



European Affairs Committee

Corrected oral evidence: UK-EU agreement on Gibraltar

Tuesday 15 September 2026

11 am

Watch the meeting

Members present: Lord Stirrup (The Chair); Baroness Ashton of Upholland; Lord Barrow; Lord Brennan of Canton; Lord Elliott of Mickle Fell; Lord Grantchester; Lord Jackson of Peterborough; Lord Moynihan of Chelsea; Baroness Smith of Newnham; Baroness Suttie; Lord Tugendhat; The Duke of Wellington.

Evidence Session No. 1

Heard in Public

Questions 1 - 13

Witnesses

Lord Wood of Anfield, Parliamentary Under-Secretary of State, FCDO; Paul Hughes, Deputy Head, Southern Europe Department, FCDO.

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Examination of witnesses

Lord Wood of Anfield and Paul Hughes.

Q1 The Chair: Good morning and welcome to this evidence session of the House of Lords Select Committee on European Affairs into the UK-EU Gibraltar agreement, which has come before us under the Constitutional Reform and Governance Act for consideration. This is a public session. We will be taking evidence, and a transcript will be available for witnesses to correct for any errors that they might notice. The whole session will be in public.

I am delighted to welcome as our witness this morning Lord Wood of Anfield, who is Parliamentary Under-Secretary of State at the Foreign, Commonwealth and Development Office, and with him Paul Hughes, the deputy head of the southern Europe department of the Foreign, Commonwealth and Development Office, who was previously joint deputy head of the FCDO's Gibraltar negotiations taskforce. We are hoping to conclude this in 60 minutes, so if we can keep the questions and the answers crisp then that would be very helpful. To get us going, I will ask a general question, which need not take too long to answer, in order to set the context for the evidence: why was Gibraltar not included in the trade and co-operation agreement in 2020 in the first place? We had bridging measures instead. How successful were the bridging measures? Why did we need something other than those? Since negotiations began in 2021, they seem to have taken an extraordinarily long time. Perhaps you could just set out why it has taken five years to reach this agreement.

Lord Wood of Anfield: Thank you, Lord Chair. It is a real pleasure to be here among so many colleagues in the Lords. I will start with one minute on the purpose of this bespoke treaty, which is what it is. As you know, Gibraltar was not included in the TCA—I will come back to why that might have been—which obviously was negotiated by a previous UK Government. That meant that the people and businesses of Gibraltar had an uncertain future ahead of them, and it is why the UK, the Government of Gibraltar, Spain and the European Commission agreed this practical, and I think lasting, solution that cements Gibraltar's economy and way of life and the principle of sovereignty.

What this solution delivers is quite simple in one way: a fluid border between Gibraltar and Spain. That was the prize. The people of Gibraltar were clear. I know you will be speaking to the Chief Minister later on, and that was absolutely clear from his point of view as well. It means stability, jobs and investment, not just for Gibraltar but for the whole region. Crucially, there being no negotiated outcome could have imposed huge economic costs running to hundreds of millions of pounds through disruption to cross-border workers' trade and investment. So that was the prize all the time, making sure that our maxim of "Nothing about Gibraltar without Gibraltar" was kept to the fore. I am pleased to say that has been done throughout by Paul and his colleagues and everyone who has worked on it.

On the question of why an agreement was not included in the TCA in December 2020, maybe you should get Lord Frost in and ask him that question. My best understanding is that Gibraltar was not included in the scope of the TCA because that was a position taken by the European Union at the time, probably because of Spain's view that Gibraltar should have separate arrangements with the EU from the rest of the UK. Given that Gibraltar's requirements are so different, I understand that the Government then took the decision to agree to separate the discussions and pursue a bespoke agreement alongside the Government of Gibraltar. Looking back—this is me speculating—it is difficult to conceive of how the Schengen arrangements that have been negotiated in this treaty could have been negotiated at the time of the TCA as well. So, even though it was difficult at the time, I think there is virtue in the fact that, after a long time, we have ended up with an agreement that secures that feature of the treaty agreement.

The bridging measures were quite successful for their time. They were informal agreements between the UK, Gibraltar, and Spain, primarily, again focused on making sure the border was kept fluid. The core of them was an agreement not to carry out immigration checks on EU and Gibraltar residents at the land border, but there were other bridging measures as well on things like reciprocal healthcare and data protection.

Why was that not enough? For a variety of reasons. First, there were periodic and growing issues of concern with certain categories of people, such as defence personnel, who faced difficulty crossing the land border. Secondly, and most crucially, as informal measures they were just not sustainable in the long run. Businesses, people and the Government of Gibraltar were severely hampered in their ability to do medium-term and long-term planning because they relied on informal agreements and good will, and we know that politics can turn informal understandings on their head quite quickly, so having security through a treaty was important. The third point about the timing is the introduction of the entry/exit system in the EU. It meant that Spain would not have been able to continue allowing people to cross the border. Spanish Foreign Minister Albares said publicly, I think in late 2024, that the bridging measures could not continue after the introduction of the EES. For all those reasons, there had to be a treaty solution.

