



Select Committee on the European Union

Uncorrected oral evidence: Brexit: Gibraltar

Tuesday 13 December 2016

12 noon

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Members present: Lord Boswell of Aynho (Chairman); Baroness Armstrong of Hill Top; Baroness Brown of Cambridge; Baroness Browning; Lord Jay of Ewelme; Earl of Kinnoull; Lord Selkirk of Douglas; Lord Teverson; Lord Trees; Lord Whitty.

Evidence Session No. 1

Heard in Public

Questions 1 - 11

Witnesses

I: The Hon Fabian Picardo QC MP, Chief Minister of Gibraltar; the Hon Dr Joseph Garcia MP, Deputy Chief Minister of Gibraltar; Mr Michael Llamas QC, Attorney-General of Gibraltar.

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Examination of witnesses

The Hon Fabian Picardo QC MP, the Hon Dr Joseph Garcia MP and Mr Michael Llamas QC.

Q1 The Chairman: Chief Minister, you are very welcome to this Committee. This is a public session of the EU Select Committee. It operates by the normal rules of engagement. It will, I believe, be televised directly in Gibraltar and webcast for dissemination within the UK. The context is that our Committee is the overall Committee of this House looking at Brexit-related issues. It takes a particular interest in the implications for other territories linked in one way or another with the United Kingdom and with the European Union. We are clearly aware of some of the sensitivities of your position, which is why we are grateful that you have spared the time to talk to us. We will reflect closely on what you say and try to make sure that it is factored into the debate. One or two colleagues have signified that they need to leave at various stages, but you will understand that it will be not because of anything that any of you have said but because they have unbreakable commitments. We will, I hope, have plenty of time to explore these issues. Please feel that this is not the end of a relationship; we are open to your concerns and suggestions as this rather complicated process develops.

I think that is all I need say from my side by way of introduction, but perhaps, Chief Minister, you would like briefly to introduce yourself and your colleagues to kick things off.

The Hon Fabian Picardo: Thank you so much, my Lords, for the opportunity to address you this morning on this subject. I am leader of the Gibraltar Socialist Labour Party, Leader of the House in Gibraltar and Chief Minister. Appearing with me is Joseph Garcia, the leader of the Liberal Party, which is in coalition with my party in the Gibraltar Parliament; he is the Deputy Chief Minister and Minister in my Government for Europe and now also for exiting the European Union. On my right is Michael Llamas, the Attorney-General of Gibraltar. Thank you very much indeed for bringing forward the timing of this Committee session. I understand that you tend to sit in the afternoons, so I am very grateful that you have agreed to sit at midday.

I will be a little circumspect in some of the things that I say today in answer to some of your questions—you have kindly indicated some of the areas that you might want to go into—because of the particular sensitivities affecting Gibraltar and the issues that you will be aware of, in particular the way in which the current Government of the Kingdom of Spain are approaching Brexit in so far as it relates to Gibraltar. Some of what we put to you today may include detailed statistical data. Therefore, we may follow up some of what I say in writing, so that you have that material without having to make a frantic note of what I say.

The Chairman: That would be very helpful.

The Hon Fabian Picardo: Finally, having seen your excellent report on Northern Ireland, which was issued yesterday, I invite the Committee to

come to Gibraltar to see the reality of our 2.5 x 1 square mile piece of paradise to understand the issues that will affect us, in particular the operation of the Gibraltar-Spanish frontier, which will no doubt be one of the subjects that we get on to today.

Q2 The Chairman: Thank you for that. We understand your sensitivity. Obviously, I cannot and would not seek to control my Committee in asking questions, but we are always aware of the difficulties in which people find themselves, particularly in special relationships or special situations, like the situation that you referred to on which we reported yesterday. I do not think that will inhibit us at all. Equally, we are very grateful that you could fit us in on this visit before you need to go back to the Rock. Thank you also for your invitation. You will appreciate that we are quite heavily loaded at the moment—but we will, as they say, put it into consideration.

Let us begin with the most striking involvement for the ordinary citizen or even Member of this House, if there is any distinction, as we had a vote in this referendum. We sat down on referendum night and there was a very early result from Gibraltar, which was, in your words, a “clear and unequivocal statement” of support, by 96% to 4%. Why was there such overwhelming support in Gibraltar for remaining in the EU?

The Hon Fabian Picardo: We have a tradition of not being equivocal in the results of our referenda.

The Chairman: This was a little more equivocal than some that you have had in the past.

The Hon Fabian Picardo: It is usually in the high 90s—98.9% or 99%. That is the traditional result. I might even venture to say that I found myself a little disappointed that we did not reach that level of support. It is clear that the people of Gibraltar had five principal reasons for voting to remain in the European Union. By revisiting those reasons, I am not for one moment trying to set back the clock; the people of Gibraltar accept the result of the referendum. In doing the analysis that you asked me to do, I would say, first, that there was deep and unprecedented political unity in Gibraltar on this subject.

The Chairman: Across the parties.

The Hon Fabian Picardo: Across the political divide, and across the generations as well. Short of a referendum on the issue of sovereignty—I will come to that in a minute—this was a referendum on which Gibraltar’s view was entirely united. All former Chief Ministers of Gibraltar joined me in campaigning for remain. All the political parties took that view. Every single Member of the Parliament took that view. So much for the political class. Every trade union in Gibraltar and every employers’ representative organisation in Gibraltar took exactly the same view. A sitting Prime Minister of the United Kingdom actually came to Gibraltar. That was the first time in 50 years that a sitting Prime Minister came to Gibraltar; the last time had been in relation to the negotiations on Rhodesia, when people had come to Gibraltar to carry out negotiations unrelated to

Gibraltar off Gibraltar. David Cameron, the then Prime Minister, came to Gibraltar to advocate for remain. So there was a political position that was entirely clear.

Of course, the other issue is the attitude that the then Spanish Foreign Minister had taken to the referendum. He had been on the airwaves for months, since the referendum had been announced, saying that if the United Kingdom voted to leave the European Union, Spain would immediately table its proposals on joint sovereignty again as the only way in which Gibraltar might have an avenue of somehow remaining a participant in the Union. That is important, because I think that that was what turned this referendum in Gibraltar not just into a referendum on whether we liked or did not like the European Union and what it might or might not have done to us, but into, once again, a referendum on sovereignty, because of the way in which Señor José Manuel García-Margallo had presented the Spanish arguments. Those of us who were for remain always felt very grateful to him for the way in which he prosecuted his case against Gibraltar in the run-up to the referendum.

The third issue is that Gibraltar is part of the European continent. The make-up of the people in Gibraltar, apart from the British influence, is that we are predominantly a people from Genoa in Italy, from Malta and from the surrounding areas of Spain. The influence from Ireland is also there, because the Christian Brothers led on education in Gibraltar for so many years. People feel very continental and connected to Europe in that way.

