



# Select Committee on the European Union

## Uncorrected oral evidence: Brexit: Gibraltar

Thursday 2 February 2017

10.05 am

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Members present: Lord Boswell of Aynho (The Chairman); Baroness Browning; Baroness Falkner of Margravine; Lord Jay of Ewelme; Baroness Kennedy of The Shaws; Baroness Prashar; Lord Selkirk of Douglas; Lord Trees; Baroness Verma; Baroness Wilcox.

Evidence Session No. 3

Heard in Public

Questions 20 - 26

### Witness

I: Robin Walker MP, Parliamentary Under-Secretary of State, Department for Exiting the European Union.

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## Examination of witness

Robin Walker MP.

Q20 **The Chairman:** Minister, good morning. You are very welcome to the Committee. We entirely realise why this had to be rescheduled, and we appreciate your being here. I just remind you that this is a public evidence session of the Select Committee; it will be on the record and we will send you a transcript for correction. I remind my colleagues in so far as they have interests that are directly relevant to the inquiry that they should declare them to the clerk at the end of the meeting, and before they speak.

I stress to everyone that the procedure in today's session is rather unusual, because you have kindly agreed to give evidence to two inquiries consecutively. We are not schizophrenic, and I stress for those outside the room or who are reading this that in no sense are we confusing the separate identity of those inquiries. It is just that we are doing a body of work on the interaction and the implications of Brexit for those who have a British connection. They are different—subtly different, in some cases—and we have to make sure that all the angles are being covered. That is well understood by you, as the Minister and Whitehall, collectively—along with how it will work in the negotiations.

You have also kindly tabled some short written evidence, which we will obviously reflect on, but I suspect that some of it will come out in the questions. If I may, I will open up with a completely separate issue: the devolved nations, which is a third area of interest to us. We are looking at the Brexit implications for them, too—indeed, we were in Holyrood yesterday talking to people and hearing evidence. The Prime Minister has given an explicit pledge to work with the Administrations of Scotland, Wales and Northern Ireland to deliver a Brexit that works for the whole of the UK, which is not the subject of today's inquiry. In the light of the current political situation in Northern Ireland, which I know you know well, how will the Government ensure that the voice of Northern Ireland is heard in future negotiations?

**Robin Walker MP:** Thank you Chairman, and I thank the Committee for its patience in accepting that we had to move this session. I understand, having served on Select Committees, that that can be very annoying. Given the debate in the Commons, I think it was right to do so.

On the issue of the devolved Administrations, as you discussed in your report on Ireland and Northern Ireland and the process, we are very keen to make sure that we continue to engage with and involve the devolved Administrations in this process. As you understand, there are two formal structures through which that is taking place: the JMC(P) with the Prime Minister, and the JMC(EN)—the JMC on the European negotiations. The Prime Minister most recently chaired the JMC(P) in Cardiff on Monday 30 January. Despite the resignation of the First Minister and the Deputy First Minister, the Northern Ireland Executive was represented at that JMC(P) by Arlene Foster and Michelle O'Neill. The JMC(EN) also met on 19 January, and we were able to send invitations to the Northern Ireland

Executive, and to both parties in it, to attend that, and they were accepted by Chris Hazzard, the Minister for Infrastructure, and Alistair Ross, Junior Minister at the Executive Office. So in this period running up to the elections, we have managed to make sure that the Northern Ireland Executive continues to be represented in those meetings, and we will continue to engage closely with them, as we will with all the devolved Administrations.

It is also important to point out in the broader context of devolution that the JMCs are going through in detail the Scottish Government's paper and the Welsh Government's submissions. Clearly there has not been a submission as such from the Northern Ireland Executive as yet, but it is certainly something that they have full input on in those discussions.