The last part of your question was: why did it take five years? I guess there are two reasons. One is complexity. The document is over 1,000 pages long, as you will see—poor Paul here is still recovering. It was a multifaceted negotiation across a number of different dossiers, so of course that is complex. Co-operation was good, but Spain has views and so do the UK and, importantly, Gibraltar, which meant that the conversations were long and complicated. Particularly complex arrangements were required for things like checks on people at Gibraltar Airport, which I am sure we are going to talk about later, and on customs arrangements. Physical infrastructure had to be constructed to make all these things possible, and there were military aspects too. So complexity is the main reason.

The second reason is politics. Think about the last five years: 2022 was a politically tumultuous year here in the UK, 2023 was election year in Spain and in 2024 we had a change of Government. As far as I understand, the conversations and the co-operation continued, but the pace of them was probably interrupted by those political events in the last few years. Sorry, that was a long answer when you asked us to be short.

Lord Jackson of Peterborough: Congratulations on your appointment; I know it probably comes second to playing for Liverpool FC, but take what you can get. Can I just press you? You raised the specific issue of the border and the term “fluidity at the frontier”, I think, or “border”. What is the difference in practical terms between fluidity at the frontier, which I know the Government of Gibraltar and our Government are using, and free movement?

Lord Wood of Anfield: Fluidity at the frontier means that the 15,000 people every day who cross the land border, which the economy of Gibraltar works on, can pass without checks. That is the key to fluidity at the border. As you know, for people arriving by air and sea there are different arrangements, but that is the key definition of fluidity. It is also about the local economy; the people of Gibraltar and the First Minister prioritise the land border openness as the key to fluidity but also to the economic prosperity of the area. That is the cardinal feature that the Gibraltar people wanted and which was negotiated.

Q2 **Lord Grantchester:** Good morning, Lord Wood. It is good to see you before the committee. My question is that the agreement wishes to enshrine a mutually co-operative arrangement between the EU and the UK but obviously its effects are going to be felt between Gibraltar and Spain more specifically. How do the Government in the UK plan to navigate this complex arrangement, including, as it does, immediately going into dynamic alignment? Will it require additional diplomatic resources?

Lord Wood of Anfield: You are right that the dynamics are definitely complex. That is why the treaty establishes joint governance bodies, including a ministerial-led co-operation council, three specialised committees, which are in the process of being set up, with the EU, which are similar to the withdrawal agreement, and a range of dispute resolution mechanisms, which is standard in all international treaties, plus arrangements under that for working groups between the UK and Spain. So there is a complex web of supporting co-operative fora and institutions that will support this.

To give you a sense of the range of British engagement in this, we have the Gibraltar team in the Foreign Office, which is continuing to co-operate with the Government of Gibraltar, particularly on implementation issues, which continues to liaise with the European Commission. In Gibraltar, there are the Governor and his team in the Convent. By the way I had the pleasure of going to Gibraltar last week for Gibraltar National Day; you can see pictures of me on the web wearing red trousers and a red

tie, since red is the national colour for Gibraltar National Day. It was an extremely enjoyable day. The Governor and his team do excellent work in the Convent.

We have the UK mission in Brussels, which engages with the EU on Gibraltar matters. Our embassy in Madrid continues to engage with the Spanish MFA, and obviously a lot of the environmental issues engage officials from different government departments here in the UK. So not only does the treaty set up this network of interlocking co-operative institutions and groups but there is British diplomatic and other engagement throughout the system. So yes, it is a complex set of dynamics, but we do not envisage that equipping ourselves with this challenge and meeting it in the implementation period is going to involve any significant increase in resources.

Q3 **Baroness Suttie:** I add my congratulations on your appointment. What are the main problems that Brexit caused for Gibraltar that this agreement is trying to solve? What were the most delicate and sensitive of these?

Lord Wood of Anfield: Not wanting to repeat myself, but you should probably ask someone else than me because I was not around. Obviously there are practical issues both before and after the treaty, and teething issues now that the treaty is in provisional force, that are not really Brexit-related. I guess that the main Brexit-related one was that the dominant problem was the potential for the introduction of full immigration checks at the land border. The Gibraltarian people and the Gibraltar Chief Minister consistently made it clear that that would have been a disaster for Gibraltar and the surrounding region, and that is first and foremost what this agreement is designed to avoid. The bridging measures, as I said, had a temporary solution but had no long-term legal security, so replacing those informal arrangements with something that guaranteed security and stability was really the big nut to crack, as far as I understand it, and that is the central feature of the treaty that has emerged. So I guess that would be the overwhelming central problem that the treaty has hopefully resolved.

Q4 **Baroness Ashton of Upholland:** Congratulations; it is fantastic to see you in this position. As a fellow Liverpool supporter, it is always good to see the word "Anfield" in front of us—although I live in an Arsenal household.

