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DIRECTORATE OF INTELLIGENCE

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UK-Spain: Gibraltar - Struggle for a Piece of the Rock [redacted]

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Summary

The British and the Spanish governments appear ready to begin negotiations over the sovereignty of Gibraltar, a process that promises to be both difficult and lengthy. The major obstacle to progress in the talks is London's promise to Gibraltarians, who want to maintain their link with the United Kingdom, that there will be no change in sovereignty without their agreement. Moreover, the rebirth of British nationalist sentiment in the wake of the Falklands crisis poses an impediment to quick action. The British will continue to dampen Spanish expectations of a rapid solution, but they probably hope to assuage Madrid in the short term by reaching agreement on inclusion of the Rock in a Spanish military command under NATO auspices. [redacted]

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Spain's new Socialist government clearly assigns a high priority to the recovery of Gibraltar. Prime Minister Gonzalez took the first step toward bringing the British to the negotiating table when he opened the long-closed border between Gibraltar and Spain to pedestrian traffic in mid-December, thereby partially meeting the pre-condition for talks set by London. The issue is an emotional one for all Spaniards, and the Socialists will try to gain political credit by pushing it hard. They will try to speed things along by applying pressure on the United States and other Alliance members to act in their behalf. [redacted]

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This paper was prepared by [redacted] West Europe Division, Office of European Analysis. Questions and comments are welcomed and should be addressed to [redacted] Chief, West Europe Division, EURA [redacted]

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In our judgment, one possible interim solution could include an arrangement for dual Spanish-British administration and dual citizenship for Gibraltar's residents. Over the longer term, the most likely outcome is for Gibraltar to become a semi-autonomous region of Spain, but the process could take generations. [redacted]

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### Gibraltar and the Gibraltarians

Gibraltar, the two-and-a-half square mile British colony commanding the mouth of the Mediterranean, has been an irritant between the British and the Spanish since 1704. Although the Anglo-Dutch forces that captured the Rock at that time were ostensibly acting on behalf of a pretender to the Spanish throne, Gibraltar was ceded to Great Britain in the Treaty of Utrecht, 1713, and has remained under its flag ever since. The Spanish, however, do not accept the legitimacy of this colony carved from their territory, although they have not tried since 1782 to regain the Rock by force. [redacted]

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Gibraltar's population of about 30,000 is a mixture of British, Genoese, Spanish, Portuguese, Minorcan, Italian and Maltese stock and a fairly recent group of Moroccans. The culture is predominantly Spanish and English, but the institutions and government are British, and according to press and Embassy reporting, so are the sympathies of the inhabitants. [redacted]

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Patriotic fervor explains some of the antipathy to a reversion to Spain, but the Gibraltarians are also concerned by economic factors. Residents of Gibraltar surely feel threatened economically because they enjoy a higher standard of living than that of the adjacent Andalusian region, which is severely depressed. Some merchants are unhappy over possible Spanish competition, especially those who have enjoyed a virtual monopoly on certain items since the border was closed. Reporting from the US Consulate in Tangier, for example, indicates that workers at the Royal Navy dockyard are already concerned at facing competition from Spanish workers now that the border is open, especially since the British have announced plans to close the facility later this year. We have no information on how the British plan to cope with the unemployment that closing the dockyard will create, but they probably hope that the border opening will create new jobs in the tourist industry to help take up the slack. The 3,000 people at the dockyard -- paid at British wage rates -- plus those employed by the Gibraltar government, make up about 60 percent of all employed men in the colony, according to press information. In addition to being a major source of employment, the British provide development aid, which the population is loath to lose. [redacted]

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### Local Government

Gibraltar has had a measure of self government since 1950, when the British inaugurated a Legislative Council. The people gained more internal control in 1964 in the wake of a revised constitution, and in 1969 the British

introduced a constitution which set in place a new body with 15 seats called the Gibraltar House of Assembly. Chief Minister Sir Joshua Hassan leads the Gibraltar Labor Party, also called the Association for Advancement of Civil Rights, which -- except for one four-year period -- has been in power since 1950. The largest opposition party is the Democratic Party of British Gibraltar, led by Peter Isola, which may take over government at the next Assembly election -- to be held within a year or so -- especially if Sir Joshua declines to run again. [redacted]

