



Deputy Chief Minister

Date: 26th June 2017

Budget Speech - Hon Dr Joseph Garcia, Deputy Chief Minister

Mr Speaker,

It is a pleasure to rise once more in this House in order to review progress in a number of areas of Government policy since the last Budget a year ago.

This is my nineteenth budget address to this House. It is my sixth as a member of the Government.

I apologise in advance to the House for my emphasis on Europe and on Brexit but I am sure that Honourable Members will understand.

BREXIT

Just over an hour ago, Mr Speaker, the United Kingdom Government published a paper entitled “The United Kingdom’s exit from the European Union – Safeguarding the Position of EU Citizens Living in the UK and UK Nationals Living in the EU.”

The document contains one direct reference to Gibraltar at paragraph 8. This says:

“The reciprocal agreement on citizens’ rights will apply to the entire United Kingdom, covering Scotland, Wales, Northern Ireland and all parts of England, and Gibraltar. Decisions that are currently made by the devolved administrations and the Government of Gibraltar will continue to be made by them.”

Mr Speaker, this is in line with the comments made this morning by my Honourable Friend the Chief Minister.

The cut-off point for the mutual recognition of rights is given as anywhere between 20 March 2017 and the 20 March 2019. The paper spells out a series of benefits, pensions, healthcare, economic and other rights in the expectation that these will be reciprocated by EU Member States.

Mr Speaker, having commenced with the latest, I will now rewind and for the sake of good order start my review at the beginning.

Last June the United Kingdom as a whole voted to leave the European Union. Gibraltar voted to remain, as did two of the Devolved Administrations.



I assumed responsibility for work related to the UK and Gibraltar's departure from the European Union after the reshuffle last year.

The Government acted immediately and responsibly in order to meet the challenges posed by the referendum decision.

Two immediate action points were put in motion.

The first was to produce a detailed Government impact study into the potential effects of leaving the European Union.

The second point was to look at all the options open to Gibraltar going forward – I should add, for the avoidance of doubt, that shared sovereignty was not one on them.

Mr Speaker, during July and August of last year detailed information on the impact of leaving the EU was requested from all Government departments, agencies and authorities.

This data was compiled and produced through the Attorney General Michael Llamas and coordinated with my office.

The study looked at the impact of different variations of Brexit. The possibilities ranged from what is known as a hard Brexit, where the UK departs with no agreement, to what is known as a soft Brexit whereby the effect of any changes could be less dramatic.

So there is black and there is white and there are shades of grey in between.

Nobody knows the final shade of Brexit at this stage given that formal negotiations have only just started.

However, the people of Gibraltar can rest assured that their Government has already analysed the impact locally of different types of Brexit. This is what a responsible Government does and what our people are entitled to expect from us.

FRONTIER FLUIDITY

Mr Speaker, the Government has already indicated that a number of salient points emerged from that analysis.

The first was the importance of frontier fluidity.

This has never been a secret.

There are around 12,000 frontier workers officially employed in Gibraltar. This constitutes over 40% of the labour force.

That number includes over 7000 Spanish nationals.

Indeed, the figures show that practically every nationality of the European Union is represented in the daily flow of workers into and out of Gibraltar.

This entire area has become a microcosm of what Europe should be – that is thousands of nationals of different Member States who have chosen to live in one part of the EU and to cross an internal border to work in another.



It is a reality that Europe should be proud of.

A reality that should be protected and maintained.

The role of frontier workers impacts across the economy. They constitute a considerable proportion of employees in certain areas of economic activity.

80% of land based gaming

60% of online gaming

72% of hotels and restaurants

66% of the construction industry

Even in areas like health and social care, 26% of those employed are frontier workers.

This is a reflection of the positive impact of Gibraltar on the economy of the neighbouring region of Spain. Members will have seen the studies which indicate that Gibraltar accounts for 25% of the GDP of the Campo area and that Gibraltar PLC is the second largest employer for the whole region of Andalucia.

This fact is recognised by the Mayors of the neighbouring towns, the President of the Mancomunidad, the provincial Government in Cadiz and the Regional Government in Seville.

A Brexit formula which involves a difficult border is clearly not in our interest but it is not in Spain's interest either.

This is the message that has to be understood by the Spanish central Government in Madrid. It is a message of continuity that they have themselves have delivered in the past. Indeed, the Spanish Foreign Minister Mr Dastis himself is on record as having said that (Europa Press 24/5/17) one of Spain's objectives was to ensure that "the links that have been created between the Campo and Gibraltar are maintained and that shared prosperity continues."

This is an attainable objective.

The second objective for Madrid is shared sovereignty over Gibraltar.

This is unrealistic, unacceptable and unattainable.

The truth is that Brexit and sovereignty are not connected. It is Spain that has chosen to link the two through the resurrection of the proposal for shared sovereignty.

We have rejected shared sovereignty in the past and we continue to reject it.

It is nonsensical to expect the people of Gibraltar to exchange one colonial master, as it were, for another - or worse still to exchange one for two.

Mr Speaker, Spain has to come to terms with the simple fact that they lost Gibraltar three hundred years ago and they are never going to get it back.

It would be wrong and irresponsible for Spain to complicate Brexit further still by bringing their obsession with Gibraltar to the fore.



There are small micro-states all over Europe, Mr Speaker. No other nation state behaves towards these small territories in the bullying and aggressive manner that Spain behaves towards our country.

