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FM MADRID 091630Z MAR 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 158 OF 9 MARCH

INFO IMMEDIATE MODUK (FOR PRIVATE SECRETARY/MR PATTIE AND
BEAUMONT RMD4) AND IMMEDIATE GOVERNOR GIBRALTAR (PERSONAL)

MY TELNO 156: RAPIER

1. THE KING SUMMONED ME THIS MORNING, OSTENSIBLY TO THANK US FOR OUR ATTITUDE OVER RUIZ MATEOS (YOUR TELNO 91) AND THE WAY YOU HAD REACTED TO MORAN'S APPROACH.
2. THE MAIN PURPOSE, HOWEVER, WAS TO TALK ABOUT RAPIER. THE KING SAID THAT, AS HE HAD LONG KNOWN, HE HIMSELF FAVOURED THE PURCHASE OF RAPIER. THIS WAS NOT FOR ANY PERSONAL INTEREST, THOUGH HE HAD TO BE CAREFUL BECAUSE HIS BROTHER-IN-LAW, KING CONSTANTINE, LIVED IN THE UK. HE GENUINELY THOUGHT THAT RAPIER WOULD BE THE BEST BUY FOR SPAIN. ANGLO-SPANISH RELATIONS HAD FOR TOO LONG BEEN BEDIVILLED BY THE INTRINSICALLY MINOR PROBLEM OF GIBRALTAR. HE WAS MOST ANXIOUS TO BROADEN THEM OUT. RAPIER REPRESENTED THE ONE OPPORTUNITY TO GET INTO CO-PRODUCTION WITH BRITAIN IN THE FIELD OF DEFENCE EQUIPMENT. THERE WERE OTHER QUITE SEPARATE OPPORTUNITIES FOR SIMILAR COOPERATION WITH FRANCE, GERMANY AND THE UNITED STATES. HE HOPED THIS COULD BE USEFUL IN ESTABLISHING AN ATMOSPHERE IN WHICH WE COULD ENTER THE VERY LONG PATH LEADING EVENTUALLY TO PROGRESS OVER GIBRALTAR. THE IMPORTANT REQUIREMENT NOW WAS TO BE SEEN TO BE DOING SOMETHING CONSTRUCTIVE TOGETHER. HE WAS, HOWEVER, AS KING TAKING A RISK IN DECLARING HIS PARTIALITY TO ME SO FRANKLY. HE KNEW WE WOULD RESPECT HIS CONFIDENCE.
3. THE KING CONTINUED THAT THE MISSILE PURCHASE HAD NOW COME TO THE CRUNCH. HE HAD DISCUSSED THE MATTER RECENTLY WITH THE SPANISH PRIME MINISTER AND THE MINISTERS OF FOREIGN AFFAIRS AND DEFENCE (NARCIS SERRA) ON THE OCCASION OF THE CABINET MEETING TWO DAYS AGO AT WHICH HE HAD PRESIDED. THE UK WAS NOW WELL PLACED TO WIN THE RAPIER CONTRACT. THE SECRETARY OF STATE FOR DEFENCE PROCUREMENT (EDUARDO SERRA) WAS ENTIRELY IN FAVOUR AS WAS THE KING HIMSELF. THERE WAS, HOWEVER, OPPOSITION FROM ONE OR MORE MILITARY OFFICERS WHO WERE KNOWN TO BE PLAYING UNFAIRLY BY LEAKING DETAILS OF THE BRITISH AEROSPACE OFFER TO THE FRENCH. NEVERTHELESS IT WAS NOW ACCEPTED BY THE SPANISH GOVERNMENT THAT RAPIER WAS TECHNICALLY JUST AS EFFECTIVE AS ROLAND AND MUCH BETTER IN TERMS OF PRICE AND DEGREE OF INDUSTRIAL COOPERATION OFFERED. THOUGH THE KING COULD GIVE US NO FIRM PROMISE, HE THOUGHT THAT SENIOR SPANISH MINISTERS WERE NOW INCLINED TOWARDS THE PURCHASE OF RAPIER. THE RECENT AMERICAN DECISION TO BUY SHERPA RATHER THAN AVIOCAR WAS NOT (NOT) IN PRACTICE AN IMPEDIMENT TO BRITISH AEROSPACE. MOREOVER, THE STANDING OF THE FRENCH WAS NOW VERY LOW BECAUSE OF THEIR BEHAVIOUR

