



Date: 2nd July 2018

Budget 2018 - Deputy Chief Minister Dr Joseph Garcia

Introduction

Mr Speaker, the first time I spoke during a debate on the estimates of revenue and expenditure was in 1999.

I had been elected on a by-election barely a few weeks earlier.

This is therefore my twentieth Budget and my seventh as a member of the Government.

Only Sir Joe Bossano, and indeed you Mr Speaker, have been here for longer!

Exit from the European Union – Brexit Political

I propose to start with a report to this House of work connected to our departure from the European Union.

It will not come as a surprise to learn that this has been the subject that has occupied most of my time over the last financial year.

There have been over five hundred meetings, engagements and media interviews linked to Brexit since the referendum of June 2016.

These are only the ones where I have been directly involved.

So that figure does not cover everything.

More meetings have taken place at many other levels and with many different entities.

There is less than a year to go until we leave the European Union.

We did not want to leave.

We did not vote to leave.



But now we have to get on with it.

And that, Mr Speaker, is exactly what we are doing.

These have been an intense twelve months.

The Chief Minister, the Attorney General and I have lived and breathed Brexit practically on a daily basis.

It has been a real pleasure to work together with them, the Financial Secretary and with the wider team.

Mr Speaker, the Department for Exiting the European Union in the United Kingdom has an estimated 550 full time employees.

They are supported by well over 100 more at the UK Representation to the European Union - UKREP.

In Gibraltar, we probably have less than 20 people dealing with different aspects of Brexit.

These includes staff based in London and in Brussels.

However, we do call upon the expertise of different UK Government departments as and when needed.

We are all aware that Brexit is an incredibly complicated affair.

It is complicated for the United Kingdom itself.

We have the additional political challenge posed by our neighbour.

Mr Speaker, the House will recall that last year Clause 24 remained in the final version of the European Council's negotiating guidelines.

That clause has continued to be restated several times as the UK/EU negotiations have progressed.

Mr Speaker, the House knows that the EU draft text of the Withdrawal Agreement was published earlier this year.

The section on territorial scope included Gibraltar shaded in green as agreed text.

There was an asterisk in white background which referred to Clause 24 and which was therefore not agreed text.

It is important to bear in mind that Clause 24 is the position of the EU side.

Their latest conclusions published last week once again made a reference to Gibraltar in this context.



This is not the position of the Member State United Kingdom and still less the position of Gibraltar.

The European Council's decision to provide Spain with this purported veto was shameful.

It is symptomatic of the very attitude that led the United Kingdom to vote to leave the EU in the first place.

For us, it was a base betrayal.

96% of us voted to remain.

We thought that the EU would love us.

We believed that Europe would embrace us.

Instead with that veto clause they did the very opposite.

Faced with that betrayal, the Government is delighted with the solid support that we continue to receive from London, to date, as this process moves forward.

The Government, Mr Speaker, continues to engage closely with the United Kingdom Government on the details of our EU exit

We have worked together in lockstep.

We have planned the way forward.

We have discussed strategy,

We have drafted papers.

We have been closely consulted at every stage.

This cooperation is reflected in the wide package of measures agreed at the sixth meeting of the UK-Gibraltar Joint Ministerial Council.

Those measures provided important reassurance to our financial services industry and on-line gaming operators in terms of continued access to the United Kingdom market.

The House will recall that other measures agreed provided for British Citizens resident in Gibraltar to continue to be eligible for higher education fees at home student levels in England, both during the transitional period and afterwards.

On health it was agreed that Gibraltar would continue to refer an unlimited number of patients to the UK for free elective treatment.

This marked the end of the first phase of Brexit for Gibraltar.

It was cemented by securing agreement on the delivery of these UK bilaterals.



Mr Speaker, there continues to be solid support for Gibraltar across the political spectrum in Westminster and in the Devolved Administrations.

The Government will continue to keep our friends in Parliament informed.

We will maintain a high visibility profile for Gibraltar.

It is important that our issues are not lost in the wider Brexit agenda.

Those who sit on the Brexit Select Committee of the Gibraltar Parliament have been briefed privately on the details of our EU departure.

They will therefore know more about what is happening than I am able to tell the House today.

There have been ten confidential briefings to date. My honourable friend the Chief Minister has also separately briefed the Leader of the GSD party more than once.

Mr Speaker, as we prepare to leave the European Union, officials from the UK Government continue to engage closely with the Government of Gibraltar and other European partners, including Spain, to address the practical implications arising from the UK and Gibraltar's EU exit.

The Government of Gibraltar is directly involved in those meetings which are relevant to Gibraltar.

The United Kingdom is the Member State responsible for Gibraltar in the European Union.

They are also responsible for the negotiations as they affect the entirety of the British family of nations.

