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FM WASHINGTON 242305Z JUN '83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1760 OF 24 JUNE

INFO IMMEDIATE MADRID GOVERNOR GIBRALTAR UKDEL NATO MODUK

MADRID TELNO 383 TO YOU:

GONZALEZ' VISIT TO WASHINGTON: GIBRALTAR

1. THE STATE DEPARTMENT (PECK, DIRECTOR FOR WESTERN EUROPE) HAS GIVEN US THE FOLLOWING ACCOUNT OF EXCHANGES ON GIBRALTAR DURING GONZALEZ' VISIT. HE DESCRIBED IT AS A VERBATIM ACCOUNT, AND WAS READING DIRECTLY FROM MANUSCRIPT NOTES.

2. IN THE MEETING WITH THE PRESIDENT, GONZALEZ REFERRED TO GIBRALTAR BRIEFLY IN THE CONTEXT OF NATO, AS HE HAD DONE IN PUBLIC, SAYING THAT PROGRESS TOWARDS RESOLUTION OF SPAIN'S DEMAND ON SOVEREIGNTY (AND ON EC MEMBERSHIP) WOULD BE AN ELEMENT IN THE PUBLIC'S APPRAISAL OF THE BENEFITS OF FULL INTEGRATION INTO EUROPE. IT WOULD NOT BE POSSIBLE FOR A SPANISH ADMIRAL TO BE SUBORDINATE TO A BRITISH ADMIRAL ON SPANISH TERRITORY: HOWEVER HE WANTED TO HAVE GOOD RELATIONS WITH GREAT BRITAIN AND SOLVE OUTSTANDING PROBLEMS IN AN AMICABLE WAY. THE PRESIDENT DID NOT RESPOND ON THE GIBRALTAR POINT. (WE ARE REPORTING SEPARATELY OTHER ASPECTS OF THE EXCHANGES).

3. GIBRALTAR WAS THE MAIN TOPIC IN A FINAL MEETING BETWEEN MORAN AND SHULTZ ON 22 JUNE. THE MEETING WAS SOUGHT BY MORAN BECAUSE GONZALEZ FELT THAT DISCUSSION ON GIBRALTAR AND NORTH AFRICA HAD BEEN INADEQUATE. PECK COMMENTED THAT MORAN HAD SPOKEN ELLIPTICALLY AND IT HAD BEEN HARD TO UNDERSTAND HIS POINT AT TIMES.

4. MORAN BEGAN BY SAYING THAT SPAIN WANTED GIBRALTAR BACK IN CONDITIONS WHICH WOULD RESPECT THE DESIRES OF THE PEOPLE OF GIBRALTAR: THEY HAD NEVER SAID THAT THEY WANTED GIBRALTARIANS TO BE SPANISH. HE REFERRED SUBSEQUENTLY TO SPANISH PREPAREDNESS TO CONSIDER A SPECIAL STATUS FOR GIBRALTARIANS AND TO GIVE GUARANTEES OF THEIR RIGHTS TO THE UNITED NATIONS ETC. HE REFERRED TO THE LISBON AGREEMENT, AND SAID THE SPANISH GOVERNMENT AT THE TIME HAD PUT FAITH IN LORD CARRINGTON'S INCLINATION, WHICH THEY HAD THOUGHT GENUINE, TO FIND A SOLUTION TO THE PROBLEM. BUT AFTER THE INVASION OF THE FALKLANDS, MORAN CLAIMED, THE BRITISH ATTITUDE HAD CHANGED. HE THOUGHT, HOWEVER, THAT THE BRITISH PRIME MINISTER, WITH HER GREATLY INCREASED MAJORITY, WOULD NOW BE IN A POSITION TO BE MORE FLEXIBLE TO HITHERTO. MORAN REFERRED TO HIS MEETING WITH MR PYM IN BRUSSELS IN APRIL, AND SAID THAT THEY HAD DISCUSSED THE QUESTION IN ALL ITS ASPECTS. BUT THE BRITISH WERE SELECTIVE. THEY HAD FORGOTTEN ABOUT EQUALITY IN THE AGREEMENT: SPAIN HAD OPENED THE FRONTIER, WITH BENEFICIAL EFFECT ON THE POPULATION OF BOTH SIDES. SPAIN WAS PREPARED TO BEGIN TALKS ABOUT THE IMPLEMENTATION OF THE AGREEMENT, BUT IT MUST INCLUDE THE WHOLE AGREEMENT.