Fourthly, I think it is fair to say that we have looked to the European Commission as an arbiter in issues relating to Spain and the free-flowing frontier that we have had. Many in Gibraltar see Spain's accession to the European Economic Community in 1986 as the thing that bust open the frontier gates that General Franco had closed in 1969. Continued fluidity through those gates at times when Spain has got difficult is something that the Commission, as guardian of the treaties, could help us with. We saw that during the period in 2013 when there was great difficulty as a result of an artificial reef created by the Government of Gibraltar.

Finally, but not most importantly—I think the other four reasons I have given you are the most important—is the issue of European Union funding being hugely important to Gibraltar. We have had £60 million in the past 16 years. That might not sound like much in the context of the sorts of figures I see bandied about in respect of the United Kingdom and, in your report yesterday, in respect of the island of Ireland and Northern Ireland, but for Gibraltar it has meant kick-starting a lot of businesses and giving them opportunities they might not otherwise have had. I think that those five reasons are what helped us deliver that result.

Q3 The Chairman: Thank you very much, Chief Minister. I have two points. One, picking up your last remark, is that it would be helpful if you could let us have a note on the scope of European funding and how it is delivered in the various programmes—because, of course, these kinds of perceptions interact with others to which you have referred.

The second point is an expression of interest in something you both said earlier, in your introductory remarks and in deploying those five reasons. We all probably need to remind ourselves, as I often say to the Committee, that this is not simply a matter of political structure and diplomacy; it is also a matter of how people feel, whether they feel safe and able to lead their ordinary lives. Clearly that is important.

In that spirit, can I follow up with a couple of quick questions on the referendum? The first is what you might call the point effect. When the overall result came out, what was people's reaction on the Rock? Secondly, do you feel that that reaction has in any way tempered or developed since the decision nearly six months ago?

The Hon Fabian Picardo: A referendum is not unlike a general election. It is a vote, a plebiscite, and at the end of that process people feel the emotions of those who have been invested in one side or the other. I think that those who were invested in remain, and that is almost 97% of our population, felt very disappointed indeed. Because of the issues I have taken you to and the reasoning that I think led to the result, I think people felt exposed in respect of the Spanish sovereignty claim and the way in which the then Spanish Foreign Minister had put his case. If I can just recall the morning of the 24th, David Cameron was not yet on the steps of Downing Street delivering his assessment and his resignation when the then Spanish Foreign Minister had already been on Spanish television saying, "This is the moment when we have the best opportunity to take the sovereignty of Gibraltar".

The Chairman: For the record, was that the Prime Minister?

The Hon Fabian Picardo: David Cameron, the Prime Minister.

The Chairman: Yes, but who was the Spanish Minister?

The Hon Fabian Picardo: It was the then Spanish Foreign Minister. Because Brexit obviously engaged Spain at a foreign affairs level, there was a comment from this gentleman on prime Spanish networks even before David Cameron delivered his assessment. Of course, this was all playing out as Gibraltar was getting ready to go to work, and the move to work that day was one in which people felt very unsure of what the future held as a result of that attempt to ramp up emotion in Spain against Gibraltar. I think people felt deep disappointment and some lack of certainty as to where we were going.

It is not unfair to say that I detected that some of that was also being felt in the United Kingdom in respect of other matters. We could see how the markets were moving, et cetera, in a way that reflected that uncertainty. In Gibraltar, we just felt more exposed than people here might have felt. What has happened since—

The Chairman: Before you go to that, did anyone do any systemic surveys about incoming workers into the Rock from the neighbourhood who would normally be working in Gibraltar? We will explore that issue

later, but did they express a view?

The Hon Fabian Picardo: Yes, they did, and they felt bitterly disappointed, too. They felt that this was their job perhaps slipping away from them because of what we were hearing from Spain at the time. I insist on saying "at the time", because there has been a change of Spanish Foreign Minister. We have heard very little from the current Spanish Foreign Minister, and no news is good news to an extent when it comes to the sort of belligerence that we saw from his predecessor.

On that day, the Spanish television networks were carrying out vox pops, as they are known, of people as they were coming into Gibraltar and they were expressing concern that, given what had been said by their Government at the time, this could lead to restrictions at the Gibraltar frontier and that Gibraltar would be beyond an external frontier of the European Union as a result of this vote. They also felt that they were seeing their jobs slip away.

To put this into context for you, the region around Gibraltar has been battered by unemployment for many years. In the towns around Gibraltar, there is an average of 30% to 40% unemployment. Among young people under 30, unemployment is in the region of 50% in what is known as the Campo de Gibraltar, the hinterland around Gibraltar. They felt some of the same emotions, I think, as people in Gibraltar felt. I have said before that when I was going to work I saw men and women crying and asking me what would happen now. I was clear that Gibraltar had a prosperous future, whether we were in or out of the European Union. I was able to give people that confidence.

The Chairman: Thank you. I interrupted when you were about to say what has happened to opinion on the Rock in the six months since the referendum. Is that maturing or developing?

The Hon Fabian Picardo: It is maturing. Life goes on. This is why I gave you the analogy earlier of the result of a general election. Especially in a close-fought general election there is always one side that is bitterly let down. When you lose a general election you do not know what you are going to do with yourself now that you are not heading happily into government, but you settle down and you mature into the role of opposition.

In Gibraltar, people have settled down and matured into the role of looking at what Gibraltar can make of Brexit, how we can protect ourselves in respect of the Spanish claim to the sovereignty of Gibraltar and how we can look at the other opportunities that Brexit may bring in the context of trade with the European Union and with the rest of the world. That is the work that I have embarked on with the Deputy Chief Minister and the Attorney-General, with colleagues in the Foreign and Commonwealth Office and in the newly created Department for Exiting the European Union. It is detailed work and we can communicate to people in Gibraltar how that work is going to manifest itself to create

those opportunities for Gibraltar. I know that some of your other areas of interest may take me to that detail, so perhaps I will leave that for later.

The Chairman: That is very helpful. The other point I have, and I want to bring colleagues in on it, is that it would be useful up front if you could say more about your existing relationship with the European Union. I have already invited you to let us have a chit, as it were, on the monetary exchange, but tell us where you are represented, through whom you are represented, and whether at the moment that relationship is strong and productive or is subject either to attenuation or to improvement.

The Hon Fabian Picardo: On the existing relationship—the picture before Brexit happens—under Article 355.3 of the Treaty on the Functioning of the European Union, Gibraltar is a territory for the external relations of which a member state is responsible and therefore the treaties apply to such a territory. In fact, there was a specific joint declaration at the time of the final act of the intergovernmental conference in Lisbon in 2007 by the Kingdom of Spain and the United Kingdom that specifically provided that “The treaties apply to Gibraltar as a European territory for whose external relations a member state is responsible. This shall not imply changes in the respective positions of the member states concerned”.

There had been instances before that treaty when Spain had tried to argue that old Article 227.4 of the treaty of Rome and new Article 355.3 somehow did not cover Gibraltar, and at that time they were prevailed upon to accept and declare that they recognised that the treaties did apply to Gibraltar for that reason.