There are three Devolved Administrations, three crown dependencies and fourteen Overseas Territories impacted to varying degrees by the UK's departure from the EU.

Twenty territories in total.

All of them have different interests that the Government of the Member State UK has to take forward.

Anguilla is concerned about its border with EU territories in the Caribbean.

The Falkland Islands want to continue with tariff-free and quota-free access to the EU market for fish, squid, lamb and mutton.

Curiously, they supply fish and squid mainly to Spain.

The Channel Islands want to protect their trade with the UK and the EU in fisheries, agriculture and manufacturing.

Bermuda and others are concerned about the ability of their citizens to travel into the EU post-Brexit.

All the OTs have concerns about the continuation of the existing generous EU funding streams.



Every territory has their issues.

Gibraltar is no exception.

We have our issues too.

It is no secret that there are seven areas under discussion as part of our own EU departure.

These are:

- tax transparency and cooperation;
- police, customs and judicial cooperation;
- the border;
- tobacco;
- the airport and aviation;
- the environment;
- and the legal form that any possible agreements will take.

The Government remains willing to engage Spain in a positive and constructive manner as we prepare to leave the European Union.

It is sensible that issues which want to be progressed by both sides should be on the table.

The question of sovereignty is excluded.

Indeed, this has been made clear by Spain itself.

In any case, for the avoidance of doubt, let me repeat that the sovereignty of Gibraltar is not a matter for discussion with Spain – Brexit or no Brexit.

The discussions taking place now are EU exit discussions.

It is obvious from the list of topics that some of the issues will be easier to resolve than others.

For instance, much has been said about the greater use of Gibraltar airport.

We are happy to have a discussion with Spain about its enhanced use.

We are not happy, however, and will not contemplate any proposals which impinge on our sovereignty, jurisdiction and control.

In this context, it is important to make it clear once again that the symbols and the ingredients of sovereignty are as important as sovereignty itself.

Gibraltar has clear red lines.

We know that Spain has its red lines too.

As I have said before, there is space for a practical, modern, non-sovereignty solution between the two sets of red lines.



Exit from the European Union – Brexit Legal

Mr Speaker, quite apart from the political work, our departure from the European Union will require a considerable legal and administrative effort as well.

That departure will be enshrined in an EU (Withdrawal) Bill in the same way as is happening in the United Kingdom.

In order to make sure that there is certainty in the status of the law, the entire body of EU law will be copied on to Gibraltar's domestic statute book.

There are two steps in this process.

The first is that all directly applicable EU law will be converted into Gibraltar domestic law on exit day.

The second is that all Gibraltar law that has been made to give effect to EU rights and obligations will be preserved.

Therefore, Mr Speaker, on exit day directly applicable EU law like Regulations and Decisions will continue to be considered part of Gibraltar law and can be relied upon as such.

However, these savings provisions will not be enough to ensure a smooth transition.

Some measures will only work in the context of EU Member State relations.

These will involve, for example, the recognition of competent authorities, the exchange of information or the mutual recognition of licences.

Other measures can be brought into Gibraltar law, but will require changes in order to make them operable, by which I mean in order that that they will function as legal instruments in our legal order.

The EU (Withdrawal) Bill will include the power for the Government to change EU law in order to ensure that every EU measure is operable.

It will also contain provisions that will allow for the implementation of any agreement reached in respect of Gibraltar's EU exit.

However, that may yet be done in the context of a withdrawal and implementation agreement Bill as the UK are minded to do.

Mr Speaker, in order to get a complete understanding of which laws apply to Gibraltar we have examined in excess of 20,000 pieces of legislation.

Taken together these comprise the legal order of the European Union and these are principally the treaties, regulations, decisions, and directives.



We have also undertaken an examination of our entire statute book in order to identify where individual EU measures have been implemented or transposed.

We are working on the basis of a core of about 1600 measures which are of relevance and need to be individually considered by the various government departments and the legislative drafters.

This exercise is under way.

This is perhaps the most far-reaching legislative review ever undertaken in Gibraltar, veritably a mammoth task and the Government is very grateful to everyone involved in the exercise.

Mr Speaker, work related to our departure from the European Union can be found at Head 12, Sub-Head 2(9).

Brussels Office

Mr Speaker, I move on now to report on our office in Brussels.

Not surprisingly, our EU Representation is itself heavily involved in different aspects of work as we prepare to leave the European Union.

Therefore the office today is busier than it has ever been as a result of the ongoing Article 50 process.

In addition to the “business as usual” work that they conduct, are the demands and challenges we collectively face as a consequence of Brexit.

The office continues to gather vital intelligence “on the ground” in Brussels.

It has been pivotal in informing the Government of developments in each of the EU institutions concerning Brexit.