**The Chairman:** Thank you for clarifying that. There are two points to make in following up. The first is on the informal links, at official level and otherwise, and at senior political level. If people in Northern Ireland, whether formally in the Assembly, people who have previously held office or are holding office until the conclusion of elections, or other responsible people or senior officials in the Administration dealing with your officials, have something to say or concerns to express, can we have the assurance that your lines are open to them and that nothing, despite the current situation, which we all understand, will frustrate that process?

**Robin Walker MP:** Very much so. Both through ourselves and the Northern Ireland Office we want to maintain all channels of communication at an official level and a political one. I emphasise that I have always felt it very important throughout this process that we should make ourselves available and be ready to speak to all parties, not just those who form part of the Executive. It is important that we keep those broader channels open, particularly in the period running up to an election.

**The Chairman:** Also, if I may come back to the Cardiff meeting, it was said in a briefing afterwards that the Prime Minister had said that she wanted to intensify the activity of the JMC(EN). Can you give us a bit more light and shade on that?

**Robin Walker MP:** I think the objective is to make sure that the JMC(EN) has the ability to discuss the papers from the various devolved Administrations, and very shortly the Government's White Paper, to ensure that we have a process in place to take forward a full discussion, so that the devolved Administrations can feed back directly to the Government. That is the emphasis of the intensification. Clearly, the Article 50 process is well under way. There was a vote on it in the Commons yesterday, and there is the likely timeline for that, so it is very important that we intensify that process.

**The Chairman:** Finally, you referred to the White Paper being published shortly. I appreciate that handling submissions that come to you is always a delicate matter, and that the timing is not always optimal for announcing your own plans. Can we have an assurance that the White

Paper that we are about to see will at least start to take account of submissions from the Scottish and Welsh Governments?

**Robin Walker MP:** Given the imminent publication of the White Paper, I think I am fairly safe in giving you the assurance that those have been taken into account. The White Paper is clearly a document from the UK Government setting out their policy. We certainly want to reflect the fact that these submissions have been made, and you should have that reassurance shortly.

**The Chairman:** In closing these exchanges, is the overall message that we are open for business, the lines are open and if you have a problem you can come to us with it?

**Robin Walker MP:** Absolutely. I should reiterate the overall message that the Secretary of State for Northern Ireland, the Secretary of State for Exiting the European Union, the territorial Secretaries of State and I are all committed, as we establish our negotiating position, to reflecting the unique interests of each part of the UK.

Q21 **The Chairman:** Thank you. We will now close that chapter of the evidence. We will deal with Gibraltar next, if we may. What, in your view, are the main political and economic implications for Gibraltar of the UK's decision to leave the EU?

**Robin Walker MP:** First, we have had a great deal of useful engagement with the Government of Gibraltar. I know you have also taken evidence from them. They have been very forthcoming with their views, concerns and opportunities on this front, which we very much welcome. It is perhaps too soon to set out all the implications for Gibraltar of the UK's decision to leave the EU, but now we know the key issues and we are very grateful for the extensive analysis of Gibraltar has submitted to us. I know that the Attorney-General of Gibraltar has done a lot of work on papers that have been submitted to the Government. As the Chief Minister explained in front of this Committee, that analysis has shown that maintaining a well-functioning Gibraltar-Spain border is a top priority, with over 10,000 registered frontier workers and many more people crossing the border each day—an average of about 25,000 a day.

It also demonstrates that maintaining Gibraltar's current access to the UK market is hugely important, and that it is important also to consider Gibraltar's access to the European single market. UK Ministers have met Government of Gibraltar Ministers frequently since the referendum result. That includes the Prime Minister, the Secretary of State for Foreign and Commonwealth Affairs, the Secretary of State for Exiting the EU and the Secretary of State for International Trade, as well as the Minister for Europe and the Americas and me. That is in addition to regular and ongoing contact at an official level.

We have established a formal regular meeting of key Ministers to discuss issues on the UK's exit from the EU, the Joint Ministerial Council (Gibraltar EU Negotiations), the first formal meeting of which took place

on 7 December. We expect the next meeting to take place in March. Continued close contact is allowing us to keep track of the issues that are being raised in Gibraltar and by its Government.