We do not see France blockade the Channel Islands or Monaco.

We do not see Italy obsessed with San Marino or the Vatican City.

We do not see Switzerland or Austria plot to take over the sovereignty of Liechtenstein.

Indeed, closer to home, we do not see an obsessive approach from Portugal towards Spain because of Olivença.

In this context, it is only Spain that is obsessed with re-drawing the frontiers of Europe at a time when Europe needs certainty and stability.

Madrid is the odd one out.

Their approach to Gibraltar is out of step and out of tune with the times in which we live.

Mr Speaker, history is littered with examples all over the planet where countries have come to terms with particular situations and learnt to live with them.

Spain must come to terms with that reality also.

EU SINGLE MARKET AND TRADE

Back to the Brexit report.

Mr Speaker, the second major finding of our Brexit discussions with the private sector is that the bulk of our financial services business is with the United Kingdom and not with the European Union.

This simple fact means that the possible impact of losing access to the Single Market in the future is already mitigated against considerably.

The United Kingdom has already assured us that there will be continued access to the UK market.

We have also received assurances from the Secretary of State for International Trade Liam Fox in respect of the inclusion of Gibraltar in future trade deals that the United Kingdom may negotiate for itself.

I think that there is broad agreement in this House that this is the way forward.

First, the border.

Second, access to the UK market.

Third, access to UK trade deals.

Fourth, whatever access to the EU Single Market the UK may negotiate for itself.

It is not helpful that we should promote a climate of disagreement amongst ourselves where perhaps no such disagreement exists.



COMMONWEALTH

Mr Speaker, the Government is confident that as one door closes other doors will open.

New opportunities will come our way.

The engagement with the Commonwealth has already started.

I am pleased to report that there is considerable interest in Gibraltar from large Commonwealth countries.

We will explore trade and commercial opportunities with them.

They too are looking at the new economic openings that Brexit may bring.

This interest to talk to Gibraltar is very encouraging and extremely welcome.

Members will recall that at a Regional level, this subject formed part of the discussions here last month during the conference of the Commonwealth Parliamentary Association.

The aim, where we can, is to raise the profile of the Commonwealth in Gibraltar and of Gibraltar in the Commonwealth.

This year, with the cooperation of my colleague the Minister for Education Dr John Cortes, an essay competition on a Commonwealth theme was organised for our young people.

The Government will continue to broaden and to deepen our relationship with the Commonwealth as a matter of policy.

EU FUNDING

Mr Speaker, EU funding will cease once Gibraltar has left the European Union. This is obvious. These funds are managed locally through the Ministry for Economic Development.

Gibraltar has benefited from over sixty million euros of funding ever since the first allocation was made.

These funding programmes were secured under the European Regional Development Fund (32 million euros), the European Social Fund (18 million euros) and the Inter Regional Transnational Programmes INTERREG (9 million euros).

The UK Government has effectively underwritten the completion of the existing programmes which commenced in 2014 and which are due to end after our EU exit in 2020.

FRONTIER SOLUTIONS



Mr Speaker, the Government's Brexit impact report was submitted to the new UK Department for Exiting the European Union in September. This has formed the basis of our formal and informal discussions with the United Kingdom ever since.

The House is agreed that frontier fluidity is important and the Hon Members know that the Government has spent considerable time and effort in looking at different ways forward in this area.

Gibraltar is outside the Common Customs Union and therefore outside the ambit of free movement of goods. Whereas the mechanics to provide for the future exportation of goods to the EU is a major issue for the United Kingdom, it is not an issue here in Gibraltar. First because we have no manufacturing industry as such and secondly because we are outside the EU regime for goods already and indeed have never belonged to it.

The examination into the manner in which the border will operate in the future is therefore primarily about the movement of persons and not necessarily about the movement of goods.

The general view is that the system that already operates at the land frontier and other entry points in relation to goods will simply continue as it has been going forward.

We have mentioned in the past the possibility of Gibraltar joining Schengen even if the United Kingdom were no longer in the EU.

The irony is that in 2013, with no Brexit on the horizon, we were encouraged to look at this option seriously as a way of eliminating the delays generated by Spanish controls on persons.

We have therefore moved from a position where we were looking at more Europe, to a position where we could end up with less Europe, or indeed with no Europe at all.

I have to say that Andorra, Monaco and San Marino are not in the European Union nor are they part of the Schengen area although all three are in the Customs Union.

I said earlier that it was important to the Government to analyse the way in which the EU's small neighbours operate their borders. This is in line with the pledge we made to examine all the options open to Gibraltar going forward.

These small territories have no hostile Spain next door, that is true. Nonetheless, we are dealing in an area where precedent is often a valuable ally to deploy.

Mr Speaker, it is also well known that the Government has been looking into the possibilities provided by the framework of the Local Frontier Traffic Regulation No 1931/2006. This provides a mechanism which allows EU Member States to conclude bilateral agreements with their neighbouring non-EU countries in order to facilitate the crossing of external borders.

Two particular advantages of this scheme are that the European Commission retains oversight of the mechanics and that it is already enshrined in EU law.

It is relevant to note that the crossing arrangements at the land borders of Ceuta and Melilla do not stem from this Regulation. They are the result of special border arrangements which were applied earlier. However, in practice it means that residents of the neighbouring Moroccan provinces are allowed to cross in and out of Ceuta and Melilla on the basis of a unique regime suited to their own particular circumstances.