It has helped to educate influencers about Gibraltar’s position in respect of matters that are of critical relevance to us.

Gibraltar’s network of contacts and supporters continues to grow.

I should add that this is something which has not escaped the attention of Madrid.

An informal “Friends of Gibraltar” group is now consolidated and relationships are being maintained on a day to day basis.

Interest in Brussels about Gibraltar matters has never been greater.

This is of course due to an increasing awareness of our position in these negotiations.

However, the work of our assets in Brussels in generating this interest should not be underestimated.



Mr Speaker, over the last twelve months I have visited Brussels on three occasions, once with the Chief Minister in July last year.

The Attorney General has made several other visits during the year.

Our Representation has been closely involved during all these visits and has been instrumental in securing meetings.

Brussels Office: The European Parliament

Mr Speaker, the European Parliament will have a final say on the outcome of the negotiations for the departure of the United Kingdom and Gibraltar from the European Union.

It will have a vote on whether to approve or to reject the withdrawal agreement.

For this reason, the team in Brussels have dedicated much time to the work of briefing Members of the European Parliament on Gibraltar Brexit issues.

In the 2017 calendar year, Gibraltar Government officials or Ministers formally met 79 MEPs of different nationalities, from different committees and from different political parties.

Since 1 January 2018 to date 40 more MEPs have been seen.

Discussions with some of these MEPs have taken place on more than one occasion.

This means that the number of separate meetings is in fact much higher.

Records of every single meeting are kept.

In relation to every meeting there is a purpose, an objective and a reason for the approach.

Many of the MEPs concerned are among the most influential and experienced Members of the European Parliament.

Some are the chairs of the parliamentary committees which are of most relevance to Gibraltar.

By way of example, the Government can confirm that it has exchanged views with each and every MEP forming part of the European Parliament's Brexit Steering Group.

This is the group that is coordinating and defining the Parliament's policies as the Article 50 process moves forward.

At times, this strategic lobbying translates into results that are measurable and tangible.

The House will recall that amendments hostile to Gibraltar were tabled by Spanish MEPs following an inquiry into money laundering, tax avoidance and tax evasion.

These amendments were highlighted in the Spanish press.



Predictably, that same Spanish press was silent when the amendments were ultimately rejected by MEPs in a vote in the committee concerned.

There are other examples, Mr Speaker.

Gibraltar has won votes in the European Parliament.

We have won votes in Committees.

This is a result of the sheer hard work carried out in Brussels since we took the decision to expand our presence there.

The Government, at the same time, continues with its programme of organising or supporting visits for MEPs to Gibraltar.

Last year, we welcomed here nine different Members of the European Parliament.

Brussels Office: The European Commission

Mr Speaker, we have also had direct contact with the European Commission.

On 13 July 2017, the Chief Minister and I met the EU's Deputy Chief Brexit Negotiator, Sabine Weyand and other members of her team.

This was the same day that Taskforce 50 Team met with the First Minister of Scotland, Nicola Sturgeon, the First Minister of Wales, Carwyn Jones, and with UK Opposition Leader, Jeremy Corbyn.

The meeting took place despite intense and desperate efforts from Madrid to prevent it from happening.

It proved to be a good opportunity to explain Gibraltar's objectives and concerns.

I also had the pleasure to exchange views again with the UK Commissioner, Sir Julian King, earlier this year.

Further meetings with Commission officials belonging to different Directorate-Generals have taken place in the last 12 months.

The purpose of these meetings has been to discuss issues relevant to our ongoing membership of the EU and our continued obligation to observe and implement EU law.

Brussels Office: The European Council

Mr Speaker, as part of our policy to leave no stone unturned as we leave the EU, we have met with every Member State.



These meetings have taken place in Brussels, in London and here in Gibraltar.

Meetings have also taken place with the Council officials coordinating Brexit matters.

The House will understand that it is not in the public interest to disseminate detailed information concerning some of the contacts that have taken place.

Communication with the UK's own Representation to the EU, UKREP, has also been fluid at all levels.

It is worth highlighting that in January this year I had a very productive meeting with the UK Permanent Representative to the EU, Sir Tim Barrow, and a separate meeting with the newly appointed Director for the UK-EU Partnership, Hermione Gough.

I am confident that Gibraltar's concerns and priorities are thoroughly understood by UK Government officials in Brussels.

They know that we look to them to continue to defend our interests in the heart of the European Union on a day to day basis.

Brussels Office: Other Activities

Mr Speaker, aside from the above the office in Brussels continues to monitor and advise on EU legislative and non-legislative proposals.