The Treaty of Accession 1972 provided certain areas of non-application of the treaties to Gibraltar. At that time, the overseas territories and the Crown dependencies had all been asked by the United Kingdom which parts of the *acquis* they wanted to be part of. Gibraltar broadly made the choice to stay out of the agricultural policy, for a very good reason.

The Chairman: You do not grow any food.

The Hon Fabian Picardo: We do not grow any food. There is just about space for some trees. We did not want to be part of the common customs union. This may have turned out to have been prescient because of course in 1972 the European Economic Community started at Gibraltar’s southernmost tip and ended at Gibraltar’s northernmost tip because Spain was not a part of the EEC and we felt therefore that there was no need to be part of the common customs union because there would be no goods flowing across a land frontier with Gibraltar. Therefore, the common commercial policy and VAT are not applicable to Gibraltar but all the other parts of the *acquis* apply.

In the context of what people will know in shorthand as the four freedoms, one—the freedom of movement of goods—does not apply but the freedom of movement of services, people and capital does apply to

Gibraltar. We are slightly different, therefore, from the other overseas territories and the Crown dependencies because most of them did not choose to have the rest of the four freedoms apply to them other than the freedom that does not apply to Gibraltar—the freedom of movement of goods.

In the context of us going forward—if I can give you this hint of where we will go—when we hear about a hard Brexit, hard borders, et cetera, being what might happen after Brexit, Gibraltar has always been in Brexit in the context of the freedom of movement of goods. If there is a lesson to be learned about the Gibraltar experience—if I can take a positive out of the past 30 years of being in the European Union with Spain—it is that, properly managed, you can have a very easy and free-flowing border even where there is a hard customs border, and also where there is a persons control, because we are not in Schengen. So today Gibraltar is out of Schengen, Spain is in Schengen. Gibraltar is out of free movement of goods, Spain is in free movement of goods.

There is actually a frontier between Gibraltar and Spain that is the sort of hard frontier that people are fretting about in the context of the future. I put it to the Committee that it is more important that there be good will and good faith in the context of the operation of such a frontier. We have found that there are days when that frontier can operate very easily indeed. However, really in terms of how long is the Lord Chancellor's foot, if somebody in Madrid is not feeling too pro-Gibraltar on a particular day, it can be a very hard frontier indeed. It is important to set into context where Gibraltar has been for the past 44 years of membership and 30-odd years of Spanish membership.

Q4 The Chairman: Thank you. My final point, just to get a flavour of this, is that the main areas of potential difficulty are the maritime issues that also from time to time put you under pressure—slightly, as you suggested, at the whim of officials in Madrid or elsewhere who may have a particular agenda.

The Hon Fabian Picardo: Yes, indeed. It is fair to say—you have captured it—that the issue of most concern is the operation of the frontier between Gibraltar and Spain. There are many reasons why that frontier can continue to operate very freely in the coming months and years post-Brexit. Already, in terms of goods, it operates post-Brexit; in terms of access to Schengen, it operates as it might post-Brexit. You will not then be dealing with two territories of the European Union or two territories to which the European Union treaties apply, but already Spain has free-flowing frontiers. Not just Spain—the European Union has free-flowing frontiers with third countries and this does not have to be a barrier to trade.

If I can just concentrate on that for a moment before coming back to the substance of the rest of your question, there are regulations—I think it is Regulation 1931/2006, which deals with how people can access the EU Schengen area from outside the EU—which operate in various border towns and regulate how workers can cross frontiers into Schengen within

a radius of 30 kilometres to 50 kilometres. There is a special regime for accessing the European Union and Schengen from outside the European Union. Again, with good will and good faith on both sides, it is possible for frontier workers in the region around Gibraltar, for Gibraltarians and for tourists who want to access and egress Gibraltar from Spain to have a mechanism to do that in a way that does not restrict movement.

Coming to the wider issue—perhaps we can concentrate on the detail of the frontier later—the frontier is the most eye-catching of the issues affecting us but there are also maritime and air-liberalisation issues that are relevant. I remind the Committee of the agreements done in Cordoba in 2006 between the United Kingdom, Gibraltar and Spain. Those led to the lifting of restrictions by Spain on the application of air-liberalisation aspects of the European acquis to Gibraltar—something that Spain had been blocking for many years, on the basis that it argued that Gibraltar Airport was not within the territorial ambit of the European Union and could be brought within it only by being considered a Spanish airport. They wanted to exclude Gibraltar to show that it was a Spanish airport.

In parentheses, I am left wondering whether now they might think that the only way of demonstrating that they are right in their interpretation that it is a Spanish airport is by arguing that it should be included, having spent the past 30 years arguing for its exclusion. In Brexit the airport will leave with us—but let us see how they skin that cat.

So there is the application of air-liberalisation rules across the European Union to Gibraltar, and of course the application of maritime rules. There is an interplay between the maritime rules and the environmental rules because one of the areas of interest of the European Union has been the designation of maritime areas for environmental protection. We have had an instance where both the United Kingdom, for Gibraltar, and Spain have designated the same area of water as their site of community interest. Of course, this had led to a conflict because a member state is able to designate only parts of the member state notified on entry to the European Union for these purposes. There was a conflict between the United Kingdom and Spain over the waters around Gibraltar, which Spain insists on, without agreeing to take that issue to the international maritime court, the International Tribunal for the Law of the Sea, although UNCLOS—the United Nations Convention on the Law of the Sea—is abundantly clear as to the extent of British Gibraltar territorial waters and the effect of Spain's reservation in that treaty is not to create any legal doubt as to the extent of BGTW.

The Chairman: Thank you for that. I will bring in colleagues. Lady Browning.

Q5 Baroness Browning: You have probably covered quite a bit of my question already. Are there other issues concerning the response in Spain to Gibraltar's position following the UK's decision to leave the EU? Are there other things you want to emphasise or have you touched on all of them already?

The Hon Fabian Picardo: I think that the areas of greatest concern will turn on the application of the external frontiers regime at the Gibraltar-Spain frontier. That is clearly going to be the most important area. The maritime and air issues follow closely behind. The human aspect of this is what concerns me the most. We have a lot of people who rely on Gibraltar because they come to work in Gibraltar; we have a lot of businesses that do cross-frontier trade—all the sorts of things that people get up to when politicians do not interfere. But there is a further issue. As a product of the generation that suffered the frontier closure between 1969 and 1984, when it finally opened for vehicles, I must tell you that the human cost of creating a barrier to people having the opportunity to see friends and family is what concerns me most.

You can see pictures of the 1960s and 1970s: when a child was born in Gibraltar, people might take him down to the front and hold him up so that he might be seen by a grandparent across the way, who might never get to meet that child because it was impossible to get to Gibraltar in time; people passed away without their relatives being able to reach each other. So much of what we talk about in these committees is about business and trade and it is right that we do that, but during this period of uncertainty, girls and boys from La Linea will be falling in love with girls and boys from Gibraltar, getting married and establishing families. That human interaction is what we must ensure Brexit does not get in the way of. With good will on both sides, I am sure we can achieve that.

