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**ADDRESS BY THE CHIEF MINISTER OF GIBRALTAR AT THE EDELMAN
CENTRE, BRUSSELS ON THURSDAY, 21st MARCH 2013**

**A VISION FOR GIBRALTAR IN EUROPE - CONTRIBUTING TO THE FUTURE OF
THE EU**

Mr Chairman,

Thank you for this opportunity to address Edelman today on this, my first official visit to Brussels as Chief Minister of Gibraltar.

It is not, however, my first visit to Brussels.

I have been here twice before.

And in order to understand what my vision for Gibraltar is in an EU context, I think I have to spend a few short minutes telling you about those first visits.

My first visit was twenty two years ago, as a jurisprudence undergraduate at university.

As you can imagine, aged 19 and offered a highly subsidised trip to Europe to visit the European institutions, it was hard to resist what seemed like a free holiday.

In fact, that visit actually cemented my vision today that this place, then the capital of a 12 member state European Economic Community – the EEC of then, not the EU of today – was going to be very relevant indeed to my future and the future of my family and my nation.

I could see then that the process of European integration was gaining unstoppable momentum.

I was so impressed by this official Europe that I saw that I started to change my view of the EEC.

Until then, I had seen the EEC as most Gibraltarians might have: failed hope.

You see, for many in Gibraltar, the European project has long been a political representation of how our political problems with Spain might be resolved or **dis-solved**.

Yet in that time, Europe had also become a place where Spain achieved much to Gibraltar's detriment.

For example, Gibraltar's airport had been excluded from EU wide Air Liberalisation packages.

The EU Single Skies agreement did not include Gibraltar because Spain blocked it in an attempt to perpetuate the economic blockade of our nation.

The European Court of Justice had rejected our application to challenge those exclusions.

Europe was fast developing the whiff of a fraudulent promise to many Gibraltarians.

But to be here, amongst the institutions;

To visit Luxembourg and see the Court of Justice in action;

That re-charged my belief in the value of the European Project.

Barely 2 years later I was back; then as a young politician (well, a “younger politician”) trying to establish contacts and understand this place from a political perspective.

I came then, as I do now, together with my now Deputy Chief Minister and current Leader of the Liberal Party of Gibraltar, Joseph Garcia .

If I sensed a buzz when I was here as a student lawyer, I cannot begin to explain to you the excitement I felt around us when I was here as a young politician.

This was clearly the centre of the European political universe.

So when I return today, some twenty years later as the elected Chief Minister of Gibraltar, Europe's additional jurisdiction, I return to the heart of European decision-making with clear purposes:

To demonstrate Gibraltar's commitment to Europe;

To illustrate how Gibraltar has fulfilled its European obligations to the letter;

AND THEREFORE

To demand for Gibraltar an entitlement to all the benefits of membership of this privileged and exclusive club that we now call The European Union.

That is a powerful message.

Because I am not here from the south of Europe to plead for money or favours – in these days of bail-outs, we are fully self-sufficient;

I am not here to make excuses for being a zero tax jurisdiction – those days are gone. Gibraltar is a fully compliant, value added financial services hub that exchanges information under the updated mutual assistance directives and has already signed 26 free standing Tax Information Exchange Agreements;

And I am certainly not here to ask for indulgence in complying with EU timetables for the transposition of directives or other measures – because we are fully up to date with all our transpositions, something not many or any of the Member States can claim, except Gibraltar.

I am here to say that Gibraltar has come of age in Europe.

Since our election in December 2011 the Government that I lead with Joseph Garcia has invested massive resources in the legal infrastructure of our EU Legal Department.

We have done so because the two young men who were here twenty years ago still believe in the European Project as the driver for peace and prosperity on our continent and in the wider world.

And in making that investment we have discharged Gibraltar's obligations to transpose all outstanding EU directives which were overdue the maximum transition period transposition.

You should note that Gibraltar has its own Parliament of 17 members directly elected from a universal franchise of approximately twenty one thousand of the thirty thousand people who live in Gibraltar.

Under our Constitution, Gibraltar has full responsibility and autonomy on all matters except defence and foreign affairs, which remain the responsibility of the UK.

For that reason, as a separate jurisdiction of the Member State United Kingdom, we have responsibility to transpose into Gibraltar law all the laws made by the EU.

Almost 80 to 85% of all legislation we consider each year in our Parliament originates in Europe.

So in that context, I am sure you will agree that this is a stunning and remarkable achievement for a jurisdiction of our size;

An achievement only deliverable as a result also of the hard work of the Government's Chief Legal Adviser, Michael Llamas QC and the team of lawyers who work with him in drafting the laws that turn these European measures into Gibraltar Acts, Rules or Regulations.

I want to pause there to recognise the work of Mr Llamas and his team which has been remarkable.

What this achievement also means is that we – little Gibraltar - are ahead of most Member States, despite the fact that we are probably the jurisdiction with the least resources in the EU and serves to demonstrate the importance that we put on complying with our obligations.

That is important for you to know and note.