SCHENGEN BORDER CODE

Mr Speaker, I wish to say a few words at this stage about the amendments to the Schengen Border Code which came into force just before Easter. The Government in general and our office in Brussels, in particular, worked very hard behind the scenes with other interested parties on this matter.

The Code provides for systematic checks against databases for every person crossing any external Schengen border in either direction, whether they happen to be EU nationals or not.

There were disproportionate delays in both directions at the frontier immediately before the amended Code came into force.

Mr Speaker, it should be noted that the Code provides for an evaluation mechanism to regulate the manner in which it is being applied. There is also provision for a reversion to targeted checks in cases where systematic controls generate lengthy delays and for border guards to wave through persons they recognise with a simple cursory check.

It is relevant to point out that the Commission has already intervened in relation to the application of the Code between Slovenia, which is part of the Schengen area, and Croatia which is not. Brussels has already agreed to allow targeted checks to be introduced at that land frontier when waiting times are longer than 15 minutes.

This sets a useful precedent.

A number of MEPs and other interested parties have already approached the Government in order to find out more about the effects of the application of the amended Code at the border between Gibraltar and Spain.

We will continue to look at this closely and to share any relevant information.

Mr Speaker, it is obvious that in relation to Brexit the border alone is a voluminous subject in its own right.

The House knows that Brexit is a multi-faceted negotiation and therefore the land borders for which the United Kingdom is responsible is only one of many areas for discussion in the months and years to follow.

CIVIL AVIATION

Another area that the Government continues to follow closely is civil aviation.

The Government welcomes the continued support of the United Kingdom to date in relation to the inclusion of Gibraltar Airport in EU civil aviation measures.

The Government has conducted vigorous lobbying in the European Union to support our position and has enjoyed the full backing of the United Kingdom Government throughout this process.

Mr Speaker, Hon Members know how this story goes.



Spain continues to object to the inclusion of Gibraltar Airport in EU civil aviation legislation. They take this position despite having pledged to put an end to that very objection in an agreement signed at Cordoba in 2006.

This means that a number of aviation dossiers are held up by Spain.

They are the Single European Sky 2+, the legislation on slots, that on air passenger rights and the aviation agreement between the European Union and Ukraine. Other aviation agreements with third countries are now joining the queue.

The pressure is building up. It was there before 23 June 2016 but is has now intensified given the decision taken in the United Kingdom to leave the European Union.

Mr Speaker, the second question on the horizon is the application to Gibraltar Airport of the new aviation agreement between the United Kingdom and the European Union.

The latest position, as I understand it, is that the UK will not remain in the EU common aviation area because this will involve recognising the jurisdiction of the European Court. The logical consequence of that position would be a new aviation agreement.

An additional scope of the discussion are the new aviation agreements that the UK will need to negotiate with third countries outside the European Union.

I am pleased to inform the House that the Government has already been consulted on the outline preliminaries of such new aviation agreements.

Mr Speaker, I should say that similar to other Departments, the Director of Civil Aviation and the Air Terminal Director have undertaken a review of the implications of Brexit in their respective areas.

Gibraltar Air Terminal Ltd and Commercial Aviation are the responsibility of my colleague Gilbert Licudi. I will therefore only provide a very brief outline in order to put in context what I have said already.

The Airport is a member of the Airport Operators Association in the UK and its European equivalent, Airports Council International Europe. The two organisations have been briefed on Gibraltar's concerns and I am told have been supportive in representing our position.

Even with the uncertainty brought about by Brexit and by Spain blocking the application of certain EU Aviation laws to Gibraltar, the number of flights this summer remains at historical high numbers.

This is positive news.

Mr Speaker, the measures taken by the Government in early 2016 to employ 20 additional Borders and Coastguard Agency Officers and 4 Operational Support Officers at the Terminal has paid dividends.

Despite a much higher throughput of passengers, queuing times at the Central Search area for security screening have been reduced compared to previous years.



Amendments have been made during the year to the Civil Aviation (Air Navigation) Regulations 2009 in order to bring into effect European Regulation (EU) No 2015/320 of the European Parliament and of the Council. This Regulation sets out the technical requirements and administrative procedures relating to the issue of air traffic controllers' licences and certificates. In addition, the Civil Aviation (Air Navigation) Regulations 2009 have been amended to regulate the minimum heights at which UK military aircraft can fly in the vicinity of Gibraltar.

In last year's budget I announced that the MoD Airfield Authorities and the Director of Civil Aviation have introduced revised aviation safeguarding procedures in Gibraltar, which regulate the maximum height of developments close to the Airport. To support the new procedures, in the course of this year the Director of Civil Aviation and ITLD have introduced an easy to use layer on the Government GIS portal. This new layer enables developers and architects to investigate the maximum build height for any new development in any part of Gibraltar.

CLAUSE 24

Mr Speaker, the precise shape of the United Kingdom's departure from the European Union, and indeed our very own, are both far from clear at present.

There are a wide variety of possible outcomes.

The way it broadly looks, and this may change, is that a number of different agreements will have to be negotiated.

The first is the withdrawal agreement, also known as the exit treaty. There are two years in which this can be concluded. The outcome is open to approval by Qualified Majority Voting which means that no single country has a veto if it is concluded within that timescale.

It requires unanimity to extend the deadline if the exit deal is not concluded within two years.

Article 50 of the Treaty of Lisbon provides for the withdrawal agreement to take account of the framework for the future relationship between the withdrawing state and the rest of the European Union.