Baroness Browning: You said that you can live with a hard border as long as it is collaborative.

The Hon Fabian Picardo: That is a very good way of putting it—a hard border but a collaborative border.

Baroness Browning: Is there a significant economic impact in Spain of a very hard border or a closed border, as well as a human impact? Is it enough to be a significant influence on the Spanish?

The Hon Fabian Picardo: Considerable work has been done on analysing that issue. Of course, this comes from the period in 2013-14 when the Spanish Partido Popular Administration had an absolute majority in the Spanish parliament and the then Spanish Foreign Minister, Señor José Manuel García-Margallo, decided that he was going to get tough on Gibraltar. His statements are available for you to see. Essentially he was saying the same as we heard in the late 1960s and 1970s in pre-democratic Spain about how they might deal with the issue of Gibraltar. This was an attempt not at persuasion but at economic strangulation. So there was a period from 2013 to 2015 where we saw Spain operate a very hard frontier indeed. There were sometimes queues of three, four or five hours to cross into Spain. Unfortunately, most of the people sitting in those queues were Spanish workers who had come into Gibraltar to do a hard day's work and found that their Government was making it difficult for them to go back to their homes and loved ones. So the Chamber of Commerce collaborated with Professor Fletcher of Bournemouth University and produced an economic impact study. They

updated the study that had been carried out in 2003 in order to show the effect of Gibraltar on the neighbouring region. I have a copy of that report, which I will leave with the Committee.

The Chairman: Thank you; that would be very helpful.

The Hon Fabian Picardo: It is available electronically. I will give you the headlines. In principle, Gibraltar accounts for a quarter of the GDP of the region around Gibraltar. We account for between 10,000 and 12,000 jobs depending on where we are in the construction cycle in Gibraltar, of which about 7,500 at any time are likely to be Spanish nationals and the balance is likely to be a mixed bag of other European nationalities and some third-country nationals. That demonstrates that Gibraltar's positive effect on the region is not to be underestimated. The detail of the numbers demonstrates that Gibraltar's influence must be considered to be a positive one going forward.

If you look at the statements since Brexit of the regional government in Andalusia—the Junta de Andalucía, as it is known—and of the unions and political parties in the region, including some of the regional voices of the Partido Popular itself, they are all saying that the issue for this region in Brexit in so far as it relates to Gibraltar is an economic one, not a sovereignty one, because we must look at the consequences of Gibraltar not being able to provide the positive economic benefits it provides.

I will give you one final figure, which is not to get into the detail of that report but really highlights the influence of Gibraltar. Gibraltar is the second-biggest employer in Andalusia after the Junta de Andalucía itself. The commentators in that region are saying, "Look, we can't cut off the second-biggest employer just because we might want to go off on a frolic of our own on sovereignty, thinking that this is the moment".

The Chairman: I want to bring in Lord Teverson because he is one of our specialists on maritime matters. Before that, I will ask a small question which was not irrelevant to our inquiry yesterday in relation to the island of Ireland—the question of cross-border services. I am talking about public services here. Has any of that developed? Do people come to Gibraltar for medical services or for other reasons that would not be economic, sensible or practical to deliver on the other side of the frontier? Is there the germ of some inter-regional working happening?

The Hon Fabian Picardo: Yes. There is a cross-pollination of services across the frontier. For example, Gibraltar will take advantage of some hospitals in the Spanish region where people choose to be treated instead of coming to the United Kingdom. Austerity in Spain has been going on now for almost five years. The Spanish regional health authorities have suffered considerably. So Gibraltar now takes most of its medical services, when people are not able to be treated in Gibraltar or do not wish to travel to the United Kingdom, which many choose to do, from private hospitals in Spain. In the same way, you will find that Spanish citizens who work in Gibraltar will take their health service in Gibraltar. They will come to our primary care facilities and our emergency facilities

and will be entitled to treatment in Gibraltar. British expats living in the Costas in some instances will come into Gibraltar to see private doctors.

Those examples are from the medical area. However, there is a cross-pollination in all services, particularly in financial services, where Gibraltar offers banking services to people who are resident in Spain and who disclose that they have bank accounts in Gibraltar. Gibraltar has a completely transparent and open financial services regime. We have actually signed up to a number of directives where we have extended to Spain, ahead of other member states, transparency in respect of financial services in Gibraltar, using the G5 group within the European Union. We provide full transparency and accountability in respect of financial services offered from Gibraltar to Spanish residents.

Q6 Lord Teverson: The Lord Chairman asked if you could provide more figures on structural funding. Perhaps you could also include European Investment Bank investments, if those exist in Gibraltar. When I was an MEP back in the 1990s I was regularly and rightly lobbied by citizens of Gibraltar asking for the vote. This was resolved in the end through the European Court of Justice. When the Lord Chairman asked you about your relationship with the European Union, you did not mention the ECJ. I would be very interested to know how often Gibraltar has had to resort to the ECJ, over what sorts of issues, and what you will do in future when you no longer have that arbiter or decision-maker in terms of relations with Spain or other parts of the European Union.

The Hon Fabian Picardo: We have never considered the European Court of Justice to be an obstacle to decision-making in Gibraltar. We consider it a facilitator of understanding treaties and even some aspects of our own domestic law. You are absolutely right to point out that there was a strong political campaign for Gibraltar to be included in the franchise for European parliamentary elections. At the time the British Government did not agree to Gibraltar having that vote extended to it. It was for a simple reason; Spain objected to Gibraltar being included in the vote. It is really quite something when a country such as Spain can object to people forming part of a democratic franchise in another country and the Government of that country—the Government of the United Kingdom—will actually pay heed to that attempt to influence the franchise in another member state. Gibraltar did not go to the European Court of Justice but to the European Court of Human Rights in Strasbourg.

Lord Teverson: My apologies for getting that wrong.

The Hon Fabian Picardo: That is all right. It is important that we look at both these courts and how they can continue to have influence in respect of where we are going. The Attorney-General then—a much younger lawyer than he is now—was the lead counsel for a lady called Denise Matthews, who challenged the failure of the Gibraltar returning officer to be able to register her to vote for a European parliamentary election. That gave rise to a challenge in the European Court of Human Rights. The British Government defended that challenge and made us go

through the whole process of that court case. In the Matthews case, the European Court of Human Rights found that the European Parliament was a parliament for Gibraltar and that therefore the people of Gibraltar could not be denied the vote. In fact, it is the first case in which the European Court of Human Rights found that the European Parliament was now a parliament within the definition of a parliament.