**The Chairman:** Thank you. I have two small follow-up questions. First, we were hearing paradoxically in Holyrood yesterday some concern there from the devolved Administration about the economic implication for their territories and their nation from changes that might happen in other parts of the UK; for example, that any difficulty for the City of London would be reflected in the Edinburgh financial industry. We heard some evidence from academics and the Chief Minister about the interrelationship between Gibraltar's economy and that of the UK. Can we have an assurance that that angle has been covered?

**Robin Walker MP:** It is a hugely important angle. For me, in chairing the JMC and in our early discussions it is very clear that some of the issues that are being touched on relate not to our European negotiations directly but to the ongoing relationship with the UK. Where that is the case, we are pulling in other departments to make sure that we have their expertise and that they can pick up those issues directly with officials from the Government of Gibraltar. The Treasury is the obvious department there on financial services issues. We can certainly use this process to engage with the Government of Gibraltar on their concerns and to make sure that all parts of the United Kingdom also have their concerns listened to on broader issues beyond the European negotiations.

**The Chairman:** Secondly, while we are broadening the ripples in the pond, as it were—and we all appreciate that you are not an FCO Minister—Gibraltar has a land frontier with an EU member state, Spain, and there have historically been difficulties over that, although not so much in recent years. Can we have the assurance that at official level Madrid is keeping in as close contact as it can with the tide of official opinion in Spain, so that the tide of what might be termed civil society in Spain, and more particularly in Andalusia as the adjacent campo, as it were, is understood so that that can also feed into the negotiations?

**Robin Walker MP:** Absolutely. It is important to remember that in this process we are not negotiating on Gibraltar's sovereignty.

**The Chairman:** Nor would we ask you to.

**Robin Walker MP:** Indeed. With that understood, of course it is an important part of the role of our Foreign Office posts in Spain to engage on this issue. In the evidence that you took from the Chief Minister, it is notable that he was able to show that in many respects there are very good working relationships with the Junta de Andalusia. That is something that we would want to encourage and support, and it is notable that one of the figures he has given in his evidence both to us and to you on the importance of Gibraltar to the Andalusian economy is the number of jobs it supports and the extent of the economy there. So there is mutual interest, when we move away from the issue of sovereignty, in having arrangements that work and to support both

economies. That will feed back into the negotiations and make both sides of the negotiation pragmatic about the matter, which will be in both their interests.

**Q22 Lord Jay of Ewelme:** I will go back for a moment to a process question. Could you explain a little more about the formal title of the JMC that you describe and the difference in role between the JMC and the various informal groupings that you have also described? Are negotiations taking place on all of them, or are they confined to the JMC? How are the negotiations going to take place?

**Robin Walker MP:** The JMC is a formal minuted process for Ministers.

**Lord Jay of Ewelme:** What is its title?

**Robin Walker MP:** The JMC (Gibraltar: EU Exit Negotiations). European negotiations are obviously with the devolved Administrations. There is then a specific JMC for Gibraltar, and when we come to discuss the Crown Dependencies I will explain that there is a regular ministerial meeting that is not a JMC, because the Crown Dependencies are under the Crown but not under the rule of Parliament, so the rules are slightly different.

With regard to Gibraltar, we have had a lot of meetings. I have listed some of the Ministers who have met directly with the Government of Gibraltar since the referendum, and many of them have been simple one-on-one meetings to talk about particular issues. The JMC (Gibraltar: EU Exit Negotiations) is there specifically to pick up the issues relating to the UK's exit from the EU and to ensure that those are fed in not just to our department but to every department in Whitehall. For instance, we have been able to get Treasury officials to come along to that to ensure that they can take away some of the issues, and to send information where there are discussions around potentially broader issues and how that feeds into our broader negotiations. The JMC is the formal process, as opposed to what otherwise might be individual Ministers from different government departments meeting with the Government of Gibraltar.