This phrase has been interpreted differently by the UK and the EU. The UK took it to mean that both would be negotiated simultaneously and the EU that the two would be negotiated consecutively. We now know that the second agreement will be negotiated once the shape of the first becomes clearer.

In addition to this, there is a general view that transitional provisions may need to be agreed to straddle the gap between when the exit treaty has been concluded and the agreements to determine the future relationship come into effect.

Mr Speaker, I believe it is relevant at this point to place the infamous article 24 of the Council guidelines in the context of what I have just said.

The article says:

“After the United Kingdom leaves the European Union, no agreement between the EU and the United Kingdom may apply to the territory of Gibraltar without the agreement between the Kingdom of Spain and the United Kingdom.”



The coming into operation of that clause is limited in time to “after the United Kingdom leaves the European Union.” The clause presumably cannot apply to the negotiations on the withdrawal Treaty, because at that point in time the United Kingdom remains a Member of the EU.

The logical conclusion is that the Spanish veto clause applies to the future relationship deal between the United Kingdom and the European Union, which is the only point in the timeline when the UK is firmly out. I repeat the operative words are “after the United Kingdom leaves the European Union.”

The EU Council guidelines therefore do not apply to the withdrawal Treaty and to anything that may be agreed under its terms.

However, all Member States have a veto on the agreement that will regulate the future UK/EU relationship. What the guidelines do, in the view of the Government, is that they provide Spain with an “additional veto”, a second bite at the cherry. This is because Madrid will enjoy the same veto as all the other Member States in relation to what may or may not be agreed with the UK, and then also a second veto in relation to the application to Gibraltar of any aspect of that agreement.

Mr Speaker, the use of such language by the Council was tactless, insensitive and wrong. It was an affront to the 96% of the voting electorate of Gibraltar who supported remaining in the European Union a year ago.

I should add that the European Parliament’s own guidelines, which make no direct reference to Gibraltar, are better worded. The Parliament has itself called for the European Union’s external borders to be one of the areas to be addressed first as part of the withdrawal negotiations.

Mr Speaker, the Chief Minister and I made it clear after the referendum that we would leave no stone unturned when it came to safeguarding the position of Gibraltar going forward.

That is precisely what we have done.

We have put our views to the top decision makers in the UK Government.

We have successfully lobbied all the main Opposition parties in the United Kingdom.

We have put across Gibraltar’s case in the international media.

We have spoken to key figures in the Devolved Administrations including the First Ministers of Scotland, Wales and Northern Ireland.

We have discussed mutual challenges with the Crown Dependencies and the other UK Overseas Territories.

We have welcomed politicians from London and Brussels to Gibraltar.

We have met key figures in the European Parliament across all the main political groups.

We have spoken to the other Member States of the European Union.

We have raised our concerns with the European Commission.

We have taken our message to key decision makers in the Government and the Congress of the United States of America.

It is simply not humanly possible to have done more.



Mr Speaker, Parliamentarians from other Commonwealth countries have praised our Brexit work.

Last month, I was asked to deliver an address to the regional plenary of the Commonwealth Parliamentary Association on the subject. This was followed by questions.

A Member of the House of Lords said that she was impressed with the statesmanlike way in which the Chief Minister had approached Brexit.

Another said that that the evidence given by the Chief Minister before the House of Lords inspired more confidence and was better than any evidence she had heard on Brexit before that Committee.

A Member from Jersey said that he was really impressed with the Chief Minister's performance on the Andrew Marr Show which showed that he was and I quote "a capable and confident leader".

There was more praise from the floor from questioner after questioner after questioner.

Mr Speaker, this was the considered view of Parliamentarians from abroad after listening to what we had to say.

The Government is very grateful in all this to the Attorney General Michael Llamas, an expert in European law in his own right, whose sharp legal mind and down to earth advice we have been able to count upon throughout.

It is not without irony that Michael Llamas, the Chief Minister and I, who started our adult lives enthused with the European project, are now dealing with our very departure from it.

It is a strangely painful position to be in.

Mr Speaker, the vote for work related to the United Kingdom's departure from the European Union is a new sub-head which can be found under my office in Head 10, Sub-Head 2(9).

SPANISH POLICY

Mr Speaker, I now propose to say a few words about Spain's approach towards Gibraltar in more general terms.

It is obvious that the aim of the policies of the Spanish government towards Gibraltar has always been to undermine our constitutional order, our prosperity and the way of life that we have chosen. In this general context, the hostile objectives of Spanish policy is probably the single greatest threat to Gibraltar.

Over the past few years, Spain has developed new state structures and procedures to implement its National Security Strategy. These developments represent a qualitative change in Spanish thinking and behaviour, which impacts on Gibraltar's security.

Mr Speaker, Spain has designed and implemented a comprehensive strategy against Gibraltar. By its nature, this strategy combines the efforts of all of Spain's ministries. Behind Garcia-Margallo's rhetoric, and Dastis' outwardly softer tone, this machinery has continued to work against our interests unabated.



This is particularly evident, for example, in the maritime domain where Spain has now developed a National Maritime Security Strategy, with a subordinate operational plan to exercise control of the Straits for the purposes of security and safety.

There are positive and negative reasons for these operations.

The constructive reasons centre on the protection of life at sea and the generation of prosperity; for these purposes Spain will always find Gibraltar a willing partner.