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Leaders of both parties said they agreed to "trust" the United Kingdom to safeguard their rights vis-a-vis Spain at the time of the last Assembly election in February 1980, and the parties probably see little choice but to reaffirm this position in the future. If negotiations over Gibraltar do begin in earnest, any Gibraltarian government will nonetheless demand to be represented on the British negotiating team, even though the British probably would not allow them more than observer status. Gibraltarians at times have half-heartedly talked about complete independence, but they are aware that the colony's tiny size and economic vulnerability preclude such an outcome. [redacted]

#### Spanish Efforts to Reclaim Gibraltar

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In the modern era, Spain's efforts to regain Gibraltar began in 1940 when, according to Spanish accounts, General Franco formally petitioned London for its return. He prudently refused Hitler's offer to send German troops to capture the Rock, however, both because of Allied economic pressure and out of concern that the Germans, once ensconced in Spain, would not leave. Franco renewed his attempts to regain Gibraltar after the war. [redacted]

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The Gibraltarians themselves made it very clear that they preferred to remain British. A deputation of prominent Gibraltarians testified to this effect before the United Nations Special Committee on Colonization in 1963, but the Committee nevertheless passed a resolution calling for decolonization negotiations. Succeeding Spanish governments have based their claim to Gibraltar on both history and the United Nations resolution; in Spanish eyes, the Rock should revert to them and any calls for Gibraltarian "self-determination" are a fraud and a smokescreen. The Gibraltarians strongly underlined their preference, however, when they voted 12,138 to 44 in a 1967 referendum to retain their link with Britain rather than pass under Spanish sovereignty. [redacted]

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Frustrated by British reluctance to begin negotiations, Franco tried to apply pressure, but only succeeded in angering London. In a series of escalating steps, Franco tightened access to the Rock, the British reacted by offering more rights and privileges to Gibraltarians, and Franco tightened restrictions again. Finally, the British promised -- via the Gibraltar Constitution Order in Council of 1969 -- that they "will never enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another State against their freely and democratically expressed wishes." Franco closed the border completely shortly thereafter. [redacted]

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After Franco's death, the successor Spanish government held several inconclusive "talks" with the British over Gibraltar. In April 1980, Foreign Secretary Lord Carrington met Foreign Minister Oreja in Lisbon and agreed on a target date of 1 June 1980 by which all restrictions on Gibraltar were to be lifted and negotiations opened to overcome all differences between Britain and Spain over Gibraltar. The British, however, specifically reaffirmed their commitment that the people of Gibraltar would not pass under the sovereignty of another state against their wishes. [redacted]

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The negotiations never got underway. The British insisted that the border must be opened before negotiations begin, but the Spanish Government of three years ago was a weak, minority coalition that had to cobble together a majority vote on every contentious issue, and it apparently felt unable to open the border without having something from the British first. [redacted]

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The dispute surrounding the royal honeymoon in mid-1981 also upset relations between the United Kingdom and Spain, but brought additional benefits to Gibraltarians. When Prince Charles' plans to board the royal yacht in Gibraltar caused a furor in Spain and forced King Juan Carlos to cancel his plans to attend the wedding, the British House of Lords -- angered by the "affront" to the royal family -- was sparked into action. It amended the British nationality bill against the Thatcher government's wishes and gave the people of Gibraltar the right to full British citizenship. Feeling against Spain was running so high that the government, deciding it had little chance to reverse the Lords' action, took no steps to oppose it. Consulate Tangiers reports that the Gibraltarians are enthusiastic about this opportunity to apply, on an individual basis, for "full" British nationality and see it as a symbol of recognition for their loyalty to Great Britain. [redacted]

The Spanish became even more leery of proceeding after the Falklands war broke out last spring, fearing that heightened British nationalism would induce London to take a harder line in any negotiations. According to US Embassy reporting, the British realized that Spain faced internal difficulties stemming from the transition to democracy and were unwilling to add further strains by pressing hard on the border question. As a result, the British acceded to successive Spanish requests for delayed target dates. The British pointed out, however, that it would be impossible for Spain to join the EC if the border remained closed, since there can be no closed borders among members of that organization. [redacted]

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\* Until the bill was changed, Gibraltarians were to be entitled only to dependent territory citizenship, which does not carry all the rights of full citizenship, such as the right to immigrate to the United Kingdom without reference to any quota. Approximately 20,000 Gibraltarians are eligible to apply for full citizenship. Other Gibraltarian residents are either British citizens or are transient aliens. [redacted]