**Lord Jay of Ewelme:** When the negotiations start, do you envisage that the channel of communication will continue to be Gibraltar to the JMC or the other meetings and then the UK to its counterparts, or do you envisage there being some kind of involvement of Gibraltar in the negotiations so that it can express its own particular concerns, which are quite specific? How will that work?

**Robin Walker MP:** I would make a distinction there in that the UK is negotiating on its exit from the EU and we are representing the interests of Gibraltar within that. So the JMC process will keep informing us on how we do that. Of course, Gibraltar is well able to represent its own interests at a European level: it has its own representative office and its own contacts at European level, and through its relationship with the UK it remains a member of the EU right up until the point when we leave. So it will continue to have its own direct channels, but in terms of the negotiation we are there to represent its interests in the interests of the

whole UK and the territories associated with it. It is therefore important that the JMC process should continue to feed in to our understanding so that we can ensure that their interests are taken on board.

**The Chairman:** I have two quick follow-ups. One is that in your written evidence for us you refer to the UK Gibraltar Ministerial Forum on EU Exit. Is that a different person from the JMC(EN) Gibraltar or the same?

**Robin Walker MP:** I think it has probably evolved into the JMC(EN) Gibraltar.

**The Chairman:** I am glad that you have cleared that up. If I can be allowed at this early hour a theological joke, one has to say, looking across the piece of your interests and this Committee's interests, that it is a bit like interpreting the Athanasian Creed, because everyone is different but there are common issues. Having carefully differentiated, as rightly you should, the machinery for Gibraltar and the specific machinery for catering for its interests, can we have an understanding from you that at least at official level and for yourself there is an integrated view? Although they are all different, the devolved nations, the Crown Dependencies and the other Overseas Territories all have interests that fall into this same frame of reference.

**Robin Walker MP:** You are absolutely right. There are interests and they are different from one territory to another, but at the end of the day the UK has a responsibility to represent them all. It was striking that my first debate in the Commons as Minister in this department was on Gibraltar. It reflected the fact that there is a degree of concern across all parties and across the House about making sure that Gibraltar's interests are respected in this negotiation. When we talk about those interests, it is also important to recognise that, in these conversations and in the evidence that the Chief Minister of Gibraltar gave to you, there has been a move from the immediate reaction to the referendum and the degree of shock at the outcome to a pragmatic focus on what needs to be done and where the long-term interests of Gibraltar lie. That has been reflected in the pragmatic and useful evidence and conversations that we have been able to have on how this process can move forward.

Q23 **Lord Selkirk of Douglas:** The Secretary of State has suggested that he would be very reluctant to go down the road of differentiated Brexit arrangements for Gibraltar. How else can Gibraltar's wish to remain in the EU single market for services be reconciled with the commitment of the Prime Minister to take the United Kingdom out of the single market? As an extension to the question, how will the United Kingdom support Gibraltar in its efforts to make good any economic losses arising from removal from the single market?

**Robin Walker MP:** On the first point, the Prime Minister talked in her speech—I think we will see some more detail today—about the need to get the greatest possible access to the single market through a new, comprehensive, bold and ambitious free trade agreement. It is clear that the interests of the UK and of Gibraltar include good access to a single

market in services, which is particularly beneficial. We have a trade deficit in goods and a trade surplus in services, so we will want to make sure that we get the best possible access to a single market in services. Obviously Gibraltar has a unique relationship with the EU, with a set of unique challenges that are slightly different from those of the United Kingdom. That is why the UK Government are working closely with Gibraltar, taking on board its evidence and all its priorities. Ultimately the Prime Minister has said that we are negotiating on behalf of the UK and seeking a deal that works for the whole UK family, not just an off-the-peg solution, so we are listening to all stakeholders, businesses and regional partners on that.

On the point about economic losses, Gibraltar is rightly proud to have an extremely strong economy, which it has built for itself. It has the fourth highest GDP per capita and the second lowest unemployment rate in the world. That is a pretty firm foundation for the future.

