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PRESS RELEASE

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**HMGOG STATEMENT ON EL PAIS REPORTS RE EU
MEASURES AFFECTING GIBRALTAR AIRPORT**

Her Majesty's Government of Gibraltar notes reports in El Pais newspaper in Spain, quoting unnamed diplomatic sources, suggesting that the Government of Kingdom of Spain may seek to suspend the application to Gibraltar Airport of forthcoming EU aviation measures.

Such actions would be a totally retrograde step for Spain to take and would amount to the Spanish Government reneging on the obligations and commitments it entered into as part of the agreements arrived at in Cordoba in 2006. Specifically, the Ministerial Statement on Gibraltar Airport provided (at paragraph 14(iv)) that from 18th September 2006 Spain would "cease to seek the suspension of Gibraltar Airport from any EU Aviation measure not yet adopted."

Gibraltar has built a new air terminal next to the frontier fence in order to comply with its obligations under paragraph 6 of the same Ministerial Statement on Gibraltar Airport. The cost to the Gibraltar taxpayer has been approximately £80m.

As the United Kingdom has made clear in its response to the Foreign Affairs Committee, it has also complied with its obligations under the agreements made in Cordoba in respect of pensioners who had worked in Gibraltar before the closure of the frontier, at a cost to the British taxpayer of some £125m. (Source: UK Foreign Affairs Committee, Additional Question from the Committee to the FCO; 12 May 2008 - www.parliament.uk - see link below.)

By seeking to benefit from those parts of the Cordoba Agreement which suit it and not comply with certain other obligations, the Government of the Kingdom of Spain would in effect be "cherry picking" from an Agreement to which Spain had agreed in its entirety.

Her Majesty's Governments in the United Kingdom and Gibraltar will work closely together to hold Spain to its commitments under the Cordoba Agreements.

Despite the recent insistence by Spanish Foreign Minister Snr Margallo that he will not talk to Gibraltar, Her Majesty's Government of Gibraltar remains strongly committed to the Trilateral Forum for Dialogue, as the United Kingdom Government has already repeatedly stated.

EDITORS: Please find below for ease of reference the (i) the source quoted for the cost to the British taxpayer of payments to Spanish pensioners; and (ii) the text of the Cordoba Agreements.

(i) Cost of Payments to Spanish Pensioners to the British taxpayer:

<http://www.publications.parliament.uk/pa/cm200708/cmselect/cmcaff/147/147we136.htm>

(ii) THE TEXT OF THE CORDOBA AGREEMENTS

Agreements Arrived at in Cordoba, Spain on the Airport, Pensions, Telecommunications, Frontier Flow and "Instituto Cervantes" 18 September 2006

Communiqué of the Ministerial Meeting of the Forum of Dialogue on Gibraltar.

1. The Minister of Foreign Affairs and Co-operation of the Kingdom of Spain, Mr Miguel Angel Moratinos, the Minister for Europe of the United Kingdom of Great Britain and Northern Ireland, Mr Geoff Hoon and the Chief Minister of Gibraltar, Mr Peter Caruana held the first ministerial meeting of the Trilateral Forum of Dialogue on Gibraltar ("the Forum") in Cordoba today under the terms of the Joint Communiqué of 16 December 2004.
2. Since the establishment of the Forum there have been five rounds of discussions. This has made it possible to address a number of issues in detail, and in a constructive spirit, and to resolve them in a way acceptable to Governments of Spain, the United Kingdom and Gibraltar ("the participants"), so as to benefit both Gibraltar and the Campo de Gibraltar, and thus contribute to the creation of a constructive atmosphere of mutual trust, respect and co-operation.
3. We are therefore happy to announce today a package of agreements which we believe will enhance the economic and social development of both Gibraltar and the surrounding region, in particular the Campo de Gibraltar. These agreements show our commitment to the solution of specific problems but have no implications whatsoever regarding sovereignty and jurisdiction, or regarding any issues thereby affected, and any activity or measure undertaken in applying them, or as a consequence of them, is understood to be adopted without prejudice to the respective positions on sovereignty and jurisdiction. The Government of Gibraltar understands and accepts that references to sovereignty in this Communiqué are bilateral to the UK and Spain.