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TOWARDS SPANISH FISHERMEN. THE GERMANS WERE MORE EFFECTIVE COMPETITORS AT THE MOMENT AND THEIR MINISTER OF DEFENCE HAD JUST MADE A LOBBYING VISIT TO MADRID. THE SPANISH MINISTER OF DEFENCE WOULD BE VISITING THE UNITED STATES NEXT WEEK (12-18 MARCH) BUT CHAPPARAL WAS NOT (NOT) A SERIOUS CONTENDER.

4. I THANKED THE KING FOR THIS HELPFUL INFORMATION AND ADDED THAT BRITISH AEROSPACE HAD RECENTLY IMPROVED THEIR OFFER, PARTICULARLY IN THE MATTER OF THE NEW SIX BARREL FIRE UNIT. THE KING SAID THAT WAS FINE BUT THE ISSUE WAS NOW POLITICAL AND GOVERNMENTAL. IT HAD BEEN MADE CLEAR TO HIM RECENTLY BY SPANISH MINISTERS, INCLUDING THE PRIME MINISTER, THAT WHAT WAS NEEDED TO SETTLE FOR RAPIER WAS SOMETHING FROM THE BRITISH SIDE TO SWEETEN THE ATMOSPHERE OVER GIBRALTAR. THAT WAS WHY HE HAD SUMMONED ME. HE WANTED TO ADVISE US TO TRY TO PRODUCE SOMETHING RAPIDLY WHICH WOULD INDUCE THE SPANISH GOVERNMENT TO PURCHASE RAPIER. THE BRITISH PRIME MINISTER'S MESSAGE HAD BEEN WELL RECEIVED. BUT IT WOULD HELP THE SPANISH GOVERNMENT WITH PUBLIC OPINION IF WE COULD NOW INDICATE AGAIN A WILLINGNESS TO TALK ABOUT GIBRALTAR. MORAN HAD ALSO BRIEFED HIM ABOUT THE PROBLEM OVER THE POSITION OF SPANIARDS THERE. WHAT COULD BE DONE?

5. I THANKED THE KING FOR HIS INITIATIVE WHILE POINTING OUT SOME OF THE OBVIOUS LIMITATIONS TO WHICH YOU WOULD BE SUBJECT IN ANYTHING TO BE MADE PUBLIC ABOUT GIBRALTAR. HE SAID HE WOULD BE LEAVING ON 12 MARCH FOR A WEEK IN CANADA BUT WOULD KEEP IN TOUCH WITH ME IN THE MEANTIME IN CASE OF NEW DEVELOPMENTS ON EITHER SIDE.

6. PLEASE SEE MIFT.

PARSONS

LIMITED

SED

DEF.D.

ACDD

TRED

ECD(E)

PS

PS/LADY YOUNG

PS/MR. WHITNEY

PS/MR. LUCE

PS/PUS

SIR. J. BULLARD

MR. WRIGHT

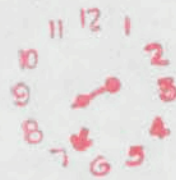
MR. CARTLEDGE

MR. HANNAY

MR. JENKINS

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14 MAR 1984



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FM MADRID 091745Z MAR 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 159 OF 9 MARCH

INFO IMMEDIATE MODUK (FOR PRIVATE SECRETARY/MR PATTIE
AND BEAUMONT RMD4) AND GOVERNOR GIBRALTAR (PERSONAL)

MIPT : RAPIER

1. ALTHOUGH THE DEGREE OF THE KING'S PERSONAL SUPPORT FOR RAPIER MAY NOT BE KNOWN TO HIS MINISTERS, WE SUSPECT THAT THEY IN FACT AUTHORISED THIS LATEST APPROACH. SENIOR SPANISH MINISTERS MAY WELL HAVE CONCLUDED THAT THIS IS NO MOMENT TO AWARD A BIG CONTRACT TO THE FRENCH, AND THAT IT WOULD MAKE BETTER POLITICAL SENSE TO SEE WHAT THEY COULD EXTRACT FROM US IN EXCHANGE FOR THE RAPIER CONTRACT.