We have very strong links. One striking thing about the evidence that the Government of Gibraltar have given us is the importance of the UK market to Gibraltar. When it comes to financial services, 20% of UK car insurance policies are underwritten in Gibraltar. About 90% of Gibraltar's trade is with the UK. As the Chief Minister said, Gibraltar does the majority of its business with the UK and values that link, as well as the link with Europe. It is important that we work together to strengthen those ties. When it comes to financial services, mechanisms already underpin Gibraltar's access to the UK market and those are enshrined in UK law. We clearly want to maintain that access and we will work at an official level to make sure that that access is well supported. We have also agreed that we will work together to see where we can broaden economic co-operation and increase market access, taking into account the priorities of Gibraltar and the other Overseas Territories as the UK looks to establish new trade and investment arrangements with the wider world.

**Lord Selkirk of Douglas:** Thank you. That is a very helpful reply. This may be a question of interpretation of language, but does that mean that differentiated arrangements are not cleared or that they might be?

**Robin Walker MP:** We are focusing on getting the best deal on market access for the whole of the UK and the family of territories on whose behalf we are negotiating. We will talk to Gibraltar about its suggestions and concerns, but as the Chief Minister has made clear, market access to the UK is its number one priority.

**Baroness Falkner of Margravine:** You highlighted the Prime Minister's commitment to try to get the best deal on goods and services and you highlighted the surplus that we have in services, particularly financial services. In the Lancaster House speech, the Prime Minister also commented on what would happen if there was no deal at the end of the two-year period, when we would revert to the WTO rules. You are obviously aware that financial services are not covered by WTO rules, so when you have conversations with the Gibraltarians—we will come later



to the Crown Dependencies—how do you square that circle? They are dependent on access to the UK’s financial services—you have just talked about the underwriting of the insurance industry—and the passporting and the equivalence arrangements that the UK will need in the future. How do you reassure them if you are prepared to go to WTO rules, which do not provide for financial services? How do you reassure them that their interests will be protected economically?

**Robin Walker MP:** The clear position of the UK Government is that we want to get the best deal on market access that we can, including on financial services. We think that there is mutual benefit in doing that, for both the UK and the EU. Of course, in any negotiation we have to be able to walk away. You will not necessarily reach an agreement at the end of a negotiation, so we have to make preparations and have discussions with all parties involved around what the impact of that would be. The clear priority and clear preference of the Government is to achieve that comprehensive deal on market access, including for financial services. That is where our energy and our emphasis need to be put.

Q24 **Baroness Wilcox:** Minister, we have heard about the significant impact of EU funding in Gibraltar in supporting economic development, regional co-operation and research at the new University of Gibraltar. Are projects in Gibraltar covered by the EU funding guarantees made by the Treasury in August 2016? If not, do the Government intend to compensate Gibraltar for any EU funding lost as a result of Brexit?

**Robin Walker MP:** Gibraltar is covered by the EU funding guarantees made by the Treasury in August 2016 and by the additional guarantees made in October 2016. In August, the Chancellor announced that all European structural investment fund projects signed or with funding agreements in place before the Autumn Statement would be fully funded, even where those projects continue beyond the UK’s departure from the EU. In October, he announced that, for projects signed after the Autumn Statement that continue after we have left the EU, funding will be honoured by the Treasury if the projects provide strong value for money and are in line with strategic priorities. Those guarantees cover funding awarded to participants from Gibraltar as part of the European territorial co-operation programmes. That includes the funding awarded to the university to participate in the climate project funded under the south-west Europe ETC programme.

More broadly, UK universities in general—I do not know the exact figures for the Gibraltar university—have done very well in research collaboration. An important part of the Prime Minister’s speech was that one of the key priorities is to look at making that continue and making sure that we can continue to benefit from the research collaboration that takes place across Europe. That funding to the University of Gibraltar has been guaranteed, and we would hope to establish opportunities to continue that kind of funding well into the future.