The Pensions Issue

4. We are glad to announce a settlement of the issue of the pensions of former Spanish workers in Gibraltar, the details of which are set out in the Statement on Pensions attached to this Communiqué as Annex 1. From our earliest discussions about the establishment of the Forum, we agreed on the need to tackle this issue, given the age and financial vulnerability of the group of people affected. Thanks to the thorough work carried out by our technical experts and to our political determination to resolve this issue, we are able to offer a solution which we believe is fair and balanced to all the former Spanish workers who suffered the consequences of decisions adopted in the 1960s.

Every affected pensioner will be personally informed of this offer shortly, and we hope that those affected will welcome the settlement which the participants regard as final. The Gibraltar Government will make a separate statement shortly in respect of other Gibraltar pensioners.

Gibraltar Airport

5. We have also been able to agree upon arrangements that will facilitate the enhanced use of the Gibraltar Airport for civilian air traffic for the benefit of Gibraltar and the Campo de Gibraltar. Details of the agreement are set out in the Statement on Gibraltar Airport attached to this Communiqué as Annex 2.

The full implementation of that Statement entails the construction of a new single air terminal adjoining the south side of the fence/frontier, and related road and access works. We have therefore agreed to advance, as far as possible, the implementation of many of the provisions of that Statement, so as to enable the citizens of Gibraltar and the surrounding area to enjoy the benefits thereof even before these civil works are completed.

Fence / Frontier

6. More fluid movement of people, vehicles and goods between Gibraltar and the surrounding area will improve the day to day lives of people in Gibraltar and the Campo de Gibraltar. The Spanish Government, through the Agencia Estatal de Administración Tributaria, is already investing close to one and a half million euros in substantial improvement works to its facilities and those of the Guardia Civil. The works will be completed this year, at which time the access will operate on a two lane basis in both directions and the red/green channels system, for both people and for vehicles, will be introduced. The Gibraltar Government has also invested substantial sums of money on the enhancement of its facilities.
7. We also commit ourselves to keep the situation under review and to study additional measures to further improve the fluidity of both commercial and non-commercial traffic in both directions, bearing in mind the challenge posed by an annual traffic of more than seven million persons between territories with different customs regimes since Gibraltar is outside the EU Customs Union, and given also the fact that the UK (and thus Gibraltar) are outside the Schengen area for external borders purposes. As long as these differences remain, certain controls are necessary, and this, coupled with traffic volumes means that some delays are inevitable.

However, we acknowledge that the fluidity of traffic will continue to be an important issue for the Forum given the high numbers of daily movements for reasons of work, commerce and leisure.

Telecommunications

8. In the field of telecommunications, and in order to both address the current limitation on the quantity of telephone numbers in Gibraltar accessible from and through the Spanish network, and also enable roaming agreements between networks in Spain and Gibraltar for mobile telephones, telephone calls from Spain to Gibraltar will be channelled using the technical procedures for international direct dialling recommended by the International Telecommunications Union for all States and territories, including the territory of Gibraltar.

In addition, the Spanish network operators will be able to accept the codes assigned to Gibraltar by the aforementioned organization, in order to identify the operators in that territory.

These arrangements will become operational within four months from to-day's date, and the 30,000 telephone numbers reserved by Spain in its national numbering plan for access to the Gibraltar network will then be available for reassignment in Spain.

Since the introduction of mobile roaming is a matter for the Network operators, the participants shall request from their respective telephone Network operators that, as soon as possible, they enter into appropriate commercial agreements, in accordance with the rules of the free market and in compliance with the EC Electronic Communications Directives (Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services) and other legal community provisions on electronic communications, all of which have been brought into effect.

Instituto Cervantes

9. We welcome the proposal by the Spanish Government to establish in Gibraltar an Instituto Cervantes. The Instituto Cervantes is dedicated to increasing knowledge of the Spanish language and culture. We welcome also the Gibraltar Government's agreement to make available suitable premises for the Institute, and its willingness to facilitate its early establishment.