Moreover, as I have alluded to before, we have moved our economy from a “no tax” corporation tax model of financial services to a “low tax” model that is fully compliant with OECD requirements and finalising amendments in co-operation with Tax Code Group officials to ensure compliance with all tax rules.

We have done 26 Tax Information Exchange Agreements AND transposed the Mutual Legal Assistance Directive which the OECD considers to be the “inter EU” equivalent of TIEAs.

We are an OECD white listed nation.

Because my vision of Gibraltar in Europe is as a mature and responsible jurisdiction that complies with all its obligations under the law as we do today.

That is the only way, in my view, to bring my nation of 30,000 European, British citizens from the southern most tip of Europe to the top table of decision making in the EU.

But it is not enough for us to remain “Top of the Table” for transpositions, a position we fully intend to retain.

We consider that, both through the UK Representative offices here and directly by our own Representative Office here, we are entitled to also influence the direction of travel of EU legislation and to contribute to the future of the Union as much as any other cluster of EU citizens elsewhere in the Union.

And that is what we are here to do, in particular in relation to the regulation of the online gaming industry, the recognition of our tax legislation as fully compliant with all Code Group and OECD principles and the defence of our people against a backward looking and aggressive approach by the Kingdom of Spain which is seeking to use the EU to advance its medieval claim on our sovereignty of our land, our waters and even our airspace.

In respect of online gaming, you will be aware that remote gambling emerged as a 'transnational' economic service also some 40 years ago when UK bookmakers began to regularly take bets by telephone from customers in many parts of the world.

Ironically, it is exactly forty years ago that Gibraltar joined the EEC with Britain, as a European territory the external relations of which were the responsibility of the UK.

In the mid 1990's a UK bookmaker established offices and call centres in Gibraltar to process its business more efficiently and based on the lower cost base prevalent in Gibraltar and much of southern Europe.

In parallel, similar businesses were being established in much more remote places. I am not here to criticise those jurisdictions that are beyond the shores of the EU, but I will say that from the outset, only Gibraltar required its remote gambling industry to operate FROM THE BEGINNING at the highest levels of probity and integrity.

Indeed, we allowed only a handful of the existing 'blue chip' firms to base themselves in Gibraltar.

Hence, we have always had nearly all of the UK and Europe's major brand names in remote gambling in Gibraltar, and few others.

As the Gibraltar remote gaming industry quickly adopted the internet, and with the emergence of broadband, telephone sports betting quickly developed into internet gambling of roulette, blackjack, slots bingo and poker.

As a result, the industry now employs approximately 2,000 people directly and many hundreds of others indirectly.

Indeed, it is also a source of cross frontier work and cohesion; with many who work in the industry living in Spain and crossing into Gibraltar each day.

The industry has grown not just in Gibraltar but around the world.

But Gibraltar stuck to its guiding principles : only licensing small numbers of blue chip operators for a good and simple reason - such companies bring with them strong internal controls, and as valuable a brand name as Gibraltar itself.

We are a risk averse jurisdiction.

We licence risk averse companies.

We licence companies who value their reputation as much as we value ours.

It was and remains Gibraltar's explicit intention to avoid a proliferation of remote gambling companies and to maintain the HIGHEST standards of regulation in the EU and indeed the whole world.

So in seeking to influence EU policy making, one of the things I have done in Brussels in the past 48 hours has been to address the Parliamentary Committee on the Internal Market and Consumer Affairs.

That Committee is presently considering the excellent draft report on the future of the online gaming industry by South West and Gibraltar MEP Ashley Fox.

I have also had a chance to meet with Commissioner Barnier to present to the Commission how the high standards of Gibraltar regulatory model complements both the European Commission Action Plan on this subject.

Our model takes forward early and directly customer protection, common standards, sports integrity and anti-money laundering.

We have offered our support to develop the Internal Market committee's report recommendations on a website Trustmark, more reliable age verification and identity measures and further research into defining and preventing problem gambling.

We are in Brussels to offer our experience to the Commission and the Parliament in assessing operators and their systems to ensure there is no criminal intent or benefit in remote gambling.

We want to ensure that gaming companies licensed in Europe are only the world's strongest and most reliable brands and smaller operators licensed only when they comply to the very highest standards expected of larger organisations.

We have hosted and licensed remote gambling operators for 15 years, the lifetime of the industry, and our regulator has issued Codes of Practice on consumer protection, anti-money laundering and technical standards.

And we are here to offer our expertise in these areas and influence EU policy in this industry in the future.

In fact, as I told the Internal Market Committee yesterday, it is now undoubtedly true that Gibraltar is now recognised as a global hub for the online gaming industry. We are the "Silicon Valley" of online gaming. We already attract a diversity of nationalities developing and innovating products, at the southern fringes Europe – where there are unfortunately very few such success stories.

With the world's best in the industry already based in Gibraltar, the next step is for us to work here to ensure growth for this European success story.

On the issue of tax, our position is also a simple one.

Our tax legislation is compliant with OECD and EU Code Group principles – subject to a small amendment which is being finalised in co-operation with relevant officials.