About 70% of our legislation comes from the EU, so the European Parliament in particular has an influence on the laws of Gibraltar as they are today. Going forward, Gibraltar will still have the right, as anybody in the United Kingdom will have the right, to go to the European Court of Justice, now the Court of Justice of the European communities, where there is a dispute with another member state or a company incorporated in a member state. That will continue to be accessible to us—in a more restricted way, unfortunately. We will still have full access to the European Court of Human Rights, because we are not talking about Brexit affecting our Convention rights under the European Court of Human Rights.

Lord Teverson: I am trying to understand this. Have Gibraltar or Gibraltar's citizens or companies taken issues to the ECJ, or does that not happen?

The Hon Fabian Picardo: We have. There have been a number of issues that have arisen in the context of Gibraltar and the European court. The Government of Gibraltar have been in that court on a number of occasions, as claimant and as defendant, on issues relating to air liberalisation, taxation and state aid, for example. It is a court that is very active, as far as Gibraltar is concerned, on issues that can matter to Gibraltar. Of course, the other aspect of what you put to me, which I failed to address, is that having won that case in the European Court of Human Rights, Gibraltar became a participant in European parliamentary elections. We have representation, together with the south-west—the constituency of the south-west includes Gibraltar in part of the franchise—and Gibraltar has felt even more a part of the European Union as a result of having parliamentary representation in the European Parliament.

The Chairman: Thank you. I had misunderstood that Robin might be interested in maritime matters. Perhaps I should smooth that by saying that these are deep constitutional waters. Some of us also do have regard to the Convention—I am glad you have clarified those issues. Coming to some more immediate business, Lord Selkirk has a question.

Q7 **Lord Selkirk of Douglas:** My question for the Chief Minister arises out of comments by the recent Foreign Secretary, William Hague. How relevant are his concerns that Spain could hold the UK hostage, as he put it, in Brexit negotiations over demands to renegotiate Gibraltar's sovereignty?

The Hon Fabian Picardo: I think William Hague was, for Gibraltar, a magnificent Foreign Secretary. Since then I have been lucky enough to

work with Philip Hammond and now with Boris Johnson. All of them are equally concerned to ensure that the well-being of the people of Gibraltar remains paramount in these negotiations and discussions. William Hague is right to point out that Spain has a history of raising the issue of Gibraltar. As Nick Robinson put it to me on Sunday, at the eleventh hour, one minute before midnight, when the agreement seems to have been reached, the issue of Gibraltar will be brought up as the thing that can create a stumbling block.

Traditionally the United Kingdom has dealt with that in a way that I think is very unfavourable to the people of Gibraltar and must not be repeated, which is to say that they will agree with Spain that the deal on whatever subject it may be, the agreement, will be concluded and it will not apply to Gibraltar. This has been the traditional way of carving Gibraltar out when Spain raises it at the last minute. I think we have to be grateful to the former Spanish Foreign Minister, Señor García-Margallo, for having said from the moment the referendum was announced, "If the United Kingdom votes for Brexit, Spain will veto the application of any deal to Gibraltar and we will veto Gibraltar forming part of the negotiation unless we are able to have the joint sovereignty of Gibraltar". The advantage is that Spain has put the card on the table immediately.

I said earlier that I wanted to distinguish between the positions of the former Spanish Foreign Minister and the current Spanish Foreign Minister, Señor Dastis, who was the ambassador, the permanent representative, to the European Union until recently and has now been made Foreign Secretary of Spain. But only this morning there has been a report of the representative of the Spanish Government in Andalusia saying that if Gibraltar thinks it will have any application of the European Union treaties to it, it must wake up to the fact that the only way that will happen will be if we accept joint sovereignty with Spain. It is not the Spanish Foreign Secretary saying it, it is the representative of the Spanish central Government in Andalusia.

I think the message from the people of Gibraltar has been entirely clear in this respect, and that is why William Hague is right to point this out, because the people of Gibraltar are not going to agree to dilute British sovereignty over Gibraltar at all. Therefore, it is something that the United Kingdom has to be very conscious of when starting these negotiations. This is not for one minute before midnight; this is for the first moment. I am confident that the British Government understand that the engagement that we have with DExEU, with the FCO and with Downing Street is such that they are not going to be able to ignore the people of Gibraltar—and neither do I think they wish to ignore the people of Gibraltar or the concerns we have.

The Chairman: Thank you. I think we have to move on, given that there will always be uncertainty in the process. You have very much set the guidelines on this and that has been helpful to us.

Earl of Kinnoull: Thank you very much for your responses so far, which have been illuminating. I was going to ask what the main political and

economic implications for Gibraltar have been, but you have answered on that very well, so I shall subdivide the question into little areas which you might want to comment on and which might be of assistance to us. First, do you see any opportunities, as well as the challenges you have been very fulsome about?

Secondly, you talked about restrictions on free movement of labour in a Spanish context. I wonder whether it is important to maintain the free movement of labour with other European Union countries. I do not know who makes up your workforce, particularly in financial services.

Thirdly, it would be helpful to hear from you about whether unfettered access to the single market is extremely important to Gibraltar's economic model.

Finally, you have been quoted talking about an associate-style status and mentioning Andorra, Liechtenstein and San Marino. Will you comment on that?

The Hon Fabian Picardo: I will try to go through those one by one. If I forget one, please pull me up on it. I think it is fair to say that over the past six months we have been trying to identify opportunities for the future. Of course, if we are excluded from the single market in services—I use the word “excluded” in the widest possible terms: if we do not have privileged access to the single market—we have to look at where we can do business. Of course, the rest of the world beckons, some might say.

I have heard talk of returning to the Victorian buccaneering spirit. It may be that Gibraltar is very relevant in the context of Victorian buccaneering spirits, but trying to assess responsibly where Gibraltar can go if we are excluded from the single European market points us in one particular direction and that is the market in the United Kingdom. Even today, most of our business, ironically, is with the United Kingdom itself. The opportunity will be to continue that relationship and see it blossom. If I may say so, I think the United Kingdom Government have understood that and have wanted to assist the Government, the people and the businesses of Gibraltar in that respect.

At a recent event in London at the end of October, Liam Fox was able to announce that in relation to services, financial services in particular, the United Kingdom would look to continue the relationship with Gibraltar, which is one that we have enjoyed since 1972, treating each other on the basis of there being, in effect, a single market between us. Of course, that is not the correct terminology, but there will be a continuation of the free trade between Gibraltar and the United Kingdom. In financial services, that is established by a statutory instrument and what the Secretary of State said is that there was no intention of repealing that statutory instrument simply because the United Kingdom was leaving the European Union, and therefore that that legal avenue to trade would continue to apply post-Brexit.

That creates the opportunity for Gibraltar to continue the work we are doing in the insurance business and in online gaming, which have their principal markets in the UK. It is true that access to the single market also allows Gibraltar to passport financial services into the rest of the EU. The way that we have done that until now has been through a postboxing arrangement in the United Kingdom and as part of the single market. You can understand that, although our principal business is with the UK, there are some in Gibraltar who also enjoy the benefits of doing business in the rest of the single market, and they are looking to what the City of London is able to agree in terms of access for financial services from the UK into the rest of the single market. We hope that that will be a model that allows businesses established in the UK to continue to passport into the EU and therefore for Gibraltar to be able to continue to passport through postboxing into the European Union.