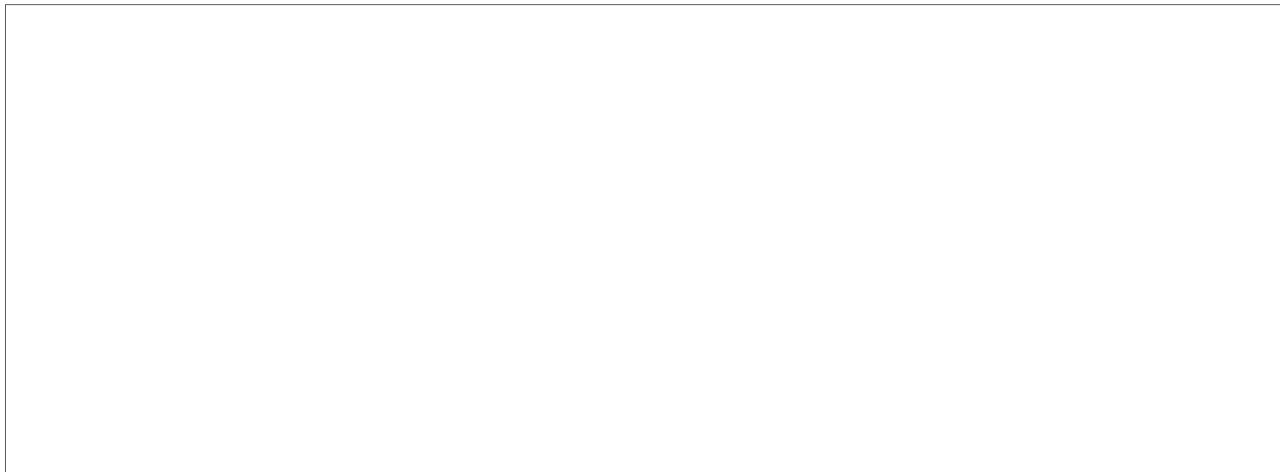
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Current Spanish Position

Prime Minister Felipe Gonzalez, with the assurance of a solid majority in parliament, began his own campaign on Gibraltar even before taking office in December. Both he and his Foreign Minister-elect, Fernando Moran, made an early announcement that the recovery of Gibraltar would be a major goal of the new Socialist government. They took the first step to induce the British to the negotiating table by opening the border between Gibraltar and Spain to pedestrians at midnight, December 14. [REDACTED]

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The Spanish have already begun to implement this strategy. The US Embassy in Madrid reports that Spanish officials repeatedly expressed the hope during Secretary of State Shultz' visit in December that the United States would attach sufficient importance to Spain's NATO membership to urge that London be more forthcoming on Gibraltar. One senior Foreign Ministry official described the situation as a bilateral problem that requires a multilateral solution. [REDACTED]

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So far, the United States has resisted involving the Alliance in the Gibraltar issue, and insisted that it must remain in the bilateral arena. Other NATO countries, if pressed, are likely to echo this line. We believe most NATO countries probably are willing to nudge one side or the other gently from time to time, but will essentially argue that the United States is the third party most concerned with the outcome -- both because it is the Alliance leader and because it uses military facilities in both countries. [REDACTED]

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British Position

The British have shown increasing willingness to negotiate with the Spanish over the return of Gibraltar in recent years. The Colony still has strategic importance; in peacetime the British can monitor the passage of Soviet naval traffic -- especially submarines -- through the Strait, and in wartime they can control it. Nevertheless, with the decline in Royal Navy

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activity in the Mediterranean, the value of the naval base and dockyard at Gibraltar have diminished and defense planners have come to view them as a luxury. The government announced in 1981 that the dockyard would be closed in 1983. Other facilities on the Rock also have been pared to save money. British officials recently have indicated to US Embassy officers that if negotiations hinged on financial matters alone they would be glad to relinquish Gibraltar. [redacted]

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With the partial reopening of the border, the Foreign Office is hopeful that Spain will open the border completely, as the Lisbon agreement stipulates, and agree to begin talks this spring. According to the US Embassy in London, Foreign Office officials insist that any British retreat on sovereignty is completely out of the question for now, and, indeed, Prime Minister Thatcher's policy probably will echo the tough line she displays toward Argentina on the Falklands. In addition, the small Gibraltar "lobby" in the United Kingdom is influential, and will stand firm on this point. [redacted]

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The Foreign Office thinks, however, that once talks start it will be possible quickly to resolve current NATO command problems regarding Gibraltar and the Mediterranean. In talks with US officials, the British have already expressed willingness to allow a Spanish military command in NATO that includes Gibraltar -- perhaps even headquartered on the Rock and flying the Spanish flag -- but to make no concession on the issue of sovereignty. [redacted]