Comisión Mixta de Cooperación y Colaboración

10. We encourage the "Comisión Mixta de Cooperación y Colaboración established between the Mancomunidad de Municipios de la Comarca del Campo de Gibraltar and the Gibraltar Government" to continue its work for the development of local co-operation. We would also welcome the participation in the Comisión Mixta of the Junta de Andalucía, as this would enhance the efficacy of this process in areas of its competence.

Ports

11. We welcome and encourage the co-operation between the port authorities of the Bay in relation to issues relating to their operations, and in continuing to explore possibilities for collaboration in fields of common interest.

Commitment to the Forum

12. We reiterate our full commitment to continue the process of dialogue entailed by the Forum, with its open agenda, on any issue relating to or which affects Gibraltar. We have had an exchange of views about the range of issues that could be discussed in future meetings of this Forum.

MINISTERIAL STATEMENT ON GIBRALTAR AIRPORT

The Minister of Foreign Affairs and Cooperation of the Kingdom of Spain, Mr. Miguel Angel Moratinos, the Minister for Europe of the United Kingdom of Great Britain and Northern Ireland, Mr Geoff Hoon, and the Chief Minister of Gibraltar, Mr. Peter Caruana, meeting in Cordoba on the 18th of September 2006 have agreed the following Statement in relation to the Gibraltar Airport as an Annex to the Ministerial Communiqué.

Wishing to enable the enhanced use of Gibraltar Airport for the benefit of the social and economic development of Gibraltar and of the Campo de Gibraltar and improved employment and commercial opportunities for both, on terms acceptable to the three participants ("the participants") in the Dialogue Forum established on 16th December 2004 between the Governments of the UK, Spain and Gibraltar ("the Dialogue Forum") and without prejudice to their respective sovereignty positions and constitutional status.

Have agreed the following arrangements:

1. This Statement and the arrangements which it entails ("the arrangements"), which are to operate in accordance with EU/international requirements, procedures and practices, relate to civilian air traffic, and will have no implication for sovereignty and jurisdiction or control and any activity or measure undertaken in applying them, or as a consequence of them, are understood to be without prejudice to the respective legal positions with regard to the dispute over sovereignty and jurisdiction over the territory in which the airport is situated. The Gibraltar Government understands and accepts that the references to sovereignty are bilateral to the UK and Spain.
2. In this context, and in order to overcome problems of terminology relating to references to the words "frontier" or "fence", the phrase "fence/frontier" is used. This phrase means frontier for the UK and Gibraltar, and fence for Spain.
3. This Statement and the arrangements will replace the Joint Declaration on the Airport made in London on December 2nd 1987, and the full compliance herewith will, for the purposes of all EU measures containing an article suspending the application of that measure to Gibraltar Airport until the 1987 Declaration is complied with, be deemed to constitute compliance with the 1987 Declaration for the purposes of such articles. The UK and Spain will so inform the Council.

Therefore, as part of the arrangements, there will be a lifting of Gibraltar Airport's suspension from all EU aviation measures. Consequently, Gibraltar Airport will be bound by, comply with and benefit from all applicable EC regulations and directives. The participants attach particular importance to EU rules relating to environmental impact. As part of the arrangements there will also be an end to the current discriminatory restrictions imposed by Spain over use of Spanish airspace by civilian aircraft flying in and out of Gibraltar Airport.

4. Recalling the participants' aim of enabling the enhanced use of Gibraltar Airport to benefit the social and economic development of Gibraltar and the Campo de Gibraltar, and given the proximity of the airport to the populations of Gibraltar and the Campo de Gibraltar and the shared concerns on environmental and other matters regarding the use of the airport, a Permanent Joint Liaison Committee of the participants will be established as a forum to consider at a technical level any problem or issue relating to the functioning of the arrangements.
5. The UK Government is responsible for all international obligations including aviation safety and security relating to Gibraltar Airport, as laid down in the pertinent rules and regulations of ECAC/ICAO, Eurocontrol and of the EC. Recognising the fact that Gibraltar Airport is a military airfield available for civilian flights, the Permanent Joint Liaison Committee will be appropriately notified of any interruption to the arrangements, including flight restrictions caused by military use.
6. A single air terminal ("the terminal") adjoining the southern side of the fence/frontier will be built, in the appropriate manner as decided by the Gibraltar Government, to enable passengers and their luggage access to

and from such terminal directly to/from the north side of the fence/frontier.