It has also been involved with the following:

1. Keeping up to speed with developments in Brussels in Fintech and Digital Ledger Technology; working in conjunction with the Finance Centre Department and the Financial Services Commission. The office has also helped organise visits to Brussels with this purpose, ensuring that Gibraltar is well represented in prominent debates and discussions.
2. Arranging for me to make Gibraltar's case at a Brussels policy think-tank.
3. Conducting two visits to Strasbourg, to coincide with European Parliament plenary sessions there, with a further visit envisaged later this month.
4. Organising and accompanying three visits of MEP assistants to Gibraltar. The last one took place just over a week ago.
5. Making arrangements for the October 2017 visit of Gibraltar students to Brussels.
6. Assisting with an event hosted in Gibraltar House to inaugurate the "Friends of Gibraltar" Group as well as hosting events for the Gibraltar Ombudsman, the Young Professionals in Foreign Policy group, Team Global and the British-Irish Parliamentary Assembly.
7. Attending leading think tank events, networking events organised by other representations and organisations as well as conferences in Brussels.

The Government is grateful to Sir Graham Watson, to Daniel D'Amato and to the team there for the work that they continue to do.

The Brussels Office can be found at Head 12, Sub-Head 2(2)(b).



Gibraltar House – London

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

The expanding diversity of challenges arising, as the process of leaving the EU unfolds, has also continued to dominate the work at Gibraltar House in London.

This is in addition to the important task of lobbying and keeping our many friends and supporters in Westminster accurately informed.

The office on the Strand provides an effective working platform from which the Government can interact with ministers and officials in London.

As the deadlines established for the UK and Gibraltar's departure from the EU approach, engagement at a technical level has increased alongside the broader and intense political discussions that also continue.

This has meant Brexit working groups from Gibraltar meeting regularly with their UK counterparts in London.

Some of those meetings alternate between Whitehall and Gibraltar House itself.

The networks that have been established and the detailed technical work that results from this engagement will become increasingly important to us as we leave the European Union.

The indications are that this work will expand exponentially.

Mr Speaker, the flow of information and channelling of contacts in both directions has been an important element in the work carried out in London.

Gibraltar House has evolved over the past couple of years.

It has become the conduit for information gathering and analysis.

It has been the visible face of Gibraltar in Brexit think tanks and events in London.

It has engaged with UK government departments and officials.

It helps to organise the flow of information into No 6 and to the government here in Gibraltar.

The team at Gibraltar House attend parliamentary committee hearings.

They engage with MPs and Committee members where it is felt Gibraltar should put forward its views and concerns.

Their work with both Houses of Parliament is very much a priority.



Gibraltar House assists the All Party Parliamentary Group on Gibraltar with its secretarial functions.

It reaches out to new MPs and Peers who show an interest in Gibraltar affairs.

Bob Neill MP took over the Chair of the All Party Parliamentary Group (APPG) on Gibraltar a year ago.

He has been an important ally in getting the Rock's message across to the right people in No 10 and in Whitehall.

The APPG is a cross-party body which includes MPs and Peers.

Members will have seen that Gibraltar has enjoyed considerable support in debates and other parliamentary activity.

The Government, and I am sure the whole House, is very grateful to Bob and to our friends in the APPG.

Mr Speaker, the Government has been active in putting our views across in Westminster.

My colleague the Chief Minister has appeared before both the House of Commons Committee on Exiting the European Union, chaired by Hilary Benn, and the House of Lords European Union Committee, chaired by Lord Boswell.

Members will recall that in March this year Lord Boswell led a small delegation from the Committee to see the situation in Gibraltar at first hand.

It has been important for the Government to foster the support and loyalty we have enjoyed from many British MPs and Peers.

Old friends like Deputy Speaker Lindsay Hoyle and his father Lord Hoyle are prime examples of that continued loyalty and support.

But at the same time, we continue to reach out to new friends.

We must get our message across and win support based on the merit of Gibraltar's case.

Gibraltar House – London – Gibraltar Day

Mr Speaker.

I would like to say a few words about Gibraltar Day.

The annual Gibraltar Day event in London has been transformed.

Numbers for the evening reception have been reduced considerably.



Invitations are now far more targeted.

Last year, the evening reception was hosted at The Gherkin on Monday 23rd October.

Among the guests were ten Ambassadors and thirteen Deputy Ambassadors, as well as some 36 members of the House of Commons and the House of Lords.

The Government also hosted over 100 members of the Gibraltar expatriate community to a Thanksgiving Mass and Reception in Fulham on the preceding day.

Over 300 members of the Financial Services industry met for a business lunch in the City of London.

The new focus given to these more targeted events provide greater value for money.

Gibraltar House – London, National Day 2017

Mr Speaker, the number of political guests at the last National Day celebration is a reflection of the political moment that we find ourselves in.

Gibraltar played host to 26 MPs and Peers from across the UK Parliament.