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The Foreign Office told US Embassy officials in December that it hopes realism and self-interest will lead the Spanish government to settle for enhanced commercial and human contacts with Gibraltar in addition to a military presence. If negotiations begin, the British plan to concentrate on steps to improve economic and social cooperation and to emphasize that the long-term goal for Spain must be to convince Gibraltar's inhabitants that Madrid has their interests at heart. The Foreign Office will hammer at the idea that progress on sovereignty will take years, while hoping that a quick breakthrough on NATO command arrangements will provide the political benefit the Spanish feel pressed to achieve. To counter Spanish threats that they are reconsidering their NATO membership, the British probably will argue that a Spanish exit would make it harder to hold discussions with Madrid about a NATO military installation of some importance to the Alliance. [redacted]

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#### If Things Go Wrong: Stakes for the West

Although negotiations between the United Kingdom and Spain now look imminent and the long-range outlook is more optimistic than even last year, there are still many uncertainties. The return of Gibraltar is an issue that draws emotional support from Spaniards of every political party and economic class and, according to Embassy reporting and press comment, the public echoes the government in linking NATO membership to progress on Gibraltar. The new

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Socialist government has softened its line on NATO membership since winning the election in October, but still refuses to move forward on military integration and continues publicly to raise questions about the wisdom of NATO membership. If negotiations with Britain go sour, therefore, we think the Socialist government could be faced with a wave of anti-NATO feeling that would make it easy to drum up public support for taking Spain out of the Alliance. It could probably justify this step -- even to the Spanish military -- by going ahead with another of its campaign promises, a referendum on NATO membership, in which polls suggest it would find it easy to elicit a negative vote. [redacted]

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Spain might also reassess its application to join the EC. We believe the government would embark on this course with some misgivings, because the long years of isolation under Franco have left Spaniards with a strong desire to "join Europe." Indeed, Embassy reporting indicates that many Spanish see membership more in terms of political benefit than economic blessing. Nevertheless, Spaniards often mention NATO and the EC as two approaches to the same objective, and leaving one might imply leaving the other, particularly if Spanish negotiations on EC entry continue to stall over the threat Iberian agricultural products pose for the French or if Spanish industries become more concerned about the tough competition they face inside the Community. [redacted]

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Spanish membership in NATO could falter for a variety of reasons, but should Spain leave the Alliance specifically because of Gibraltar, the United Kingdom probably would reap a large amount of blame. Other Alliance members would at the minimum fault the United Kingdom for not managing the situation more adroitly. Some would see parallels between London's attitude toward negotiations over Gibraltar and the hard line taken on the issue of sovereignty by the British in their dispute with Argentina over the Falkland Islands. Moreover, several Allied governments expended considerable effort to get the original NATO invitation to Spain approved by their parliaments, and would undoubtedly be unhappy if Spain left NATO over a bilateral dispute. This could, in turn, intensify strains among the Allies, as the United Kingdom resisted becoming a scapegoat. [redacted]

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If the Gibraltar negotiations fail, the United States could also expect to bear the brunt of some Spanish frustration, because Spain probably would conclude that the United States had failed to press the United Kingdom sufficiently. We doubt the Spanish would go so far as to reject a US basing agreement, but at the very least, the Spanish would become more prickly in bilateral relations. In a such case, the Spanish would tend to refuse overflight requests, take legalistic attitudes toward anything already agreed, and even make entry and exit to US bases in Spain more difficult. [redacted]

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Outlook

It will be exceedingly difficult, even with evidence of good will, to satisfy all three participants in the Gibraltar debate. The British will feel bound to keep their promises to the Gibraltarians. The ardently British Gibraltarians will hold the United Kingdom to its constitutional obligations and resist any attempt to change their status. The Spanish government, pointing to the UN resolutions and thinking they hold high cards because of the US bases agreement and NATO membership, will undoubtedly press hard for a quick resolution -- hoping that success would score points with a suspicious military and a public that greeted the Socialists' election with high hopes.

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We believe that, ultimately, the British desire to shed the colony will work in Spain's favor and probably lead to some long-range solution likely to satisfy most of Madrid's demands. The attitude of the Gibraltarians toward Spanish sovereignty over the Rock probably will evolve only slowly, however, and the negotiators are likely to look for some solution that involves gradual change. One possible interim outcome would include a formula for dual Spanish-British administration and dual nationality for Gibraltar's residents. In the end, Gibraltar could become another of Spain's semi-autonomous regions, with significant local powers in fields such as education, public works, police, and tax policy. The hurdles on the road to such a solution, however, may take years to overcome.

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