7. The following arrangements will apply for passengers arriving or departing through the terminal:
 - i. Passengers flying from Gibraltar Airport to a Spanish airport accessing the terminal via the direct access from the north side of the fence/frontier will be treated as if they had not left the Schengen travel area;
 - ii. Other passengers flying from Gibraltar Airport to a Spanish airport will be checked into the Schengen travel area before boarding the aeroplane. This check will be carried out by Spanish officials, who themselves will be located on the north side of the fence/frontier, in a manner facilitated by the design of the terminal. Therefore, on arrival at a Spanish airport, these passengers will not be subject to further Schengen entry controls;
 - iii. Passengers flying to Gibraltar Airport from a Spanish airport and exiting the terminal via the direct access to the north side of the fence/frontier will also be treated as if they had not left the Schengen travel area;
 - iv. Other passengers travelling to Gibraltar Airport from a Spanish airport, after they have disembarked, will go through a Schengen exit check, which will be carried out by Spanish officials in the same manner as in (b) above. These passengers will then continue to a place where the Gibraltar authorities will carry out an appropriate identity/passport check to clear entry into Gibraltar;
 - v. Passengers in categories (a) and (c) who remain airside of Gibraltar customs and immigration will be treated as transit passengers in the terminal and, by virtue of administrative waiver thereof by the Gibraltar authorities, will not in normal circumstances be subjected to Gibraltar customs and immigration controls. The Gibraltar authorities retain the right to exercise such controls on grounds of security or in other exceptional or unusual circumstances that render them necessary or desirable. For their part, the Spanish authorities retain the equivalent right, in line with their Schengen obligations.

Once the participants have been able to assess the operation of these arrangements they will, but subject to further agreement in that regard, give consideration to ways of obtaining the practical benefits of Schengen clearance for flights to and from Gibraltar Airport and Schengen destinations other than Spanish airports in a way legally and politically acceptable to all the participants
8. Air cargo arriving from within the European Customs Union and destined to the northern side of the fence/frontier or vice versa, will be treated as in transit/bond and thus will not be subject to any customs duties. Arrangements in accordance with applicable EU requirements will be made to facilitate the overland forwarding to Gibraltar of cargo, free of Spanish customs duties, from flights destined for Gibraltar Airport that have been diverted to a Spanish airport.
9. In order to ensure the safe and fluid access to and egress from Gibraltar Airport by aircraft, the Air Traffic Control (ATC) service providers and, whenever necessary, the aeronautical authorities of the participants will meet as required to coordinate and agree air traffic control issues and procedures between the ATC Control Center at Sevilla Airport and the ATC Tower at Gibraltar Airport. Recalling that the Gibraltar Airport airfield is a military airfield, the United Kingdom will ensure that the ATC service provider is certified in accordance with EC rules.
10. All passenger and flight services including all facilities and functions relating to airside and aircraft services, passengers' check-in, baggage handling and passenger and baggage security will be provided in and by the terminal. Subject to EU directives the Government of Gibraltar will grant a contractual concession to operate the terminal and provide these services on a commercial basis to a joint venture company owned by Gibraltar and Spanish commercial interests.
11. The Geneva Airport model vis-a-vis France will serve, as appropriate, and as may be agreed as the basis for the arrangements.
12. To enable the Statement and the arrangements to be fully operational, and to accommodate expansion of traffic volumes, substantial sums of money will have to be invested by the corresponding participant in the following:

- i. Executing the necessary civil works for the terminal.
- ii. An appropriate technical solution acceptable to the Government of Gibraltar must be found, including the one consisting of the creation of a tunnel at the Eastern end of the airfield, in order to avoid vehicular traffic routinely crossing the airport runway, and the increase in vehicular traffic congestion exacerbated by a material growth in the number of flights;
- iii. Infrastructure and arrangements north of the fence/frontier will have to be adapted in order to facilitate the direct access of passengers and luggage to the terminal.