There were lots of principles set out by, I think, Foreign Secretary Dominic Raab in 2021 to say what we should and should not do, and at the heart of that has been the issue of sovereignty. I pay tribute to Paul and his team because these are very complicated things; it is an extraordinary document that you have achieved. Are there areas where you feel that you had to bump up against the principles or where you feel there was a challenge to this question of getting the sovereignty right? At the end of it, do you feel comfortable that we have addressed all of the issues, or do you think there will be a need to continue to address any of these bigger questions of principle later?

Lord Wood of Anfield: Categorically, this treaty does not affect sovereignty at all. We are very clear about that. Not only did we not discuss passing sovereignty of Gibraltar without the people of Gibraltar being content, which is a long-standing principle, but we did not discuss sovereignty of Gibraltar at all in the course of this. I want to make crystal clear that Article 2 of the treaty has a specific clause that explicitly makes clear that its contents do not impact the sovereignty position and cannot be used to challenge it. Sovereignty was not on the table and is not impacted. This agreement is about the technical arrangements that apply and which govern Gibraltar's relationship with the EU.

As I said before, the outcomes of this treaty are very bespoke. They reflect the unique circumstance of Gibraltar. It is a unique treaty. It does not have any wider consequences beyond that. The bespoke nature of these arrangements was foreseen in the original Foreign Secretary's statement and, as I said earlier, that is one of the reasons why the negotiations took as long as they did.

Some of the outcomes set out in that statement are different from what was envisaged in an operational sense, that is true, but the goals of border fluidity for people and goods in a way that is safe and manageable for customs and for the people of Gibraltar have been achieved. The key thing is that this outcome was chosen by the Government of Gibraltar, unanimously supported by the Parliament of Gibraltar and by the people of Gibraltar. It is their choices that were respected in the arrangements that have been designed. I am sure that you will hear that message from the Chief Minister, and I think that is the fundamental reason that this is politically secure.

Lord Moynihan of Chelsea: Good morning, Lord Wood. Many congratulations on your appointment and on your very competent handling last week of, I think, your first Front-Bench debate in the Chamber.

The question was about sovereignty. Surely it would be the case that this appears to remove the territory permanently from British trade policy, which surely must be a significant impingement upon our sovereignty. For example, would Gibraltar still be allowed to join CPTPP under this deal?

Lord Wood of Anfield: I might ask Paul to answer the CPTPP question but no, it does not touch on sovereignty at all. The customs arrangements, as with the border arrangements, were chosen by the Government of Gibraltar. The question of sovereignty is not touched by that. These are choices that were made in pursuit of the goal to have a land border that was open in a way that would support the Gibraltar economy.

In order to satisfy treaty requirements in the name of a greater interest that we have, it is customary for Governments—we do it as well—to observe certain rules. That is what the Gibraltarians are doing and that is what this treaty enables. It does not touch on the question of

sovereignty. It sets up operational arrangements that involve choices by the Government of Gibraltar which allow, both on customs and the movement of people, for fluidity to continue.

Lord Moynihan of Chelsea: I am confused as to whether you are saying that Gibraltar is not removed from Britain's sovereign trade policy or that being removed from Britain's trade policy does not impinge on sovereignty—and I still have the question about CPTPP.

Lord Wood of Anfield: I shall ask Paul to address the CPTPP question.

Paul Hughes: In terms of the general trade policy, this agreement is only about goods trade. Gibraltar has established a customs union with the EU with regard to trade in goods. Gibraltar's interest in international trade, as I am sure the Chief Minister will tell you, is in trade in services. The answer to your question is that yes, Gibraltar could accede to CPTPP to the trade in services chapter—

Lord Moynihan of Chelsea: But not to goods?

Paul Hughes: Not goods, because they are in a customs union with the EU. That is a decision that they have made.

Lord Moynihan of Chelsea: That is my case, Chair: we have a policy in this country of not joining the EU customs union—which is, by the way, only in goods; services are not affected anyway—but we have said now that we are going to join Gibraltar in that customs union, which is an impingement on our trade policy.

Lord Wood of Anfield: Lord Moynihan, I do not think that is true: Gibraltar is not joining the EU customs union. It has a bespoke customs union for goods with the EU. That is not joining the EU customs union. That is a misrepresentation, if you do not mind me saying so.

Lord Moynihan of Chelsea: It is in a customs union with the EU—banana/banana, tomato/tomato.

Lord Wood of Anfield: A customs union that they have chosen to go into, yes.

The Chair: Can I ask a different question on the sovereignty point that might be of interest to some people? Sovereignty has not been ceded in this, but certain arrangements have been made under the treaty, such as the involvement of Spanish customs, police, and so on. Some people might say, "Okay, that sounds fine since there are strict limits to that, but is there scope for a creeping expansion of Spain's role within Gibraltar?" If there is, how is that to be controlled under the arrangements that you described earlier for monitoring the ongoing process of the agreement?