However, Spain has also shown that its intention is to dispute Gibraltar's sovereignty over our waters by using its military, law enforcement and civilian capabilities. The latter was demonstrated when the former Spanish foreign and interior ministers awarded the Captain of the Port of Algeciras a medal for his "defence" of Spain's interests against Gibraltar. The captain is a civilian employed in the Ministry for Public Works and Transport.

Beyond the medals, Mr Speaker, it is clear that Spain is serious.

In its national security documents, Spain has described our country as an 'anomaly' that poses security problems both for Spain and for Europe (2011 National security Strategy).

What those actual security problems might be is rarely elaborated upon. And, the fact that Gibraltar provides human and economic security to many is conveniently ignored.

Instead, a 2003 Defence White Paper makes it clear that Spain genuinely thinks that Gibraltar curtails its sovereignty, perhaps because it allows the UK to launch independent operations in an area that Spain thinks of as vitally important to her own interests.

We now fully expect that Spain will, ignoring the NATO and Five-Eyes dimensions, argue that Gibraltar poses a problem for European policies, such as the European Security Strategy, European Maritime Security Strategy, Frontex, etc.

The House knows that there is considerable work being done in Spain that I will not go into for obvious reasons. However, the Members of the Select Committee on Brexit were given an outline of this activity during the Brexit briefing that I gave then recently.

We will remain alert to any Spanish arguments and counter them as necessary.

OFFICE IN BRUSSELS

Mr Speaker, I move on now to some of the assets that we have at our disposal in order to counter that strategy. I will commence with our Representation in Brussels and I will provide an outline of their activities over the last financial year.

During my budget speech last year I said that the view of the Government was that the role played by the Brussels Office assumed an even greater significance in the light of the outcome of the UK referendum on continued membership of the EU.

Mr Speaker, their work over the last 12 months, since the referendum, has proved that the Government was not wrong in making that assessment at the time.



Since 23 June 2016, the Representation's efforts have been crucial in both informing the Government of movements within EU circles concerning the Brexit process and in advancing and voicing Gibraltar's concerns and desired objectives as the negotiation ensues.

New and important contacts have been made and the network continues to grow.

I have no doubt that as a result of the Government's work, amplified by our assets in Brussels, Gibraltar is, at this crucial time in the history of our relationship with the EU, at least better understood amongst EU policymakers than it ever has been.

Since the referendum, the Chief Minister and I have accumulated five visits to Brussels with the Representation arranging top-level meetings on each occasion.

Much of this work is better done away from the public eye.

However, Mr Speaker, rest assured that the Representation has been kept exceptionally busy in the last year.

The European Parliament

I will focus first of all on activity related to the European Parliament (whose role will be important in the context of the Article 50 process).

In the 2016 calendar year Gibraltar Government officials or Ministers formally met 93 different MEPs.

A total of 37 further private exchanges of views between Government officials and separate MEPs have taken place from 1 January 2017 to date. Meetings with the same MEP have taken place more than once in the time periods specified.

The Government has targeted leaders of the more influential political groups and the chairs or political group coordinators of relevant European Parliament committees.

Discussions have also taken place with rapporteurs of specific reports which are either relevant to Gibraltar or which might touch upon Gibraltar.

This work above forms part and parcel of the Office's day to day business in so far as the European Parliament is concerned. However, exceptionally, and again focusing only on the European Parliament, the office has also organised the following:

1. On 30 January 2017, the Chief Minister addressed the Constitutional Affairs Committee on issues concerning Gibraltar and the UK withdrawal from the EU upon being invited to do so by the Committee's Chairperson, Prof. Danuta Hübner MEP. The Committee is one of the most influential parliamentary committees in which some of the leading minds on constitutional affairs and Brexit participate. The exchange of views, in public and before a full committee, was the first in which a Chief Minister of the Gibraltar Government has ever appeared. This helped to focus attention on Gibraltar and the information provided by the Chief Minister was reflected in a report published more recently.



2. In April this year, the Representation was commended for influencing 209 MEPs to vote in support of an amendment in a parliamentary resolution on Brexit which recognised the majority referendum vote in Gibraltar. This was not enough to carry the amendment through. However, the efforts of the team in Brussels must be seen in the context of the intense Spanish pressure pulling in the opposite direction and the fact that strict instructions had been issued to MEPs by parliamentary group leaders not to support or introduce any amendments. Moreover, whilst Gibraltar was not mentioned in the main European Parliament resolution on Brexit, Gibraltar was indeed mentioned in a favourable light elsewhere. There was a positive reference made to the need to protect border fluidity, in separate resolutions put forward by the ECR Group, the GUE/NGL Group and the EFDD Group.
3. Separate visits by a number of MEPs to Gibraltar have also been organised by the Brussels Office in the last year. On each occasion, MEPs were able to see with their own eyes the challenges that Gibraltar faces at European level, not just with Brexit but also with, for example, the airport and border fluidity.
4. Last month, the Office supported our Finance Centre Director, James Tipping, and Frank Carreras, the Government's Specialist Tax and Administration Advisor, during their intervention before the Parliament's Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion. The exchange of views proved to be an excellent opportunity for the Government to publically dispel allegations made by Spanish representatives in Brussels with regard to our tax practices.
5. Five separate strategic lobbying visits to Strasbourg during European Parliament plenary sessions were also organised during the last financial year.