Five Members of the European Parliament also joined us.

Their programme included separate briefings from the Chief Minister and from me.

A meeting with representatives from the Finance Centre.

And a call on HE the Governor.

Delegates attended the traditional National Day rally.

They were also able to participate in a number of events marking the 50th Anniversary of the 1967 Referendum.

It was real a pleasure to welcome the UK Minister for Europe Sir Alan Duncan to Gibraltar.

This lobbying work is a continuous process.

Only this spring the London office organised a breakfast meeting with the Chief Minister for the All Party Group in the House of Commons.

This was attended by 17 MPs.

On the same day, at almost exactly the same time, I hosted another group of MPs here in Gibraltar.

We believe that such visits are crucial in deepening their understanding of the issues and the challenges before us.

There is no better way to understand Gibraltar than to visit Gibraltar.



Those UK MPs who have come here on working visits outside National Day include Dominic Grieve, Liz McKinnis, Robert Goodwill, Mike Gapes and Tom Brake.

Mr Speaker, our former governors continue to represent a great source of support and remain in close contact with the team in London.

The London office also has a fluid relationship with the Scottish, Welsh and Northern Ireland representatives.

Contact is maintained with many embassies in London including the Ambassadors of European Union countries.

Many Member States of the EU have a particular interest in how Brexit may impact on Gibraltar.

Our UK Representative Dominique Searle is regularly invited to official and social diplomatic events in the capital in addition to formal working meetings.

Mr Speaker, the political lobbying work comes to a head during the party conference season.

2017 saw a record participation in such events.

Gibraltar maintained its traditional presence at the Conservative, Labour and Liberal Democrat conferences.

We also hosted a stand once again at the conference of the Scottish National Party.

In the same way, we attended the DUP conference in Belfast for the very first time.

Gibraltar hosted a reception or a lunch at each venue.

The high-profile speakers in these events reflect the support that Gibraltar enjoys right to the top of the UK political establishment.

At the Conservative conference we had the Foreign Secretary Boris Johnson;

at the Labour Conference we had the Shadow Foreign Secretary Emily Thornberry;

the Deputy Leader of the Liberal Democrats Jo Swinson,

SNP Spokesman on International Affairs and Europe Stephen Gethins and

DUP Leader and Former First Minister Arlene Foster.

Mr Speaker we will never take our friends for granted.

The Government will continue to work with them.

We shall continue to reach out to all layers of public opinion in the UK.

We shall continue to consolidate and to grow our support.



I would add here that Gibraltar was represented at the State Opening of Parliament that followed the last UK general election.

We took our seat alongside Ambassadors and the representatives of other British Overseas Territories.

In this context, it is important to recall that UKOTA, the association of the territories continues to be an integral part our work in London.

Gibraltar House is a regular venue for its meetings.

I explained earlier how all of us will be affected in different ways as we leave the European Union.

Despite these differences, the territories have much to gain from standing in solidarity with each other.

Gibraltar House – London, Commonwealth

Mr Speaker, as we leave the European Union and one door closes, other doors will open.

Gibraltar, like the United Kingdom itself, is looking for closer interaction with the Commonwealth.

This year, on Commonwealth Day, we lowered the flag of the European Union and replaced it with the flag of the Commonwealth.

This was an important symbolic gesture.

A prelude of things to come.

Gibraltar has long relished its historic relationship with the Commonwealth family.

This year, we attended a number of different fora around the Commonwealth Heads of Government Meeting in London.

We were represented at the Commonwealth Youth Forum, the Commonwealth Business Forum, the Commonwealth People's Forum and the Commonwealth Women's Forum.

These engagements proved to be very useful.

Indeed, the young people who attended the Youth Forum, were able to speak directly to the leaders of Commonwealth countries like Canada and Jamaica – as well as to the Prime Minister Theresa May.

In 2018, Gibraltar also went to the Commonwealth Youth Parliament for the first time.

This event took place in Jersey.

Once again, our young people did very well.



In April, the Gibraltar flag flew proudly next to those of 70 of other countries and territories during the Commonwealth Games in Gold Coast, Australia.

At the same time, Gibraltar has continued its long-standing contact with the Commonwealth Parliamentary Association.

The Minister for Equality Samantha Sacramento is a member of the Board of the Commonwealth Women Parliamentarians.

The Minister for Culture Steven Linares is now an alternate in the Board of the Commonwealth Local Government Forum.

Sir Joe Bossano has stepped up our engagement with the Commonwealth Telecommunications Union.

Gibraltar has now joined the Commonwealth Enterprise and Investment Council.

Earlier this year, I met with the Secretary General of the Commonwealth Baroness Scotland at her offices in Marlborough Palace.

I also met with the UK Minister for the Commonwealth Lord Ahmad of Wimbledon.