The nationalities that provide the employees in the financial services and online gaming industries in Gibraltar are principally European but you are right to point out that they are not simply nationals of Spain. We have 3,000 employed in the online gaming sector and about 2,500 in the financial services sector. They tend to be British, German and Irish—so their ability to move freely in and out of Gibraltar is important because the geography of Gibraltar just does not allow for that number of people to live in Gibraltar. So they live in Spain and come in daily to Gibraltar. It is in that context that if the United Kingdom does not conclude an agreement with the European Union that provides for access to the single market, we may seek that the United Kingdom's negotiation includes a facet that allows Gibraltar to have a microstate-style relationship with the EU. The EU has been trying to regularise the relationships it has with San Marino, Monaco and Andorra—the microstates within the territorial ambit of the continent of Europe—and it may make sense to focus some of what Gibraltar does in the context of those agreements.

If you look at a table of the relationships, you see that some countries will be in the common customs union but not in Schengen, others will be in Schengen but not the common customs union—but all have a relationship. If you look at it in continental terms, does it make any sense whatever that you are able to traverse freely throughout the whole of the rump of the continent of Europe until you get down to the southernmost tip and you are not able to reach 2.5 miles down the road to Europa Point in Gibraltar, which is the closest crossing point to Africa? It would be a great pity if we were not able to agree a mechanism to allow that. I do not know that I have dealt with all the issues that you raised. I hope I have.

The Chairman: I will ask you a blunt question and hope to get an unequivocal answer. You are satisfied now, in terms of the bilateral relationship with the United Kingdom, which you started by talking about, that your standards of financial regulation and probity and so forth and the expectations of your industry are at least at United Kingdom levels? There is no soft underbelly of underregulation or practice that would give rise to reasonable concern from third parties?

The Hon Fabian Picardo: I am absolutely satisfied of that. "I would say that, wouldn't I?" But I will bring in an objective peer that has made that determination. The OECD has determined that Gibraltar is largely compliant with its rules and regulations, which is exactly the same finding that it makes about the United Kingdom, Germany and France. Therefore, I am satisfied that Gibraltar financial services are regulated to the standard that they are in the City of London and in Frankfurt. In relation to online gaming, I would go further and say that Gibraltar has the tightest and most stringent regulations in the world. That has been the key to Gibraltar's success in online gaming—not light-touch regulation but actually the toughest regulation in the world, tougher even than in the United Kingdom.

Q8 **Lord Trees:** Good afternoon, Chief Minister. I want to follow up Lord Kinnoull's point about the ideal relationship that Gibraltar would like with the EU post-Brexit. This has relevance not just to Gibraltar, possibly. You have mentioned associate-style status. It has also been suggested that there might be a sort of reverse-Greenland arrangement which could have relevance to Northern Ireland's situation, which is not entirely dissimilar. What would you like to see? How realistic is that ideal goal? To what extent do you think it might have transferability to Northern Ireland or Scotland?

The Hon Fabian Picardo: It is not clear yet what position the United Kingdom is going to take as a whole in the negotiations. Therefore, we need to understand that it may be that the status that the United Kingdom seeks and attains in the context of the negotiations is perfect for the geopolitics of Gibraltar and therefore that there does not need to be any differentiation. But if we assume that the geography of Gibraltar and the socioeconomic functioning of our community are different from those of the United Kingdom, as of course they are, you can see why it may be necessary to have an aspect of the new agreement between the United Kingdom and the European Union apply in a different way to Gibraltar.

In Gibraltar we absolutely talk about how there seem to be significant parallels between Gibraltar and Northern Ireland, especially in the context of the operation of a frontier. I have told you something about how we already have the sort of frontier that people do not want to see on the island of Ireland between the Republic and Northern Ireland. We have lived with that. What we need is fluidity at the frontier and access to the single market in services. If we can achieve that, I think we will be able to ensure that Gibraltar is able to continue to thrive economically in the future. How do we achieve that? We achieve that in the context of one negotiation, led by the United Kingdom, with the institutions, including the other 27 member states, because it is likely to be a mixed agreement at the end of the process. One member state in particular is going to be taking a deep interest in Gibraltar and another is going to be taking a deep interest in relation to Ireland.

I read your report yesterday and saw the positive, mature and responsible attitude that the Government of the Republic of Ireland are

taking to this negotiation—how they are becoming a conduit to the other 26 member states so that they understand the issues that matter to the United Kingdom and Ireland, particularly the peace process. That is a model that should be commended to the Government of the Kingdom of Spain as the way to become engaged in respect of that part of the United Kingdom—Gibraltar—that has a land border with it. In that context, it is easy to reach an accommodation that preserves Gibraltar as an engine of the regional economy of Andalusia, particularly our hinterland. The reverse-Greenland element is about the aspects of the relationship today with the EU which Gibraltar voted to remain in.

In my analysis, I told you about the freedom of movement of people across the frontier and access to the single market in services, and Gibraltar wants to remain in those. I have said now for some time—six months, probably—that the language of remain and leave is the language of the referendum and we must not be tempted to fall back on it. The language I prefer now is the language of participation. Gibraltar wants to participate in the single market. Gibraltar wants to participate in the freedom of movement of people. Taking that example, that is not the sort of movement that creates issues of immigration in the United Kingdom, where people come and establish themselves in the UK because of the treaty right to do so. In the context of Gibraltar, which is 2.5 x 1 mile, people say, “We want to come in and out on the day”. They want to be able to travel in, work and go home. Tourists may want to spend a little longer but Gibraltar is a small place and therefore an expensive place to establish yourself. For Gibraltar, like perhaps for Northern Ireland and—dare I say it?—some other nations in the United Kingdom, the reverse-Greenland aspect of this is to preserve certain parts of the existing acquis going forward. Geopolitically, I think that is eminently achievable for Gibraltar.

The Chairman: Baroness Browning will now come on to what she might call the Westminster perspective on this dialogue, and the British Government’s overall negotiating position.

Q9 **Baroness Browning:** Yes. You have outlined very clearly the importance of sovereignty and we have just heard about the border. When the negotiations begin, what do you think the UK Government should prioritise in order to get the best deal for Gibraltar?

The Hon Fabian Picardo: Thank you for that very apposite question. If I may, I shall be a little circumspect in setting out what the negotiating strategy should be.

Baroness Browning: I thought you might.

The Chairman: So are they—we have noticed.

The Hon Fabian Picardo: And with good reason, if I may say so. Although we live in a transparent democracy, which is an example to the rest of the world—both in the United Kingdom and in Gibraltar, if I may say so—it is important that we are not reckless in the way we enter into

this negotiation. The work we are doing in a specific joint ministerial committee, the Gibraltar-EU negotiation committee, in which I am engaged, with Robin Walker from DExEU and Sir Alan Duncan from the FCO, is looking at exactly that detail.