**Baroness Wilcox:** That is reassuring. Thank you.

**Q25 Baroness Kennedy of The Shaws:** How real are concerns that Spain could hold the UK hostage in Brexit negotiations over demands to renegotiate Gibraltar's sovereignty? This has been a struggle with Spain for a long time, and some people made utterances as soon as we had our vote that this was the opportunity to make its claim again. Gibraltar could be very easily seduced by the idea; if it wants to stay in Europe to protect the gains that it has made and its future, an offer from Spain might be seductive. How real is that threat? To what extent could the UK face delays and obstruction from Spain with that in mind?

**Robin Walker MP:** The first important thing to say is that our long-standing position is that we will never enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another state against their wishes. Furthermore, the UK will not enter into any process of sovereignty negotiations with which Gibraltar is not content. That has not changed and it will not change, now and through the negotiations.

I cannot speak for Spain or the Spanish Government, but so far we have seen the new Foreign Minister, Dastis, taking a pragmatic and constructive approach. The Prime Minister's visit to Madrid to see Prime Minister Rajoy on 13 October was positive, and I am confident that the Government of Madrid are squarely behind the objective of achieving a positive relationship between the UK and the EU after Brexit. It is important to remember that there are a lot of factors to that relationship; we should not see it only through the prism of this one—there are more than 300,000 British nationals in Spain and there were 17 million tourist visits from the UK to Spain during the first 11 months of 2016. We have very strong co-operation with the Spanish authorities in fighting crime and pursuing fugitives from British justice, and there is a considerable trade relationship; we are Spain's ninth largest export market and the third largest investor in Spain.

**Baroness Kennedy of The Shaws:** A huge number of their workers come from Spain every day, and keep their economy on the road.

**Robin Walker MP:** And keep the Andalusian economy on the road.

**Baroness Kennedy of The Shaws:** Absolutely.

**Robin Walker MP:** That is why we need to keep our focus on the pragmatic benefits of this to the economy of southern Spain and to Gibraltar in negotiating an effective arrangement on the border, but we also have to be very clear that a discussion about sovereignty is not on the table. That is something that the EU institutions will understand and respect and the other EU member states will understand and respect. It is very important that the UK engages positively with Spain bilaterally and engages positively across the EU, but we have to make it clear in advance that a discussion about sovereignty is simply not on the cards.

**Baroness Kennedy of The Shaws:** I want to think about this from the point of view of other EU member states. How do you think that they

would respond to any threat by Spain to use Gibraltar to hold up the Brexit deal? It may be in the interests of other EU states for any excuse to hold up a Brexit deal, so they might give encouragement to that—or do you not think that is a risk?

**Robin Walker MP:** It is not for me to speak for the 27 member states of the European Union, but the Prime Minister said in a speech on 17 January that we are confident that the vast majority of European leaders, Spain included, want a positive relationship between the UK and EU after Brexit. Indeed, from European countries and leaders at the beginning of the process, the pressure was to get on with the process rather than to want to hold it up. People want certainty as we move forward, so I think the pressure will be the other way around from the majority of member states, which want to reach a state of certainty at the end of the process rather than to delay it.

**Baroness Kennedy of The Shaws:** I know we have to press on, but I have one final point. The EU has played quite an important mediation role in holding our relationship with Spain over Gibraltar; it has been important in resolving flickers of disruption, and I wonder whether doing it bilaterally will be as successful.

**Robin Walker MP:** It is fair to acknowledge that the EU has played a useful role from time to time in dealing with some of the issues, and I think it will have an interest in doing that in line with its treaty obligations to improve the economic status of neighbours in Europe, and in line with the positive partnership that we want to establish with the European Union. We should approach that with confidence and a positive attitude in continuing to engage with Spain bilaterally and the EU on those issues and looking for sensible and pragmatic outcomes.