The participants should seek appropriate EU funding for these investments.

13. The Government of Gibraltar will immediately commence the project for the construction of the terminal and any necessary new roads and tunnels on the south side of the fence/frontier envisaged in connection with the arrangements and enhanced use of the airport. It is envisaged that these works will be completed within 18 to 24 months. Spain will complete any civil works required on the north side of the fence/frontier to implement the arrangements, within the same timescale. The participants will keep each other fully informed of progress in these works, liaising with each other as may be necessary.
14. With effect from today, Spain will:
 - i. Suspend the discriminatory restrictions on civilian flights to Gibraltar Airport, thereby enabling flights bound to Gibraltar Airport diverted to a Spanish airport to subsequently fly on directly from that airport to Gibraltar Airport;
 - ii. Make arrangements to facilitate the overland forwarding to Gibraltar of air cargo from flights destined to Gibraltar Airport, in accordance with paragraph 8;
 - iii. Suspend all current discriminatory restrictions imposed by Spain over the use of Spanish airspace by all civilian aircraft flying in and out of Gibraltar Airport. New final approach paths to Gibraltar Airport, in order to enhance operational safety conditions, will be adopted, including straight-in approach, taking into account their environmental impact;
 - iv. Cease to seek the suspension of Gibraltar Airport from any EU Aviation measure not yet adopted.
15. With effect from a date not later than three months from today:
 - i. There will be no objection to the normal operation of air services to and from Gibraltar Airport on the basis currently affecting this airport notwithstanding any continuing suspension from EU aviation measures;
 - ii. Until such time as the Government of Gibraltar completes the construction of the terminal, whereupon the arrangements specified in paragraph 7 of this Statement will be implemented, passengers and their baggage going from the north side of the fence/frontier to the present air terminal and vice versa will be carried by bus from the airside of the terminal, directly to a meeting point north of the fence/frontier and the administrative waiver of customs and immigration controls specified in paragraph 7(e) of the Statement will apply to them. Passengers and their baggage will not be subject either to customs or immigration controls north of the fence/frontier.
 - iii. The Government of Gibraltar will enable air cargo arriving from within the European Customs Union and destined to the northern side of the fence/frontier to benefit from the provisions of paragraph 8.
16. With effect from a date not later than six months from today, Spain will join the UK in procuring the formal lifting of Gibraltar Airport's suspension from the application of all EU Aviation measures.
17. Once the Government of Gibraltar completes the new terminal within the timeframe envisaged in paragraph 13 and has fully implemented the arrangements specified in paragraphs 7 and 8 of the Statement, restrictions set out in paragraph 14 (a) and (c) for all civilian aircraft flying in and out of Gibraltar Airport will formally be ended.
18. The participants will use their best endeavours to make fully operational the Statement and the arrangements at the earliest possible date and will monitor progress thereon in the Trilateral Dialogue Forum.

19. The commitments in this Statement will be fully implemented unless the three participants agree to the contrary.
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MINISTERIAL STATEMENT ON PENSIONS

The Minister of Foreign Affairs and Cooperation of the Kingdom of Spain, Mr. Miguel Angel Moratinos, the Minister for Europe of the United Kingdom of Great Britain and Northern Ireland, Mr Geoff Hoon, and the Chief Minister of Gibraltar, Mr. Peter Caruana, meeting in Córdoba on the 18th September 2006 have agreed the following statement on the issue of pensions of former Spanish workers in Gibraltar as an annex to the Ministerial Communiqué:

Background

1. As is well known, historical circumstances prevented large numbers of Spanish workers resident in Spain from continuing to work in Gibraltar and thus from continuing to contribute to the Gibraltar Social Insurance Fund (GSIF) from the late 1960s.
2. We acknowledge the financial imbalance which affected the GSIF as a result of the disparity between the contributions to it of those workers and the enhanced rate of pensions to which they became legally entitled as a result of Spain's accession to the EU in 1986. Accordingly, in 1996 the UK Government assumed indefinite responsibility for the funding of pensions from the GSIF of the pre-1969 Spanish workers. As part of those arrangements, such pensions have remained frozen at the 1988 rates.
3. Wishing, in the spirit of the Trilateral Forum of Dialogue on Gibraltar ("the Forum"), to improve local co-operation and relations and to resolve some of the problems affecting them, the Governments of the United Kingdom, Spain and Gibraltar ("the participants") have agreed a full and final settlement of the Pensions and related issues on the terms set out in this statement.

Beneficiaries

4. This agreement applies to Spanish nationals, alive to-day, who were resident in Spain while working in Gibraltar and who made contributions to the GSIF prior to 1969, who qualify for a pension from the GSIF, and who, as a result of the border/fence closure in 1969, were no longer able to continue working in Gibraltar, or contributing to the GSIF or to draw a GSIF pension, and who did not resume contributions to the GSIF after 1969, and who are now resident in the EU. The agreement also covers other recipients of a pension, including widows.

In this statement, beneficiaries of this agreement are referred to as "Affected Spanish Pensioners".

The Agreed Solution

5. The agreed solution will be offered to all Affected Spanish Pensioners, on a voluntary basis, and it will treat all such pensioners in an equal manner. All payments will be funded and made by the UK.
6. All Affected Spanish Pensioners will be offered by the UK a lump sum in exchange for withdrawing from the GSIF and giving up any further claims in relation thereto. This lump sum takes into account the fact that, unlike elderly persons resident in Gibraltar, the Affected Spanish Pensioners, as EU residents, many of whom received very reduced pensions because of their incomplete contribution record, have not been able to access any other source of financial support since 1989, during which period their Gibraltar pensions have remained frozen. The lump sum will be paid in two tranches. The first tranche will be paid in April 2007 and the second tranche will be paid in April 2008. By way of indication only, the average total lump sum will be about 6,200 €.
7. If they accept the offer by the UK, those Affected Spanish Pensioners will receive their future payment entitlement from a non-contributory scheme to be established and funded by the UK for that purpose. This scheme will make payments equivalent to their former GSIF pensions, increased to what they would have been had the GSIF pensions been uprated annually from 1989 to April 2007 in accordance with the Gibraltar Index of Retail Prices. Future uprated payments will be index-linked to the UK Retail Price Index.
8. Any Affected Spanish Pensioner who decides not to accept this offer and withdraw from the GSIF will not be entitled to receive and will not receive any lump sum payment. They will continue to be members of the GSIF and thus to receive their pension from the GSIF. The pensions of this group of pensioners (including such future uprating of Gibraltar pensions as the Gibraltar Government decides) will continue to be paid by the UK.

9. The lump sum, but not the future payments, will be paid to the estate of any Affected Spanish Pensioner who formally agrees to accept the offer when it is made, but who dies before the full payment is made.
10. The estate or next of kin of any other deceased Affected Spanish Pensioner has no right to claim either the lump sum or the future payments.
11. Although Spain is entitled under EC legislation to claim reimbursement-compensation for the costs of benefits in kind for the Affected Spanish Pensioners, there will be no change to the current arrangements.

Outcome

12. The settlement will provide a more sustainable financial future for Affected Spanish Pensioners. In addition, those who accept will have received a lump sum in exchange for withdrawing from the GSIF. All Affected Spanish Pensioners will have been treated equally in terms of the calculation of the financial offer to them.

Timetable

13. The Government of Gibraltar will write to the Affected Spanish Pensioners within one month, outlining the offer in general terms.

The Government of the United Kingdom will write again to each of the Affected Spanish Pensioners within not later than three months setting out an individual offer in detail and explaining what the pensioner has to do next.

Pensioners will be required to respond within two months of the date of the offer letter

The participants will carry out any necessary steps to enable the new arrangements to come into effect as soon as possible in accordance with the timetable set out above.