2. WE AM OF COURSE WELL AWARE OF THE DIFFICULTIES FOR US OF MAKING ANY SUBSTANTIAL MOVEMENT OVER GIBRALTAR IN ADVANCE OF FULL OPENING OF THE FRONTIER. THE KING SHOWED UNDERSTANDING WHEN WE MADE THIS POINT CLEAR. YOUR MEETING WITH SIR J HASSAN OF 7 MARCH (YOUR TELNO PERSONAL 19 TO GOVERNOR GIBRALTAR), WHICH OF COURSE WE DID NOT MENTION TO THE KING, SHOWED THAT HASSAN WANTS TO MAKE PUBLIC USE OF THE PROTECTION GIBRALTAR WOULD RECEIVE FROM A SEVEN YEAR TRANSITIONAL PERIOD FOR FREE MOVEMENT OF LABOUR, AND THAT HE WOULD REALLY LIKE THE LISBON AGREEMENT TO BE CONSIDERED IRRELEVANT. IN THE CIRCUMSTANCES IT SEEMS FAR FROM EASY TO CONSTRUCT ANYTHING FOR PUBLIC USE WHICH WOULD MEET THE TWO POINTS MADE BY THE KING, PRIMED BY MORAN, ABOUT WILLINGNESS TO TALK AND THE POSITION OF SPANIARDS IN GIBRALTAR.

3. ON THE OTHER HAND, A CAREFULLY CONSTRUCTED MESSAGE FROM YOU TO MORAN MIGHT FAVOURABLY INFLUENCE THE CABINET DECISION. SUCH A MESSAGE MIGHT BEGIN BY SAYING THAT YOUR RECENT BILATERALS WITH MORAN ABOUT GIBRALTAR HAVE ENABLED YOU BOTH TO APPRECIATE THE PROBLEMS OF PUBLIC PRESENTATION IN EACH COUNTRY AND GIBRALTAR ITSELF. YOU MIGHT GO ON TO EXPRESS THE HOPE THAT, AT THE NEXT BILATERAL, IT WILL BE POSSIBLE TO MAKE PROGRESS OVER THE FULL OPENING OF COMMUNICATIONS AND THE RECIPROCAL RIGHTS OF SPANIARDS AND GIBRALTARIANS AND OTHER ISSUES UNDER DISCUSSION. YOU WILL HAVE IDEAS TO PUT FORWARD.

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4. AS AN ADDITIONAL (OR INDEED ALTERNATIVE) STRATEGY, YOU MIGHT CONSIDER THE POSSIBILITY OF AN EARLY IF SHORT VISIT TO MADRID BY A SENIOR BRITISH MINISTER, PREFERABLY THE SECRETARY OF STATE FOR DEFENCE. THIS WOULD FIT INTO THE PATTERN OF POLITICO-MILITARY TALKS WHICH YOU ALREADY HAD IN MIND TO OFFER TO THE SPANISH GOVERNMENT. SUCH A VISIT, WHICH COULD PERHAPS BE COMPRESSED INTO A SINGLE DAY, WOULD OFFER THE OPPORTUNITY TO TALK TO THE SPANISH PRIME MINISTER AND MINISTERS OF DEFENCE AND FOREIGN AFFAIRS ABOUT A WIDE RANGE OF DEFENCE ISSUES INCLUDING OF COURSE RAPIER.

5. IF WE COULD PROPOSE THIS SOON, PERHAPS FOR A DAY IN THE WEEK BEGINNING 19 MARCH (19 MARCH ITSELF IS A HOLIDAY HERE), THIS SHOULD BE SUFFICIENT REASON TO ASK THE SPANISH GOVERNMENT TO HOLD UP ANY COMMITMENT TO OUR COMPETITORS IN THE MEANTIME. AS THE KING POINTED OUT TO ME, NARCIS SERRA COULD HARDLY REFUSE TO RECEIVE MR HESELTINE TO DISCUSS RAPIER WHEN HE HAS JUST HAD A LOBBYING VISIT FROM THE GERMAN MINISTER OF DEFENCE.

PARSONS

LIMITED
SED

DEF.D.
ACDD

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PS

PS/LADY YOUNG

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PS/PUS

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