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5. MORAN THEN SAID THAT BRITAIN CLAIMED IT COULD DO NO MORE ON THE QUESTION OF EQUALITY BECAUSE THAT WAS THE PROVINCE OF THE GIBRALTAR LEGISLATURE. BUT IT WAS IN THE POWER OF THE BRITISH GOVERNMENT TO PROPOSE LEGISLATION IN THE GIBRALTAR PARLIAMENT, WHICH, EVEN IF REJECTED, WOULD SHOW THAT THE BRITISH GOVERNMENT HAD MADE AN EFFORT. IT WAS DIFFICULT TO EXPLAIN TO PUBLIC OPINION THAT SPAIN SHOULD BE IN THE ALLIANCE WHILE THERE WAS A FOREIGN BASE ON SPANISH SOIL. THE MILITARY VALUE OF GIBRALTAR WOULD INCREASE IF SPAIN JOINED THE ALLIANCE. IN CONSIDERING ITS ATTITUDE TOWARDS NATO, IT WAS VERY IMPORTANT TO SPAIN TO KNOW WHAT THE FUTURE OF GIBRALTAR WOULD BE.

6. SHULTZ SAID THAT THE UNITED STATES' POSITION WAS THAT IT SHOULD NOT GET INTO THE MIDDLE OF THIS ISSUE, WHICH CONCERNED NATO, AND WAS BETWEEN TWO GOOD FRIENDS AND ALLIES. MORAN ASKED IF SHULTZ WOULD BE SEEING THE SECRETARY OF STATE. SHULTZ REFERRED TO THE TWO PLANNED MEETINGS IN JULY, AND REITERATED THAT THE UNITED STATES WOULD NOT MEDIATE, BUT SAID THAT IF THE OCCASION AROSE, HE WOULD KEEP WHAT MORAN HAD SAID IN MIND.

7. MORAN THEN REFERRED TO NATO EXERCISES INVOLVING GIBRALTAR, AND SAID THAT SPAIN WOULD AT LEAST HAVE TO MAKE FORMAL PROTESTS ABOUT THESE. SHULTZ SAID THAT AS A MEMBER OF AN INTEGRATED MILITARY COMMAND, SPAIN WOULD HAVE A VOICE IN PLANNING SUCH EXERCISES. MORAN ASKED IF SPAIN WOULD HAVE A VETO. WHEN SHULTZ REPLIED THAT SHE WOULD NOT, MORAN SAID THAT THIS WAS NOT GOOD ENOUGH. MORAN CONCLUDED BY SAYING THAT HE WISHED TO DISCUSS THE ISSUE PRIVATELY WITH THE SECRETARY OF STATE AND TRY TO MAKE THINGS SMOOTHER BETWEEN BRITAIN AND GIBRALTAR. BILATERAL RELATIONS SHOULD NOT CENTRE EXCLUSIVELY ON THE ROCK.

8. COMMENT

THE LAST TWO SENTENCES OF PARA 1 OF MADRID TELEGRAM UNDER REFERENCE SUGGEST THAT MORAN USED SOME LICENCE IN CLAIMING THAT SHULTZ HAD QUOTE UNDERSTOOD UNQUOTE THE SPANISH POSITION AND PROMISED TO SUGGEST THAT WE SHOULD BE MORE FLEXIBLE. WE SHALL BE COMMENTING FURTHER ON US VIEWS ON GIBRALTAR, BEFORE YOUR MEETINGS.

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