Q26 **The Chairman:** Before we move to the Crown Dependencies, can I just ask more generically about other Overseas Territories? Gibraltar is different because it is part of the EU, but it would be helpful for clarification if you could outline the arrangements for engagement with the other Overseas Territories in your department, and in your representations to Europe and future negotiations on these and related matters.

**Robin Walker MP:** As I said earlier, the Prime Minister has been clear that she needs to represent the United Kingdom and the family of territories that it represents in this process. We have had a JMC (Overseas Territories), which I jointly chair with Baroness Anelay at the Foreign Office, on 2 November, and I think that there will be another meeting of that group shortly. It has been very useful to take on board some of the very different concerns, because there is a broad range of concerns, issues and opportunities for the Overseas Territories.

**The Chairman:** Just in closing, do you have a specific plan, or are they all saying the same thing? Are there a variety of territory-specific issues?

**Robin Walker MP:** There are a variety of territory-specific issues, which can be quite different, depending on where those territories are in the world. Gibraltar clearly has a much closer relationship with the European Union than any of the other Overseas Territories, which is why it is right that Gibraltar has special status that is recognised. Therefore, we have a specific JMC for Gibraltar, but we also have interests to represent on behalf of other UK Overseas Territories, some of which are in the Caribbean and some of which are in the South Atlantic or South Pacific. They are very widely spaced territories whose views we need to take on board.

I was quite struck at the first JMC that we had with those territories by the range of different issues. The Foreign Office has the constitutional responsibility, primarily, of representing their interests in government, but our department needs to have that direct contact to be able to take them on board. So while there has been that overall engagement, I have also met directly with some of the leaders and representatives of individual Overseas Territories with particular concerns. For instance, I am meeting Bermuda to discuss some of its financial services access concerns, and meeting the Falkland Islands to talk about some of its views on the importance of being able to land fish in European markets. So it is important to understand and take on board those concerns and understand that we have a responsibility to represent their interests in the upcoming negotiations.

**The Chairman:** Just to be clear, you said that the inter-ministerial and consultative machinery is the JMC (Overseas Territories), but they can also make representations to you bilaterally or collectively if they want to.

**Robin Walker MP:** Precisely, and they will have an ongoing relationship with the Foreign Office, where Baroness Anelay has been representing their interests too.

**The Chairman:** It might add some light and shade to this if you could give us any indication of the flavour of the representations that you are getting. Some of these territories will be in the South Pacific, for example.

**Robin Walker MP:** Indeed. Some of the issues have been about making sure that things that we were doing, which did not necessarily directly relate to our EU membership but had some links to EU projects, would continue. On issues such as marine protection zones, the UK has been very proactive and gone out and worked with those territories, and we have been able to give assurances that it is a matter of UK policy and is likely to continue in any case.

Some issues relate to EU funding. We have been having discussions with the Treasury about how that might relate going forward. As I mentioned earlier, the Falkland Islands has specific concerns about fishing and its relationship with the European market. There are a number of Overseas Territories with interests in financial services market access, although it is

interesting to note that some of those Overseas Territories and some of the Crown Dependencies manage to have very strong financial services arrangements without necessarily having full membership of the European Union.

**The Chairman:** Just as a matter of interest—and if you do not know the answer you can drop us a line—are there any outstanding territorial issues with other member states of the EU? I am aware of bilateral issues that have arisen in other contexts, not involving the UK but involving particularly the accession countries. I just wonder whether there is anything outstanding that would then have to change its form.

**Robin Walker MP:** Not that I am aware of. Obviously the one aspect where there is a territorial consideration among the JMC Overseas Territories is that the sovereign bases are represented. So there is the UK sovereign base in Cyprus, which continues to be important. However, I would not necessarily say that it was in the category of a dispute; it is an issue on which we will make sure that we take on board their views and any issues that might arise out of this affecting our European negotiations.

**The Chairman:** Clearly there is an outstanding offer on that matter as well, I think.