Work on influencing the European Parliament will continue. Mr Speaker, I will leave for a lightning visit to Brussels tomorrow where we have this week once again set up a Gibraltar Exhibition in one of the main foyers of the Parliament building. This is part of the policy of the Government to continue to raise the profile of Gibraltar in the EU, in particular in the present climate.

The European Council

Since the referendum, the Representation has also increased its work with regard to the briefing of individual Member States on issues related to Gibraltar and Brexit. The details of these meetings are confidential for obvious reasons but today I can confirm that, since 23 June 2016, Government Ministers and officials have held high-level meetings with practically all of the EU-27 countries.

The European Commission

In the last financial year, a significant number of meetings with the Commission have also been organised. These meetings have focused on "business-as-usual" matters bearing in mind that it is only recently that the Commission have issued their Brexit negotiating directives and that until the UK withdrawal from the EU takes effect, Gibraltar will be obliged to observe and implement EU law in accordance with its current status inside the European Union.



Therefore, meetings have, for example, been organised with Commissioner Moscovici (responsible for taxation) to discuss Gibraltar's excellent record of compliance with EU and international obligations on matters related to taxation and with Commissioner King (responsible for security) to brief him on the current position with respect to the border.

Further meetings have also taken place at a technical level to discuss other important issues related to the application of EU civil aviation measures to Gibraltar Airport or the implementation of the modification to the Schengen Border Code which I referred to earlier.

Other activities

The bulk of the work of the Brussels office involves the above.

However, there is also continued monitoring of EU legislative and non-legislative proposals.

Some other activities include:

1. The organisation of 3 separate visits of MEP assistants to Gibraltar in July and December of 2016 and April 2017;
2. Assisting with a tailor made programme, involving meetings with MEPs, Commission officials and Committee of the Region officials, for the Cross Frontier Group's visit to Brussels in September 2016;
3. Securing the Chief Minister's participation as a keynote speaker at an APCO Forum Event on "Brexit: Beyond the Bubble" and the opportunity for him to speak in a plenary discussion at the annual Friends of Europe flagship event "The State of Europe" in October 2016;
4. Arrangements for the September 2016 visit of Gibraltar students to Brussels; and
5. The organisation of a screening at Gibraltar House of the Belgium v. Gibraltar qualification game in October 2016 ahead of the 2018 World Cup.

All in all, in Brussels, just as in London and elsewhere, Gibraltar will continue to punch above its weight when it comes to voicing its concerns and defending its interests both in the EU and internationally.

Mr Speaker, I want to take the opportunity to thank Sir Graham Watson, Daniel D'Amato and everyone in the office in Brussels for their hard work and dedication over the last financial year.

The Brussels office can be found in the Estimates of Revenue and Expenditure at Head 10, Sub-Head (2)(c).

GIBRALTAR HOUSE IN LONDON

Mr Speaker, I move on now to Gibraltar House in London.

The office facilities at Gibraltar House have proved instrumental in support of our response to the referendum last year and the challenges that lie ahead as a result.

Ahead of June 23rd 2016, regular meetings with UK government officials were held both in Gibraltar House and in Whitehall.

We have met Members of Parliament from all the main parties at Westminster.



Additionally, the liaison with Britain Stronger in Europe led to the formation of the associated Gibraltar Stronger In campaign.

After the result the Government's focus in London homed in to lobby and meet all relevant parties and to explore the response to the outcome with significant affected entities.

In many cases, in addition to our initiatives, we were approached directly by others interested in knowing how we might be dealing with the challenge ourselves.

There was a moment of change in the London office too.

On June 30th 2016 Albert Poggio retired from the role of UK representative.

On July 1st 2016 Dominique Searle, then the Chief Minister's Special Representative, was appointed by the Chief Minister as UK representative and Director of Gibraltar House.

The team in London was tasked to secure meetings at the highest level, working closely with No 6.

The Chief Minister and I met with the Prime Minister Theresa May last year on her very first day in office.

Shortly after this, as they took up their appointments, we had access to the Foreign Secretary Boris Johnson, Trade Secretary Liam Fox, Brexit Secretary David Davis, Brexit Minister Robin Walker, Europe Minister Sir Alan Duncan and Sadiq Khan, the Mayor of London, among others.

These contacts have continued since those first days of the aftermath of the referendum.

In that same period a delegation from the Scottish Executive, headed by First Minister Nicola Sturgeon, was hosted at Gibraltar House. Regular meetings have also been held there with representatives from the Channel Islands, the Isle of Man and the other UK Overseas Territories.

The House knows that Gibraltar also had close contact with the First Ministers of Wales and Northern Ireland. Work was undertaken to understand how Brexit would affect the nations of the UK, in particular in areas such as borders.

Mr Speaker, the United Kingdom Overseas Territories Association (UKOTA), continues to make regular use of the Gibraltar House facilities as a focal point. This allows all the Overseas territories to work together to defend our common interests and to promote areas of co-operation between ourselves and also with the United Kingdom.

Nonetheless, the UK Government was prompt to accept our argument that Gibraltar's position in the process of Brexit was substantially and materially different from that of other territories which, though affected by the departure of UK from the EU in varying degrees, are not themselves departing the EU or so deeply enveloped in its structures.

As a result Gibraltar has had its own Joint Ministerial Committee (JMC) but has also been able to attend the Overseas Territories' JMC as an observer.

The Brexit-related activity in Gibraltar House has come in addition to the regular presence of official and commercial entities holding meetings relating to financial services, policing and commercial matters.