In those circumstances, there can be no credible challenge to Gibraltar companies being allowed full access to the single market.

They must also be recognised as relevant corporations under the provisions of the parent subsidiary directive.

When the only challenge that remains to our tax legislation is from the Kingdom of Spain, then we must ask you to lift the wool from over the pernicious nature of the arguments advanced by her officials for what is simply the continued attempt to usurp the sovereignty of our land.

And you must watch out for that – and we are here to highlight this also.

With the election of the Popular Party, we have seen how Spain now wishes to include references excluding Gibraltar Airport from any new air liberalisation measures.

This despite Spain having signed up to The Cordoba Agreements which dealt with the lifting of the “suspension clause” that Spain had insisted on before 2007 in respect of any matter affecting our airport.

This is really quite incredible, I know.

For example, before the Socialist Government in Spain agreed to get rid of this suspension clause, Spain had blocked a measure applying to Gibraltar the effect of which was to afford protection to disabled airline passengers.

It took Sir Graham Watson, also a UK South West and Gibraltar MEP and long time friend of Gibraltar, to lead a vote in the European Parliament denouncing this position and defeating Spain in that vote.

But that backward looking, aggressive non-progressive and sterile approach is back.

So we are here also to shape EU policy for future air liberalisation by raising awareness of what Spain has advertised she is going to do and how it can affect EU consumers generally of measures are for this reason blocked for all of Europe or Gibraltar.

But perhaps also most importantly, given that Spain has unilaterally resiled from the agreements that created the Trilateral Forum for Dialogue and the Cordoba Agreements, I am here to tell you that you and relevant MEP's and Commission

members that they can no longer rely on Spain's signature on a document as evidence of a binding commitment.

You should be aware that the Cordoba Agreements of 2006 required the United Kingdom to pay uprated pensions to Spanish pensioners who had worked in Gibraltar before 1969 when the Spanish dictator General Franco closed the frontier.

The UK will pay in the region of 150 million pounds sterling to such pensioners.

About half of this has already been paid.

Gibraltar agreed to build a new Airport Terminal alongside the frontier fence in order to allow direct access from Spain to our airport's facilities.

The cost to Gibraltar of this new airport has been 83 million euros – and took precedence for the previous administration in Gibraltar over other projects.

Just in cash terms, Gibraltar and the UK have or will therefore have paid in the region of 300 million euros to comply with our obligations under the Cordoba Agreements.

Spain has paid nothing.

And now, Spain is telling the world, shamelessly, that she will not even comply with her commitment not to seek to exclude Gibraltar airport from future air liberalisation measures.

Given the manner in which Spain has approached its commitments to Gibraltar and the United Kingdom under the Cordoba Agreements, banking the 300 million euros and now ignoring her obligations under the same agreements, you should ask yourselves how reliable you consider the statements of Spain's Popular Party politicians to be.

Moreover, Spain is also trying to assert rights over the waters around Gibraltar.

These British Gibraltar Territorial Waters have historically been British since 1704 – first under the doctrine of “the Cannon Shot Rule”, and since the 1950s under the successive UN Conventions of Geneva and Montego Bay on the Law of the Sea.

Again shamelessly abusing her position in the EU, Spain has sought to designate waters within our British Waters as her area of responsibility under the Habitats Directive.

When Gibraltar and the UK challenged this in this Court of Justice, we both had our cases thrown out on technical grounds; apparently wanting to avoid a judgment which would deal with the substance of the UK/Spain/Gibraltar issue.

Let no-one ever tell me that the ECJ is showing itself to be bold!

But what is worse, is that one of the three judges appointed to the Court, Ms La Puerta, was Spanish.

Now we all know that a judge's nationality is not a reason to challenge the appointment of a judge to hear a case in the ECJ.

That is of course the correct approach.

But listen to this, Ms La Puerta had previously been a lawyer in the Spanish Government's legal service, pleading cases against Gibraltar in the EU Court for Spain.

So when we pointed this out to the President, as the UK did, separately, we were dismissed without the substance of our serious and deep rooted concerns of actual or apparent bias being addressed.

In those circumstances, I must tell you that many people in Gibraltar have lost a lot of faith in the fairness of the European Court of Justice.

This is the sort of issue that fuels the anti-European sentiment that is establishing itself throughout the Union.

So we are also here to point this matter out to the people we have met and ensure that these matters are in the consciousness of decision makers here in Brussels too.

Because the long and the short of it, ladies and gentlemen, is that this imperfect Union that we call the EU is the future not just for the people of Gibraltar but for the development of the people of this continent and the best guarantor of peace and security in Europe and the world.

That is why failings must be pointed out.

Abuses by member states must be identified and stopped.

And even the failings of the Commission as the "Guardian of the Treaty" and of the Court as the final arbiter of disputes, must be confronted head on.

That is what will deliver my Government's vision of the Europe of the future.

The Europe in which my Nation believes.

The Europe which 20 years ago I could see would be the place where Gibraltar's leaders would need to come and make the arguments for our people.

The Europe we seek to influence today in shaping the open, single market of tomorrow.

ENDS