Lord Wood of Anfield: I do not think so. Creeping co-operation is what the Gibraltarians want, setting up stronger forms. I saw myself when I went to visit the Commander British Forces Gibraltar, Tim Davey—he and

his team do excellent work, and he talked very positively about the early stages of co-operation with military liaison officers in Spain. I talked to the head of the Royal Gibraltar Police, Owain Richards, who has been there a few months. Similarly, there are issues that need to be discussed with the Spanish police—the Guardia Civil—and others, but he has good relations there. More co-operation at this stage is what is going to make the implementation of the treaty work.

My understanding, and Paul may want to jump in if this is a misrepresentation, is that in each area there is clearly and carefully delineated scope for the relevant Spanish authority. For example—and maybe we are going to talk about military issues in a minute—Spanish military officers are only involved in issues to do with assuring the application of derogation for military personnel and some very limited information sharing. Apart from that, they have no scope in the treaty for more jurisdictional roles. In each area, that principle seems to have been well applied to prevent the kind of concerns that you are worried about.

- Q5 Lord Tugendhat:** Mine is a different question. I am intrigued by the disputes arbitration procedure. I was also struck in your answer to Lord Moynihan by your distinction between joining the customs union and having a bespoke customs union, which is an important distinction. The British Government are engaged in negotiations with the EU, as we all know, over a variety of things—electricity, carbon emissions, phytosanitary and so forth. In a sense, if these negotiations are successful then they will be bespoke agreements rather than joining the customs union. I wonder therefore to what extent you consider that the arbitration procedure, which is a rather interesting one that applies in the case of Gibraltar, might provide a precedent in the British Government's negotiations.

Lord Wood of Anfield: I cannot pretend that I am an expert in the details of the arbitration procedure, but you are right to point to parallels—for example, in the choice to align on regulations—between the Gibraltar approach on the customs union and some aspects of Schengen and the approach that the UK Government are currently engaged in with the EU. That calculation is a relevant comparison. I may have to ask Paul to comment specifically on the dispute mechanism. I am sorry that the thing you are most passionate about is something I know little about, but maybe Paul can illustrate some of the themes you are talking about.

Paul Hughes: The arbitration procedure in the agreement is largely quite standard apart from how it deals with matters of EU law, which is this potential referral to the ECJ to decide on interpretations of EU law. That mechanism was taken from the withdrawal agreement—as Lord Barrow will be familiar with—which in turn was taken from previous EU agreements. You would have to ask Cabinet Office colleagues about the specifics of the current negotiations, but yes, it makes sense that if that is how the EU has managed this in the Gibraltar deal and in the past then it may serve as the basis for what we are doing with the EU at the moment.

Lord Wood of Anfield: The ECJ role, to be clear, is clarifying aspects of EU law as and when necessary for those parts that Gibraltar has taken on board.

Lord Tugendhat: The extent to which the European Court of Justice is in the background rather than the foreground was very interesting.

Q6 **The Duke of Wellington:** I declare my historic interests in Spain as detailed in the register. My question is about the naval and military base and whether in any way this treaty will have an impact on military personnel coming and going and general access to and from that base.

The Chair: Could you address the conduct of operations as well?

Lord Wood of Anfield: It was made clear throughout the negotiations that safeguarding the operational autonomy of the UK's military facilities in Gibraltar was a total red line throughout the discussions. The treaty protects that autonomy. It allows our facilities to continue their crucial contribution there to regional security and to prosperity. There is no Spanish role in approving, authorising or controlling UK military operations, UK personnel deployments or military movements—that is absolutely clear.

There are specific arrangements that the treaty provides for military personnel and military goods to ensure that the base can continue operating effectively following the removal of routine checks at the Gibraltar-Spain border. Military personnel, civilians travelling on defence business, their immediate family members and close defence partners are not subject to routine Schengen entry and exit checks. Likewise, the treaty contains dedicated arrangements for military and dual-use goods that preserve our ability to supply and operate our military facilities. So these arrangements largely preserve the practical position that was in place. They are supported widely by the Ministry of Defence and the Defence Secretary.

On top of that, however, we have co-operation with the Spanish, who are a NATO ally, and it is important that that continues and deepens. They are a trusted ally. In the light of the removal of the land border checks, we have agreed to limited information sharing, as I said earlier, with the Spanish military through the military liaison officers' nexus. The role of that relationship is to facilitate the operation of military derogations, as I said, and the smooth running of the treaty. That is the structure of both the protection of the autonomy of our military activities and the base and the limited co-operation that is essential for the smooth functioning of the treaty.

The Duke of Wellington: I assume that therefore the local commanders and the different branches of the military are entirely content. Indeed, they may even think of this as an improvement on their current situation. Is that right?