Gibraltar will continue to reinvigorate our institutional links with the Commonwealth in the months and years to come.

Gibraltar House, London – The Royal Household

Mr Speaker, Gibraltar House maintains a strong relationship with the Royal Household.

This includes representation and attendance by Gibraltar at key ceremonial functions including the annual Commonwealth Mass.

The Government is working to include Gibraltar in one of Her Majesty's programmes, known as the Commonwealth Walkway.

Last year saw the first Royal visit to Gibraltar House in London.

On 16th October, the Chief Minister hosted Her Royal Highness The Princess Royal to a reception there to mark her patronage of the Gibraltar Literary Festival.

HRH unveiled a plaque to commemorate this patronage.

The event was attended by speakers and sponsors of the festival.

Mr Speaker, I am happy to say that the Friends of Gibraltar continue to provide welcome support.

They make regular use of the facilities at Gibraltar House.



This is in addition to the considerable use of the building by the finance centre, commercial and legal firms as well as government departments and bodies.

I take this opportunity to thank Dominique Searle, Tyrone Duarte and the staff of Gibraltar House.

They are Gibraltar's face in London.

And they continue to fulfil this role extremely well.

Gibraltar House in London can be found at Head 12, Sub-Head 2(2)(a).

Gibraltar Office, Hong Kong

Mr Speaker, the office in Hong Kong works directly to my colleagues the Minister for Commerce and the Minister for Economic Development.

The Hong Kong office, as I have previously explained, has been included within my Head purely for administrative purposes together with the other two Gibraltar offices abroad.

Since establishing our office in Asia in 2014, the aim has always been to promote, protect and further Gibraltar's interest in the Far East.

This is the fastest growing economic region in the world.

The Office has hosted numerous Gibraltar delegations led by Ministers and private sector firms in China and has also introduced many firms from Asia to Gibraltar.

It has driven significant media coverage in the region promoting Gibraltar as a jurisdiction.

Private meetings with businesses, regulators and officials have also been managed by the Hong Kong office.

This includes arrangements for a Memorandum of Understanding to be signed by the GFSC with Hong Kong regulators related to our drive to attract DLT business to Gibraltar.

The Government has worked hand in hand with the private sector to foster and promote Gibraltar's reputation, as an attractive, safe, and economically advantageous jurisdiction, in which to conduct international business.

Mr Speaker, it will be clear to the House that the role of this office is commercial and not political.

I therefore leave my colleagues to provide more details about its operation.

The Hong Kong office is located at Head 12, Sub-Head 2(2)(c).

Gibraltar Lobbying in Washington



Mr Speaker, I now propose to say a few words about the Government's lobbying activities in Washington.

Gibraltar and Spain have been engaged in a game of cat and mouse in Washington for a number of years.

This started because the Spanish Government at the time stepped-up its anti-Gibraltar rhetoric.

They wrote to and met with Members of Congress who signed up to a resolution supporting Gibraltar.

They have complained to those Congressman and Congresswomen who have visited Gibraltar.

They have protested to Members of the Congress and Senate Committees on external relations.

They have also protested to those Congressmen who have met with us during our visits to Washington.

Indeed, Mr Speaker, they have been known to protest to Congressional offices even before such meetings have taken place and when our schedule has not been published.

Quite remarkable!

Nonetheless, Spain's efforts have proved to be completely counterproductive.

A senior Congressman told us that no third party will dictate to him who he can or cannot meet.

Other offices were curious to find out how Spain knew about our meetings in the first place.

Despite this welcome reaction, it has become necessary to counter the misinformation against Gibraltar being put across by Madrid in the US capital.

This happens in several ways.

First, Mr Speaker, our lobbyists Holland and Knight have held over 100 meetings with Congressional offices in the House and in the Senate, including with senior officials in the Trump administration, and multiple other communications.

Secondly, we encourage members of Congress and of the US armed services to visit Gibraltar so that they can appreciate our reality for themselves.

In August we hosted a visit by Congressmen and staffers under the United Kingdom's MECEA scheme. That visit included two Republican Congressmen and one Democrat.

There were also two Senator's Chiefs of Staff, four Congressional Chiefs of Staff and two other staffers.

There were two other visits during 2017.



One visit was composed of three Members of Congress, including the Chairman of the House Appropriations Committee and the senior ranking Democrat on the Defence Sub-Committee.

The other visit consisted of Representative Sanchez and Representative Meehan who came to Gibraltar for an event organised by the American Chamber of Commerce, AMCHAM.

This year we were delighted to welcome another delegation from the Appropriations Committee which included a member of the US Air Force and of the US Navy.

Mr Speaker, the third way in which we counter Spain's propaganda is by making our own lobbying visits to Washington.