The facilities continue to be made available to the Friends of Gibraltar.



Mr Speaker, the UK representative and the team in London have made a point of creating a close working link to Gibraltar through No 6 and my office in particular.

The aftermath of Brexit has intensified political activity and considerably increased the need for the Chief Minister and I to attend meetings in London. This is a reflection of continuous contact with the UK Government and with Members of both Houses of Parliament.

The main administrative area of the London office has therefore been transformed into a facility more able to support the regular ministerial presence there that Brexit has brought about.

The team at Gibraltar House have, over the last year, carried out their own extensive lobbying in the House of Commons and the House of Lords. This is directed at ministerial level from Gibraltar, where information then flows back after the meetings have taken place.

On the same basis, the office in London liaises with UK government departments as the impact of Brexit unfolds. It also follows relevant think tanks and events providing analysis and information which informs and supports the Government's response to the challenges on the horizon.

Where relevant, both Gibraltar House in London and in Brussels provide support and share information as well.

Gibraltar's UK representative is officially included in the Diplomatic List and Gibraltar has therefore been represented at Palace, Westminster and diplomatic functions, where useful contacts have been made.

Mr Speaker, regardless of the exceptional impact of Brexit upon us, the regular links with politicians, former Governors and friends of Gibraltar continue.

The Government has taken the opportunity to work towards a realistic reappraisal of how we do this.

Most significantly, Gibraltar Day in London has been completely refocussed.

The reality was that both the scale and the cost had become unwieldy.

This year, as my colleague the Minister for Commerce Albert Isola will no doubt relate, the financial services sector and the on-line gaming industry covered much of the cost of their events by hosting tables for key players.

The Chief Minister hosted this year's main political event at the Gherkin.

This signalled that a modern and progressive Gibraltar is #Open for business.

The event focussed that message on a well-attended gathering of ambassadors, peers, MPs and military figures in the presence of our former Governors.

This was an audience of 200 people, in contrast to the 1,000 plus who used to be invited to the Guildhall in previous years.

Of course, many of those who attended the Guildhall events continue to be very good friends of Gibraltar. However, the high number of attendees from here was not really justified and the size of the event meant that our message was diluted.



Instead, the Sunday mass in Fulham ahead of Gibraltar Day has become the focal point of our acknowledging the support of our many friends in the UK who are not politicians but often members of the Gibraltar diaspora or who have served in varying capacities on the Rock and taken our cause to their hearts.

Mr Speaker, as well as helping to organise the visit by parliamentarians on National Day, Gibraltar House continues to organise the lobbying and the presence at UK party conferences.

Last year we attended the conferences of the Conservative, Labour, Liberal Democrat and Scottish National Parties.

These are important venues for our lobbying effort, setting the tone for much of the year not only with MPs but also with think tanks and policy makers.

The House will find it relevant to learn that following the UK general election the team in London has been focussing on targeting newly-elected MPs and it is important that this process continues.

I would add however that most MPs tell us we are knocking at an open door and that support for Gibraltar, in both Houses, remains as staunch as ever - if not more so in the wake of Brexit.

Therefore, Mr Speaker, the core focus of the work of the London office is political.

The London staff involved in tourism now work closely and directly to my colleague the Minister for Tourism through the department in Gibraltar.

The office continues also to oversee the payment of allowances to Sponsored Patients.

IT and communications issues were identified for improvement at an early stage. It became clear that best use of the office could not be made with an 8mb adsl line which served a building on five storeys. There were some practical issues to overcome but the office is now served with a 1gb connection and links securely to No 6 facilities. Video conferencing via Skype is now in place for Ministers to continue to work between Gibraltar and the UK.

Mr Speaker, I take the opportunity to thank the UK Representative Dominique Searle and all the staff. Gibraltar House in London can be found at Head 10 Sub-Head 2(2)(a).

OFFICE IN HONG KONG

Mr Speaker, the Gibraltar Office in Hong Kong has been bundled together with London and Brussels under the Office of the Deputy Chief Minister. I explained last year that the bulk of its activities are commercial in nature. The Hong Kong Office, for this reason, works with my colleagues the Minister for Commerce and the Minister for Economic Development.

WASHINGTON

The Government continues to lobby outside London and Brussels.

At the end of March I travelled to Washington for a series of meetings with Republican and Democratic Members of Congress and with the new administration. This included the Chairmen



of the Foreign Affairs Committee, the Homeland Security Committee and the Foreign Affairs Subcommittee on Terrorism, Non-Proliferation and Trade.

I was also able to update the leader of the Democrats on the Foreign Affairs Committee on Gibraltar matters.

There was considerable interest in Gibraltar in the context of Brexit and of our relationship with the UK and Spain.

Direct briefings were given to the State Department Senior White House Adviser inside the State Department itself and to a meeting of senior staffers on the Foreign Affairs Committee of the Senate.

The visit led to more Congressmen signing on to the Resolution supporting the right of the people of Gibraltar to self-determination, including two Chairmen. There are now 27 supporters including the main sponsor.

This Resolution has to be tabled after each election and it was sponsored once more by Congressman George Holding, who is a good friend of the United Kingdom and of Gibraltar. I took the opportunity of the visit to Washington to present the Congressman with the Gibraltar Medallion of Honour, which had earlier been unanimously bestowed on him by this House.