Lord Wood of Anfield: Absolutely right. In talking to the Commander British Forces, I was struck by his positivity about the early weeks of

these arrangements and the relationships that he is building. It has only been two months since the treaty came into provisional force, but as far as I can tell the relationship-building is going well.

Q7 Baroness Smith of Newnham: I do not quite have a declaration of interests but I visited Gibraltar last year at the invitation of the Gibraltar Government. That falls slightly outside the declaration period but I thought I would mention it.

I have quite a specific question about Schengen to follow up on your response, Minister. You said that service personnel and their families would not be subject to routine Schengen checks. Will they have some sort of document that means that, if they then visit other Schengen countries, they are not going to get caught up in the 90 days out of 180?

Lord Wood of Anfield: The UK retains complete control of who serves in Gibraltar and who travels there on defence business. Beneficiaries of these derogations are not subject to the Schengen entry and exit requirements, as I say. Personnel are required to demonstrate eligibility for the derogations through having a standard document, such as a valid identity document or a movement order. That is the way in which that operates.

On the Schengen 90-day rule, there is an arrangement now in place that enables the military personnel to clock in and clock out so that the Schengen clock stops and starts in the right ways. That is a good example of an implementation improvement that has happened in the last couple of months, to respond to your challenge. I hope that makes sense.

Q8 Lord Brennan of Canton: Welcome, Minister, and congratulations on your appointment. I know that Lord Jackson and Baroness Ashton have referred to your support of Liverpool Football Club, which you advertise in your title, but they may not be aware that you are also an avid and talented musician, so we are hoping that you might be able to help us on that down the line on the question of cultural touring—but that is another subject. How will the agreement's provisions dealing with the refusal of individual entry into Gibraltar work? Who will take the final decision to exclude somebody, and at what point in the process?

Lord Wood of Anfield: Thank you for that, Lord Brennan. The Government of Gibraltar have been in charge of these decisions for decades, and they are still in charge of entry into Gibraltar under the treaty. Gibraltar residents—let us start with them—cannot be refused entry to Gibraltar. The treaty has been designed so that all residents have the right to return home. More generally, none of the parties wanted individuals who pose a genuine threat to security or safety to be able to enter Gibraltar or the wider Schengen area, so there is a strong shared interest in co-operation between Gibraltar, Spain and the relevant law enforcement authorities.

To unlock the benefits of a fluid border, the arrangement now is that everyone arriving at the airport—as I found out myself—undergoes

Gibraltar immigration controls carried out by Gibraltar officers, followed by Schengen entry checks carried out by Spanish officials. On completion of these checks, individuals are able to enter both Gibraltar and the Schengen area.

When an individual is the subject of an alert on the Schengen Information System—which we of course do not get access to elsewhere—or they do not meet the requirements for entry into the Schengen area, Spain may refuse them entry into Schengen. In those circumstances—excuse the complexity of this—the Government of Gibraltar have taken their own decision to mutually recognise decisions taken by Spain to refuse entry to the Schengen area that are based on security or public safety concerns.

Lord Brennan of Canton: In effect, the answer is that the Spanish authorities could refuse entry into Gibraltar.

Lord Wood of Anfield: No—the Spanish authorities make a decision about entry to Schengen. The Government of Gibraltar have chosen to use that information to make decisions about entry into Gibraltar, of which they are still in complete control.

Lord Brennan of Canton: They have chosen that, under all circumstances, they will respect and adhere to the decisions taken by the Spanish. Obviously they have done that voluntarily, but is that what will happen in practice?

Lord Wood of Anfield: They have chosen mutual recognition as the principle, yes.

The Chair: What happens the other way around—if Spain wants to allow them in but Gibraltar does not?

Lord Wood of Anfield: Gibraltar has the right to exclude anyone from Gibraltar, including UK nationals who are not Gibraltar residents.

The Chair: If they go to the Gibraltar authorities first and the Gibraltar authorities refuse them, would they still go on to the Spanish authorities or would that be the end of it?

Paul Hughes: Everyone goes through both.

Lord Brennan of Canton: Under those circumstances—this is what the Chair is getting at—that the Gibraltar authorities decide that they do not want to admit somebody, but they then talk to the Spanish border guards who say, “Oh, we think it is okay to admit them”, what happens to that person?

Lord Wood of Anfield: The Gibraltar authorities are in charge of the decision to admit to Gibraltar.

Lord Brennan of Canton: So they would not be allowed into Spain via that route.

Paul Hughes: The same principle that applies to Gibraltar residents applies to Spanish residents. We cannot stop them going home. The Spanish could admit them into Schengen, but Gibraltar could say, "You are not coming into Gibraltar".

Lord Brennan of Canton: Is that applicable to every EU citizen or citizens of other jurisdictions? How would it work? You are giving the particular example of Spain, but what if it was a citizen of another European Union country or non-EU country?

Paul Hughes: I would have to check that and come back to you. I think the same principle applies that they would be allowed to transit home, but I would have to check that.

