the opening of the talks on 25th June, but should if necessary accept a Spanish request for postponement;
- (d) we should continue to make it clear to the Spanish that we stand absolutely by our commitment to respect the wishes of the people of Gibraltar. Our objective in the talks should be to get the Spanish to drop their policy of coercion and to improve the relationship between Spain and Gibraltar.

4th June 1982

A D S GOODALL