The Prime Minister was very kind, and on the day that she went to kiss hands she spent a considerable time with the Attorney, with the Deputy Chief Minister and with me and we discussed issues relating to Gibraltar, and in particular to the Spanish claim, and how these would be addressed in the negotiations. She gave us a considerable time on that important day for her and I have the comfort of having worked with Mrs May for five years when she was Home Secretary. She has understood some of the thorniest issues affecting Gibraltar and our relationship with Spain and she has never let us down in the way that she has dealt with them. I am confident therefore that as we move into this negotiation, she has the issues clearly understood and DExEU and FCO are in partnership with the Government of Gibraltar in calibrating how we go forward in the negotiation.

Q10 Lord Teverson: We will be looking at overseas territories generally as part of our general look at Brexit. I was quite surprised that Gibraltar is not going to take part in the new Overseas Territories Joint Ministerial Council. Before this meeting I have to admit I did not know that it existed—but I am sure you did, Chief Minister. What structures are in place for you to communicate Gibraltar's views and concerns to the British Government? Clearly, there is a large amount of lobbying from everybody, whether they are a territory, a business sector or a group of residents in Europe. Everybody is trying to speak to the Government: how can you make sure that your voice is heard? Is there a formal structure?

The Hon Fabian Picardo: There is. The joint ministerial committee that I spoke about a moment ago is the structure. There is a JMC for the overseas territories which traditionally has been held once a year and which has dealt with all the issues relevant to the overseas territories. Gibraltar has been attending that since I became Chief Minister five years ago. That is an annual event and an opportunity to work with colleagues in the Foreign and Commonwealth Office on issues relating to good government, the general life of the territories and our interplay with the United Kingdom.

There are now two specific JMCs set up in the context of the negotiation. One is specific to Gibraltar, the joint ministerial committee on Gibraltar-EU negotiations. The other is the JMCOT EU negotiations. Gibraltar is also part of the JMC on the overseas territories and the EU negotiations but it is fair, given that we have our own JMC on these issues, that we should not use the OTs' JMC to deprive them of the input that they need to give. Broadly, as you know, the United Kingdom has 16 overseas territories and therefore there are 15 other voices around the table at that JMC that need to be heard. But Gibraltar is part of it and will be represented, sometimes ministerially and sometimes through officials, to ensure that we are joined up in the way that the territories, the Foreign and

Commonwealth Office and DExEU are presenting the case for Gibraltar and the OTs.

You talked about lobbying. Of course, you are absolutely right. We see in the newspapers every day different sectors of industry and regions of the United Kingdom trying to get their voices heard. It is fair to say that Gibraltar does not have to spend time lobbying. Gibraltar is a part of the process of preparing for the negotiations in the context of the JMC and the relationships we have with DExEU and the FCO. We are participating in structuring that negotiation going forward, in a way that allows us to consider that we are fully and totally involved in that process.

Lord Teverson: So you do not feel that there is a risk of being crowded out; you are sufficiently institutionally connected. It seems to me that there is a real risk: however the thing is supposed to work, Governments tend to respond to people who shout loudest or have the largest effect politically, or whatever. I am reassured but I am slightly sceptical—not from your point of view but about the way the Government might respond.

The Hon Fabian Picardo: Perhaps healthily sceptical. As a responsible leader of government, I am always going to ensure that I keep a cynical eye on the way that the JMC process is progressing. I am not going to take anything for granted.

The Chairman: I am sure that you will share it with the Committee if it were to give rise to concern in due course.

The Hon Fabian Picardo: Indeed, but at the moment I have absolutely no cause for concern. As you rightly say, people matter: the work I am able to do with Robin Walker and Sir Alan Duncan is work of positive engagement and I am very reassured by the work we have done to date.

Lord Teverson: Okay, and do you have a good relationship on trade issues as well?

The Hon Fabian Picardo: Yes. In the context of the work that is going to be done by the new Department for International Trade, by Secretary of State Fox, we have strong relationships there as well and I think Gibraltar could be in a position to deliver net gains for the Gibraltar economy through the deals that may be done after Brexit.

Q11 **The Chairman:** Thank you, Chief Minister. We are coming towards the end of our evidence session. I have collected one or two points that you might like to say a word or two more about before we conclude. You talked about some of the microstates you were looking at and you explained the great variety: some in Schengen, some not; some in the common customs area, some not, and so forth. Is there anything generally where we can look towards one of the microstate models as being a preferred template, or is it a matter of selecting the best of all of them?

The Hon Fabian Picardo: It is interesting to look at what has happened to date. The European Union has rationalised how different parts of the *acquis* apply to a microstate, but it has not rationalised which parts have to apply to a microstate. Therefore, if there is the application of Schengen, it applies in a particular way; if there is the application of the free movement of goods, it applies in a particular way. The ability to sell services into the single market is rationalised through having to comply with European regulations. Of course, for Gibraltar these issues are perhaps even easier.

To take the example of the City of London and Gibraltar, in financial services we are now entirely compliant with EU rules. Five years ago, for example, when I was elected, there were 60 directives that were past their transposition deadline and were not yet part of the law of Gibraltar. I made it a point to ensure that I invested enough to ensure that Gibraltar was always going to be up to date with its obligations to transpose European directives. We are now totally ahead of the game, so when it comes to passporting in financial services, on the day of Brexit we will be entirely compliant with EU rules and therefore, the morning after Brexit, we will be equivalent—we will have equivalent regulation, we will be able to qualify for equivalence in the context of the standard regulation. Other microstates may have to start the process of achieving equivalence; Gibraltar will have that equivalence in this important area for our economic activity. That can make the sort of relationship that Europe may have with Gibraltar in the future, through the United Kingdom, easier to make function effectively than might have been the case with microstates that had to bring themselves up to a particular standard.

I will give you an example which may be apposite. I had a meeting three years ago with Michel Barnier, who was then responsible for the internal market in Brussels. He seemed an austere adversary when I went into the room, but when I explained to him our commitment to ensuring that Gibraltar was up to date with all European rules and a leader in complying with European standards of regulation in financial services, he said to me, "That is a very good way of starting a meeting with me". So we know how to start good meetings with Michel Barnier, should anyone be interested in asking us.

The Chairman: Thank you. The second question—these are heterogeneous and clearly uneven in importance—is on one area we have not talked about at all, which is the external security aspect and organised crime. I am not attributing something to a great headline here, but can you give us a few words of perspective on the importance of your relationship, not least with Spain, and how the pressure should be maintained to make sure that bad people do not reach European territory, on the one hand, and how people who are resident there can be apprehended and dealt with appropriately?