Lord Brennan of Canton: It would be useful, Chair, if we could clarify that, if we are going to have a debate in the House.

Lord Wood of Anfield: We will definitely clarify that point.

The Chair: I agree entirely, because I have to admit that this is one area—of many areas, when I ploughed through those hundreds of pages—that I was a bit baffled by. I clearly understand the point about Gibraltar accepting the Spanish decision and to abide by it, but I do not understand how it works the other way around. You say that Gibraltar can exclude who it likes, but has it agreed that it will never exclude a Spanish citizen or that it will never exclude an EU citizen? You have said that they go to both, so clearly the situation could arise in which Gibraltar says, "You cannot come into Gibraltar" and Spain says, "You can come into Spain and the EU". What happens?

Lord Wood of Anfield: That is conceptually possible, but we will definitely get back to you on this case. Also, the Chief Minister is coming up, who may be your shortcut to getting a practical answer to the question.

Lord Brennan of Canton: Before I finish, Minister, and while we have you here, to the best of your knowledge, has anyone asked President Trump his opinion on Gibraltar, given how freely he has opined on other controversial jurisdictions like the Falkland Islands and Northern Ireland?

Lord Wood of Anfield: I have not done a trawl of President Trump's social media recently, so I do not know the answer to that. I do not believe he has, but I do not know for sure.

Q9

Lord Jackson of Peterborough: Notwithstanding what you are saying, Minister, about the agreement of the Gibraltar Government, it nevertheless contains 43 annexes of EU legal acquis that will apply to Gibraltar on a dynamic basis. Why is this necessary? That is my first question.

You will know that, in 2024, the Commons EU committee argued that UK concessions on the "border, alignment with the Schengen acquis, and the airport" threatened a "serious diminution of UK sovereignty". When one

looks at the list of powers that this treaty conveys, Spain gets primacy in arrest, detention, search and seizure powers, and coercive action. It can block new residency permits, it can force withdrawal of existing residence permits, it can retrospectively review pre-treaty permits and it can ban individual Gibraltar residents from leaving Gibraltar. Gibraltar must provide quarterly risk assessments for Spain. Spain can issue short-term visas for Gibraltar visitors and block emergency border visas. The list of powers that have been vested in Spain and the EU is very significant. Coming back to sovereignty, are you convinced that Article 2 is enough to address the argument that sovereignty has been seriously diminished by this treaty?

Lord Wood of Anfield: Sovereignty has not been diminished by this treaty. That is just not true. Article 2 is reassurance. The rest of the treaty, as I said, is technical about the relationship between Gibraltar and the EU. It is just not true—it is out of the question—that these agreements undermine sovereignty, because these are areas where Gibraltar is choosing to align its rules with those of the EU in order to unlock benefits. It is a choice that Gibraltar has made.

Lord Jackson of Peterborough: With respect, Minister, that is a separate issue. Whether Gibraltar agrees with it or not, we are talking about the sovereignty of a British sovereign territory. That is a separate issue from the sanction or otherwise of the Gibraltar Government.

Lord Wood of Anfield: We are talking about the sovereignty of a British territory, yes, but we have a consistent, key principle of “Nothing about Gibraltar without Gibraltar”. The Gibraltar people have made decisions that we respect about customs arrangements.

Just to come back to it, it is also not true that there are 43 annexes about EU law. In fact, the majority of them are not about EU law; many are about provisions in the main text to do with rules of procedure or are simple lists of things, such as relevant criminal offences. We think that roughly eight of those annexes contain references to EU law and they are all measures in which Gibraltar has committed to remain aligned in order to unlock the benefits of an open border. This is a good thing for Gibraltar.

As the people in the room who worked on it know, it had to be a bespoke deal and it had to involve the consent of the Gibraltar people. This model is proportionate to their circumstances and it avoids them having to incorporate extensive, lengthy and frankly irrelevant EU law into their own domestic legislation. Crucially, it is something that they decided to do. There are not 43 annexes of EU law, but it is Gibraltar opting into certain limited provisions in the name of having a fluid land border and supporting the economy and welfare of Gibraltar.

Lord Jackson of Peterborough: That is a helpful and comprehensive reply. My final question is: would you concede that there has been some concern and disquiet in the employment market, in that this treaty gives power to the EU and Spain to de facto block the entrance of British

nationals who hitherto would have worked in Spain? That is a power, not that they will necessarily exercise it, so there may therefore be a displacement of employment opportunities between British nationals and the local Spanish, and that has caused some concern. That is the power that the treaty gives to the Spanish and the EU.

Lord Wood of Anfield: I am not sure I recognise that description of it, if I am honest. Yes, there is a thriving Gibraltar economy that relies on many Spanish workers. That is why preserving the openness of the land border was so crucial. Gibraltar remains in charge of deciding whether nationals can come in. I am sure there are concerns as economic changes happens—they happen in every part of the world—but nothing in the treaty has established a fundamentally new dynamic in those two respects. In fact, it has provided legal certainty for both of those features, which has been welcomed by Gibraltarians.