50th ANNIVERSARY 1967 REFERENDUM

Mr Speaker, I now move on briefly to other matters,

The House knows that this year is the fiftieth anniversary of the 1967 Referendum. I had the pleasure of opening an exhibition a few days ago at the John Mackintosh Hall in order to mark this event.

The exhibition opened fifty years to the day when the holding of the Referendum was announced in the House of Commons by the then Minister of State for the Commonwealth Judith Hart. In her statement to the Westminster Parliament she delivered the pledge that “decolonisation cannot consist in the transfer of one population, however small, to the rule of another country, without regard to their own opinions and interests.”

This was, Mr Speaker, a key moment in the history of Gibraltar and in our development and evolution as a people.

In 1967, British sovereignty came to depend not on force of arms nor on the clauses of an ancient Treaty. It now depended on the living wishes of the people who had settled in Gibraltar after 1704 and who were given the choice fifty years ago of remaining under British sovereignty or transferring that sovereignty to Spain.

The result, as the House knows, was an overwhelming endorsement of the continuation of British sovereignty.

The Government has taken the view that this important event is worthy of commemoration as one of the landmarks in our historical evolution as a people.

The exhibition will remain open until 7 July.



There will be a memorial event and concert in the build up to National Day.

A set of postage stamps will be issued to mark the Referendum. I am grateful to my colleague the Minister for Commerce Albert Isola for his assistance with this.

A set of commemorative coins and coins for general circulation will also be minted to mark the anniversary of the Referendum. I am grateful to my colleague the Minister for Economic Development Joe Bossano for this.

A commemorative booklet will be published and circulated to schools in Gibraltar. It is important that younger generations are aware of the events that have shaped our distinct identity as a people. The House will recall that a similar booklet was also published in 2015 to mark the 75th anniversary of the wartime evacuation and that this was also distributed to school-children in Gibraltar.

I am told that National Day, the actual anniversary date of the Referendum, will be extra special this year.

Referenda in general will be the theme of the annual symposium that will take place at the Garrison Library in the autumn.

There are other events in the pipeline which will be announced in due course.

Mr Speaker, I am grateful to the Archivist Anthony Pitaluga and his staff for their assistance and support in developing this project and also for the general enthusiasm with which they go about their work.

NORTHERN DEFENCES

Mr Speaker, I also welcome the opportunity to update the House on progress with the Northern Defences.

As part of the Government's commitment to our unique heritage, the Northern Defences project will continue. The aim is to clear Hanover Battery, the Queen's Lines and the King's Lines which are located in the rock face to the east of Laguna estate.

Hanover Battery and Hanover Gallery were named in honour of the Hanoverian regiments who helped in the defence of Gibraltar during the great siege. I am pleased to report that there has been interest from historical sectors in Germany in pursuing this connection further and that the Government too is keen to do so.

Works during previous years focused in clearing up tons of debris, vegetation and asbestos within numerous tunnels and buried fortifications. This was a seemingly impossible task.

The fruit of such hard work is now visible with the exposing of the Princess Lines, the Queens Lines and associated galleries. Such an investment has exposed a series of bunkers, battlements and gun positions which range in time from the 18th century to the Second World War.

These works have highlighted the importance that the Queen's and King's Lines have had in the defence of Gibraltar. Their value is immeasurable from a historic perspective. The potential as a visitor site is truly remarkable as the site links Casemates Square to our Great Siege Galleries via the WWII Tunnels in the Upper Rock.



Mr Speaker, the option to explore “Fortress Gibraltar” is a vision that will soon become a reality, offering an excursion to visitors and residents which will complement the offers that already exist.

Works during the summer months will address Hanover Battery whilst secondary teams will clear the Kings and Queens Lines throughout the year.

The Government is very grateful to the Gibraltar Heritage Trust for the tours of the Northern Defences that they have conducted. These are set to resume in September and will provide residents with a first-hand impression of this buried jewel as we continue to uncover it.

I also want to take the opportunity to thank the Royal Engineers for their work on the site which continues at regular intervals throughout the year. It is very fitting that the modern-day descendants of the corps that constructed those defences are now assisting in their restoration over two hundred years later.

The Northern Defences can be found at Head 102 Projects, Sub-Head 4 (zf).

CONCLUSION

Mr Speaker, the on-going work in relation to Brexit continues to consume a large proportion of the Government’s time. The Chief Minister and I are both closely involved in the process.

This means that there may be occasions when it may take longer than we would like to get round to a particular issue that matters to someone.

The aim of the Government remains to continue to balance the Brexit work and the “business-as-usual” work so that everything gets done. In the cases where that may not happen we can only apologise in advance.

The hectic pace that we saw in January, February and March will probably take off again now that the general election in the United Kingdom is over. A considerable volume of work happens behind the scenes and is not reported.

Nonetheless, our ultimate objective remains the delivery of our manifesto which contains the commitments that we entered into with the electorate.

Mr Speaker, I want to take a moment to congratulate John Collado and Charlie Russo of Land Property Services Ltd (LPS) on their retirement this month. They have been in public service for over thirty years and in 1990 both moved from the Crown Lands Department to what became LPS. I have worked closely with them since December 2011 and wish them a happy retirement. I take the opportunity to thank them and the team at LPS for their support and assistance in that time. I also wish to thank the Lands Office in Convent Place and my personal staff at number 6, Coral, Caine and Ernest.

I close by thanking you Mr Speaker and the Clerk and the staff of the House for the assistance and support that I have received throughout the year.

Thank you.