The Hon Fabian Picardo: That is essential. We need to understand what some of the crucial elements of the negotiation will be from the

point of view of Gibraltar. One aspect of the disagreement between Spain and the United Kingdom on BGTW is the question of who controls the passage of people who are smuggling human traffic or drugs from Africa to Europe.

The Royal Gibraltar Police, the Gibraltar customs and the Gibraltar Defence Police, which are our agencies on the water, do an excellent job of ensuring that anybody who tries to traverse those waters is caught. In some instances Spain will interfere to try to apprehend those people themselves. I suppose coppers all want a collar attributed to them, wherever they are in the world, but it sometimes gets in the way of law enforcement and that is a bad thing. However, in most instances there is good co-operation at a law enforcement agency to law enforcement agency level. They respect BGTW and co-operate in ensuring that those who are trying to smuggle drugs or people across international maritime frontiers are not able to enjoy the benefits of that dispute, somehow, for their benefit.

When it comes to dealing with people who are on land, the justice and home affairs part of the *acquis* is an important one.

The Chairman: You referred to your working relationship with the Prime Minister when she was Home Secretary.

The Hon Fabian Picardo: That is right. I will tell you a peculiarity of that in a moment. In areas where real people are affected, the geography of Gibraltar is such that if somebody were to commit a crime in Gibraltar, their bolthole would naturally be to run to Spain through the frontier before they could be apprehended. Ditto, if someone committed a crime in southern Spain, they might wish to try to run to Gibraltar. It was always very difficult—indeed, impossible—to agree modern extradition arrangements between Gibraltar and Spain, because the sovereignty dispute got in the way. Of course, having a European arrangement enabled us to have extraditions between Gibraltar and Spain.

The Chairman: Through the EAW?

The Hon Fabian Picardo: Exactly; through the arrest warrant. I know that in the United Kingdom the European arrest warrant concerns people in terms of civil liberties, et cetera. For Gibraltar and southern Spain it was a blessed relief because it took the sovereignty dispute out of the equation and therefore we were able to establish normal relations in this area. I think it is important that we continue to have that sort of relationship so that nobody can take advantage of the jurisdictional dispute in order to avoid their responsibilities. This does not affect only those who are committing crimes: there is a more important aspect, which is those who are seeking to enforce civil judgments—for example, in the area of the abduction of children or the enforcement of matrimonial orders, where children and maintenance can be engaged. Again, this is an area which was vexed for many years because of the jurisdictional dispute and which the European rules have freed up. Therefore,

continuing to be part of those European rules will be in the interests of everyone.

The little peculiarity I was going to share with you is that the way that the rules were transposed in the United Kingdom meant that we were able to see those justice and home affairs measures apply between us and Poland and us and Portugal and Spain without any problem. We applied them in respect of the United Kingdom as a matter of international comity with the UK, but the UK read the regulations as not applying between the United Kingdom and Gibraltar. So although they applied between Italy, Poland, Spain, Germany and the United Kingdom, they might not apply between the United Kingdom and Gibraltar. That is where Theresa May took a personal interest in the issue and was working on the subject when she was distracted by something called becoming Prime Minister of the United Kingdom.

The Chairman: I think the answer to that one is, "Watch this space". I have two microquestions and then I will check whether any of my colleagues want to come in. One is in relation to Northern Ireland, and I ask this neutrally. In terms of handling a hard border, as you already have—although, as you said, you make it as unobtrusive as possible—are you in discussion with Northern Ireland interests as to at least sharing your experience with them?

The Hon Fabian Picardo: We are. In fact, a recent delegation to Northern Ireland was led by the Attorney-General and met those responsible for the operation of borders in Northern Ireland to understand what the consequences of Brexit might be there, as they may be for us, and to share experiences. It was very worthwhile. I learned a lot from the reports I received from there—as I did yesterday from your report.

The Chairman: Thank you. I have only one other question. Inevitably and predictably these exchanges have been characterised as being about your association with the United Kingdom and your relationship with the Kingdom of Spain, because it is your neighbour, but this negotiation will take place between 28. Have you either a sense of or are you actively engaging in promoting relationships and understanding of your position in relation to the other member states—some of which, from traditional links, will have an interest in your territory, while others will not?

The Hon Fabian Picardo: Yes; I will answer in relation to 29 and I will explain why.

The Chairman: Yes: 28 plus one.

The Hon Fabian Picardo: In this context, we have engaged with permanent representatives of other member states in Brussels and we have visited other member states. I think that we have done a good job of explaining the Gibraltar issue. To prosecute a territorial claim in the context of something such as Brexit, which will affect not just the United Kingdom and Gibraltar but the rest of the continent, has not been seen positively by the other 26 member states; the attempt by Spain to use

this moment for joint sovereignty purposes has been deprecated by most that we have come across.

I say "29" because Gibraltar has a strong relationship also with Morocco to the south. Moroccans have had access to Gibraltar and the Gibraltar labour market for some time. Some have been resident in Gibraltar for 40 to 50 years. Many had not had their nationality applications dealt with. In the past five years, approximately 1,000 people of Moroccan ethnicity have become British citizens through their long-term association with Gibraltar—literally 45 or 50 years of association with Gibraltar.

I was remiss in answering Lord Kinnoull's question earlier about other nationalities. There are Moroccan nationals who access Gibraltar through Spain, because there are better maritime links through Algeciras, et cetera, and visit relatives in Gibraltar. We give them a visa waiver but, of course, they might have difficulties coming through that border if it were operated in a way that is less fluid than now. We must also take that into consideration. The work we already do at an economic level with northern Morocco—with Tangier and Casablanca, in particular—in financial services is worth mentioning in the context of where we are going to be in the next three to five years.

The Chairman: Just for the record, it is my impression—please confirm this or otherwise—that your relations with the Kingdom of Morocco are pretty good, across the piece.

The Hon Fabian Picardo: They are very good indeed.

The Chairman: Do any colleagues have questions?

Lord Selkirk of Douglas: After what has been a heavy morning I have a slightly more light-hearted question. Am I correct in thinking not only that you have a thriving tourist industry but that a particular subject of interest to the tourists, including myself when I came to Gibraltar, are the Gibraltar apes? Are they still thriving?

The Hon Fabian Picardo: They certainly are thriving. We have had some difficulty with them thriving a bit too much, coming into the city and trying to take over. As Winston Churchill once said that if the Barbary apes ever left Gibraltar, Gibraltar might no longer be British, you can imagine that we ensure that there are plenty of them.

The Chairman: I think, Chief Minister, that the overall message of this Committee is that, without regard to the apes—I am glad to have had that report of their success—the Chief Minister, the Deputy Chief Minister and the Attorney-General are clearly thriving. We are grateful for the liveliness and comprehensiveness of your exchanges and the attendance of your colleagues, and for the participation of my colleagues in what has been a particularly absorbing session. We remind you that we will offer you a transcript for any corrections and assure you that we will have a continuing interest in our relationship as these difficult and testing issues are resolved. For this morning, many thanks.