- Q10 **Lord Elliott of Mickle Fell:** Welcome to the committee, Lord Wood. As you know, the public often analyse new treaties and agreements using cost and spending as a sort of measure and a metric—a short cut, if you like, for that. I would like to explore that a bit. The agreement says that the co-operation council will establish a financial mechanism aimed at promoting cohesion in the region. How much will Gibraltar pay for these arrangements, and will the UK be required to make a contribution?

Lord Wood of Anfield: I know there has been some interest in this. The treaty is designed to create the conditions for prosperity in the region—that is its fundamental purpose—and the surrounding region by removing barriers to the movement of goods and people. Under the financial mechanism that you refer to, both parties will establish independent funds to benefit Gibraltar and the region around it. The Government of Gibraltar will set up a fund that could, for example, provide employee training and development in Gibraltar for frontier workers; since you have the Chief Minister coming, you can ask him about that proposal. There are no specific timelines for establishing that yet but we expect it to be set up soon, and more details will be available in due course since the specifics have been agreed within the co-operation council. As agreed under the concordat between Gibraltar and the UK—the political agreement—the UK contribution to the mechanism will come from Gibraltar and will not be met from UK taxpayer funding.

- Q11 **Lord Barrow:** I declare my interest, as has been alluded to, in having worked on related agreements and indeed the early unsuccessful years of this negotiation. Welcome, Minister, and congratulations on your appointment. I join others in congratulating Paul, Lindsay Appleby and others who did so much to get this agreement over the line. Minister, you have just referred to the concordat, and I want to ask you about that. Gibraltar's parliamentarians unanimously agreed to the agreement in March 2026 subject to that concordat, and I wonder if you could tell us about why the concordat was necessary and what its impact is.

Lord Wood of Anfield: To add to your list of thanks, my predecessor Stephen Doughty, who was Minister for Europe, did a lot of work to make sure that this got over the line.

The concordat is a political agreement between the UK and Gibraltar. It is needed because we wanted to provide clarity on how Gibraltar and the UK can work together to ensure that the treaty is smooth and that implementation happens. That is the fundamental purpose of the concordat. It sets out respective responsibilities for implementing the treaty. It is an essential accompaniment and the Gibraltarians wanted it. It provides clarity, which is helpful from the UK Government's point of view, while respecting our respective constitutional arrangements and the UK's international obligations.

As far as I understand it, it was always the intention to have such a document with the Government of Gibraltar alongside the treaty. A similar one was agreed as part of the withdrawal agreement, and I am sure you know about that. We want this treaty and the arrangements it sets up to last in perpetuity, or at least for a very long time, and the impact of the concordat is to clarify how we envisage the treaty being implemented between us as a party to the treaty and Gibraltar, which, as I keep saying, is in charge of its own affairs. That is the purpose of the concordat.

The Chair: I am afraid I am not quite clear on this. What is the legal status of the concordat versus the treaty itself?

Lord Wood of Anfield: It is an accompanying document. As I understand it, it does not have any legal standing. Paul?

Paul Hughes: It is a political instrument between us and the Government of Gibraltar.

The Chair: So it is a political agreement and therefore is open to amendment by either side—I was going to say "on political whim", but you know what I mean. It can be driven by other political considerations.

Lord Wood of Anfield: Whoever the UK Government are, they have a vested interest in wanting a working, functioning and co-operative relationship with the Government of Gibraltar. The Government of Gibraltar will always want clarity about the implementation of the treaty that they depend on, so I am hopeful that it will continue to be in place.

The Chair: I am not saying the concordat is a bad thing, but we should be very clear about its status. A treaty is a treaty and has all sorts of enforcement mechanisms but the concordat, as you have described it, is a political agreement that will require continued political work and engagement, if I can put it that way. Does that sound right?

Lord Barrow: I am not sure that it requires continued political work, but there is a continuing conversation between us and the Gibraltarian authorities.

Lord Wood of Anfield: Yes—a way of working together.

The Chair: I would describe that as work.

Q12 **Lord Moynihan of Chelsea:** I turn to the topic of termination, which is obviously possibly of considerably more interest to our side than to the Government. It seems—although I could have got this wrong as it is quite complex—that there are three mutually inconsistent ways in which the treaty can be terminated. Article 334 says that termination can take place at 12 months' notice plus Gibraltar's consent and a confirming referendum. That is a nice, solid process that is quite difficult to break or to happen. However, Article 19.5 provides for termination within 90 days without further ado. Then there is a provision that, as I understand it, Spain at will is allowed to unilaterally force the termination of the entire agreement.