These involve very tight schedules, which often run to over twenty meetings in two full days.

The House knows that Congressman George Holding tabled a Resolution which salutes the long and historic relationship between Gibraltar and the United States.

It also supports our right to self-determination as a UK Overseas Territory.

This started with 6 Members of Congress.

I reported last year that there were now 27.

I am pleased to tell the House that this support has now increased further to 47.

Mr Speaker, as a result of Gibraltar's outreach and engagement with the US Congress and Executive Branch, there is now a broader appreciation of our position.

Several Congressional leaders are concerned that Spain may take advantage of Brexit in order to advance their sovereignty claim.

Some of them have advised Spain against this.

A disruption of the status quo in this part of the Mediterranean is in nobody's interests.

For our part, the Government will continue to present our side of the argument in Washington and in that way set the record straight.

Political – Spain

Mr Speaker, it is relevant at this stage to say a few words about Spain and Spanish policy towards Gibraltar.

In so doing, I am conscious that there was a change of Government in Madrid a few weeks ago, so much of what I have to say clearly relates to the period before that.

I also want to make it clear that our lobbying in Spain itself has been led by the Chief Minister and his office.



That said, I have also engaged Spanish political parties, except the Partido Popular, in places like Brussels.

Mr Speaker, we continue to try to understand Spanish policy towards us beyond its often noisy manifestations in the media.

It remains our longstanding hope that progressive socio-political currents will one-day triumph in Spain.

If this were to happen it might become possible for Spain to finally see us as we see ourselves.

This could be the basis for a fruitful partnership in areas where we share the same interests and the same concerns.

In the meantime, we remain alert to any policies and actions designed to subvert our identity, our constitutional order, or our economy.

The vast majority of ordinary Spaniards are too busy with the real issues affecting their daily lives to think about Gibraltar.

But the parts of Spain's machinery of government that formulates its security policies and strategies continue to regard Gibraltar as an 'anomaly' at best, and as a threat at worst.

Two examples from different areas will serve to exemplify these attitudes.

Each year Spain conducts a major maritime security and safety exercise known as MARSEC.

This year MARSEC took place from the 14th to the 25th of May.

The main aim of MARSEC is to improve the coordination between the Spanish Navy and all the national and autonomous bodies involved with maritime safety and security.

It is an important exercise and good for the security and safety of mariners and cargo as they transit the region.

Unfortunately, the exercise also acted as the backdrop for Spanish naval incursions into BGTW.

These occurred just before the exercise started on 12th May, and then again on 15th May.

Our friends in the Royal Navy deal with all such incidents proportionately and with immaculate professionalism.

However, the incident of the 12th of May also required the intervention of our own Vessel Traffic Services.

They had to urge the patrol vessel 'Serviola' to change its course for the sake of safety of navigation as a vessel was inbound from Europa Point towards our pilot boarding station in the Western anchorage.



These incidents are unnecessary, unfortunate and potentially dangerous.

But they occur because of the Spanish Navy's insistence in seeing us as a threat, rather than as potential partners.

The second example relates to the routine allegations that Gibraltar is a centre for money laundering.

Judge José Grinda Gonzalez is a Special Prosecutor who has dedicated much of his professional career towards tackling the long shadow cast in Spain by Russian organised crime.

Judge Grinda is rightly lauded for his work.

However, on 25th May, whilst delivering a talk about his work at the Hudson Institute, a prestigious Washington think tank, Judge Grinda claimed Gibraltar is an example of a non-cooperating territory which was not transparent.

He said:

that Gibraltar was "temporarily" British;

that it was considered by Spain as a non-cooperating territory;

and that we are used by international criminal organisations to hide their wealth.

Gibraltar was the only example he gave.

Mr Speaker, this is naked disinformation.

It is intended to make-out that Gibraltar is a security threat.

It is hard to imagine that these slurs are not manufactured by hard-line elements within the Ministry of foreign Affairs and in related departments.

This is the kind of disinformation we have to counter in Washington.

Gibraltar will continue to extend the hand of cooperation and partnership towards its neighbours.

The Government continues to hope that deep changes take place in Spain that might form the basis for a successful relationship in areas of mutual interest and concern.

Civil Aviation – Enhanced Use

Mr Speaker, I move on now to civil aviation.

As I said earlier, there have been discussions with Spain on the enhanced use of Gibraltar Airport.

These discussions follow on from our planned departure from the European Union.



They do not involve sovereignty, jurisdiction and control.

They involve EU-exit matters.

Our departure from the EU will change the dynamics of Gibraltar Airport issues as we have traditionally known them to be.

Airport agreements in 1987 and in 2006 made provision for the application of EU law on civil aviation to Gibraltar Airport.

This had applied automatically and without question before 1987.