If Article 334 is what we have in mind then that locks the process in and is difficult to get out of. However, let us say that for some bizarre reason Gibraltar elects a Faragist Government who want to get out: apparently, Article 19.5 means that they can just give 90 days' notice and go. Then, despite our wanting to make Spain happy and produce something that could not be changed, apparently Spain can continue to apply pressure should they have an aggressive Government, because they can say, "If you don't give us more concessions then we're going to terminate this whole thing at will". Have I got this right?

Lord Wood of Anfield: I shall answer the point about Article 19.5. Article 334 is not the bone of contention that you are asking about; it is 19.5 and the third alleged exit option. Article 19.5 is a provision that is precedent in the agreements that the EU has with Norway, Switzerland and Iceland about Schengen arrangements with the EU. The purpose of it is for a very specific scenario where, if Gibraltar explicitly rejects or ignores an update to an EU Act that it has committed to align to, a 90-day period begins when an alternative determination is examined by the parties—a sort of discussion period. The purpose is to avoid that provision kicking in, and it is a pretty decent assumption. Unlike your assumption that a Faragist Government would take over in a country that had 96% support for remain in the referendum, it is a reasonable assumption that the period of 90 days will be used pretty intensively by all parties to sort out an agreement. I am going to hand over to Paul on your allegation about Spain's unilateral mechanism, which Paul knows more about than I do.

Paul Hughes: I think I know the article you are referring to. It is in the mobility of persons chapter and comes after the review of the mobility of persons at the end of four years. I do not have it in front of me, but it says something along the lines of: if Spain informs the EU that it is no longer content, then the EU will set in process the process of termination. It is a Spanish request for the EU as the party to terminate the treaty; I think you have identified that correctly. That triggers the termination process—it might be nine months—where alternatives can be found. It reflects the reality that most of the treaty from the EU side affects Spain,

and it is for Spain to implement. We have recognised that on our side through the concordat and the very tight drafting of the termination provisions in that, which sets out the process for how the UK would use the termination provisions of the treaty. Both those acknowledge the reality that the treaty is fundamentally and mainly about the relationship between Gibraltar and Spain.

Lord Moynihan of Chelsea: I think you have confirmed that what I said was correct. I would say, in a friendly way, that we cannot say just that "Gibraltarians are 95% in agreement with this right now" in a month when Ceuta has been invaded by tens of thousands of Moroccans. We can immediately see that that whole situation is likely to collapse in a relatively short time, so we cannot just say, "None of this will ever happen". You are saying that it could happen in this treaty, as I understand it, for Spain or Faragists. Obviously we all agree on the first.

The Chair: Just so that I am clear in my own mind, from what I understand to be the case and from what you just said, the main withdrawal mechanism—the first one that Lord Moynihan set out—is the principal instrument. The second one would kick in only if Gibraltar refused to align or, in other words, refused to live up to its agreements. That is fine. However, the third one is that Spain, at any time, can decide that it does not like this arrangement and therefore can terminate it—or, rather, insist that the EU terminate it, because it is not a Spanish treaty. Have I got that wrong?

Paul Hughes: It is important to be very clear: it is not "at any time"; it is in a specific process in a review, on the mobility provisions of the treaty, which happens at the end of four years. That is my understanding of when the Spanish option is there.

The Chair: Is that a one-off option at that moment in time?

Paul Hughes: I am fairly certain that that is correct, yes. The Chief Minister will definitely be able to say.

The Chair: Could you come back to us on that, because it is important point on which we need more clarity?

Q13 **Lord Tugendhat:** I cannot remember a time when there have been no negotiations going on about Gibraltar, or when negotiations had not been envisaged, broken down, were being renewed or whatever. Let me just ask whether we think that this agreement settles matters for Gibraltar as far ahead as you can see or do you think that further agreements will be necessary? Of course, Lord Moynihan is right that the unexpected can happen but, as of now, do you feel that this issue is wrapped up?

Lord Wood of Anfield: From a treaty point of view, yes: it is the last piece of the jigsaw after Brexit. I think everyone involved in it—I cannot claim any credit for myself, as I have just arrived in my job, but Paul, his colleagues, the people of Gibraltar and the officials who worked in Spain—should be applauded for arriving at a settlement. The issues are now about implementation rather than the fundamentals, and that is an

extraordinary achievement. One of the crystal-clear things about the treaty is that sovereignty is protected. We have done all this—not “we”, but it has been achieved—while sovereignty has been protected completely.

We may agree in future that changes in arrangements will be needed in the implementation and operation of the different economic activities and different jurisdictional law enforcement operations. Of course, there will have to be adjustments to the way that it is implemented but, as far as the treaty goes, this is a stable and lasting foundation for Gibraltar’s relationship with the EU for many years to come.

Lord Tugendhat: I think that is very encouraging. I congratulate those who have been involved in negotiating this.

The Chair: Thank you very much indeed. We are just coming up to 12 o’clock, so we are on time, which is good. I thank our witnesses, Lord Wood of Anfield and Paul Hughes from the FCDO, very much indeed for giving evidence today. It has been a pleasure to see you in this role.