In 1987 Gibraltar Airport was suspended from the EU aviation acquis.

In 2006 that suspension was lifted.

However, the position once we have left the European Union will be markedly different.

We will no longer be entitled to inclusion in EU civil aviation legislation by virtue of our membership of that organisation.

For in under one year we will cease to be a part of it.

Our relationship will therefore have to be redefined.

It is obvious, Mr Speaker, that the European Union has not tried to introduce any new aviation legislation during the past year which includes a direct reference to Gibraltar.

A number of such measures remain blocked by Spain in the Council.

Clearly, there are some awaiting the UK's departure from the European Union next March before making their next move.

The Government has already said that the Cordoba Agreement of 2006 provides a basis for discussion going forward.

Indeed, it will be recalled that before our time in office the entire design of the air terminal was premised on the opening of an access point on the Spanish side.

There are corridors, walls, escalators, lifts and partitions that were put in place precisely in order to facilitate such dual access.

Nonetheless, that agreement would itself need to be updated going forward as Gibraltar would now be outside the EU while Spain would remain inside it.

The view of the Government, Mr Speaker, is that there is space between the red lines of Gibraltar and the red lines of Spain to produce a sensible way forward.

This can only be in everybody's interests.



The return to power of the socialist party that signed the Cordoba Agreement may assist in this respect.

It is still too early to tell.

In the meantime, the Government continues its vigorous lobbying in the European Union in order to increase awareness of our position.

Let me add that we have always enjoyed the full support of the United Kingdom Government throughout.

Civil Aviation – Monarch

Mr Speaker, my colleague Gilbert Licudi, who has responsibility for commercial aviation, may comment further on the loss of Monarch Airlines flights following the collapse of the airline.

I would like to concentrate on the repatriation effort.

This ensured that passengers stranded in Gibraltar and the surrounding areas were efficiently repatriated to the United Kingdom.

It could have been a nightmare scenario for the Airport.

However, gladly, the logistics of the exercise proved to be a success.

The coordination efforts between the Air Terminal Director, the Director of Civil Aviation, the UK CAA, the Convent and different Government entities worked extremely well.

The repatriation of stranded passengers was conducted in an orderly manner and without significant problems.

Civil Aviation - Drones

Mr Speaker, the number of applications to fly an unmanned air vehicle otherwise known as a “drone” have increased significantly.

The number of drone permits issued in 2017 was 30.

This is over six times the number issued in 2016.

In the first five months of this year, over 25 permits have been issued already.

Applications continue to rise.

Gibraltar has three fully qualified local drone operators.



It would appear that business is booming for them given the number of requests for their services.

I would like to thank the Department for the Environment and all other stakeholders for their rapid turnaround of all the requests received.

Civil Aviation – Town Planning Applications

Mr Speaker, this year the Director of Civil Aviation has been consulted on a record number of applications for building projects.

The new Airport Safeguarding proposals are working well.

The Government is encouraged to see the number of developers who continue to engage with the Director of Civil Aviation in advance of applications being submitted to Town Planning.

This has resulted in support for development projects from the Director of Civil Aviation and indeed from the MoD Authorities at RAF Gibraltar.

On occasions aviation related conditions have nonetheless been included to the planning permits.

Mr Speaker, I would like to thank the Director of Civil Aviation Chris Purkiss for his support over the year.

The Civil Aviation vote is located at Head 13 in the Estimates of Revenue and Expenditure.

The National Archives

Mr Speaker, the Gibraltar National Archives are included under the Office of the Deputy Chief Minister.

The programme of digitisation of the material at the Archives continues.

A significant amount of historical material has not only been digitised, it has also been put on-line and can now be accessed from anywhere in the World.

There are one thousand two hundred and thirty eight registered visitors who regularly consult this material on the web.

A total of nineteen thousand, nine hundred and ninety four hits from 123 countries have been registered on the website of the Gibraltar National Archives.

The Government has continued to support the Archivist Anthony Pitaluga.

In April 2017 he attended digital preservation workshops at Oxford University where he was invited to speak to a global audience about our digitisation and digital preservation project.



In August he attended a meeting of the Archives and Records Association of the United Kingdom and Ireland held in Manchester. This included training in respect of Archival Science best practice in terms of conservation, digitisation and digital preservation.

Mr Speaker, the Archivist has also organised a number of very successful outreach programmes during the last financial year.

This included an open-air screening of original footage of the 1967 referendum and a film night series at the University of Gibraltar. The latter was fully booked.

Mr Speaker, on behalf of the Government and I am sure of the whole House, I would like to congratulate Mr Pitaluga and his team for the wonderful work that they are doing.

The preservation of our record of the past holds the key to the future.

Therefore the Archivist knows that he can continue to count on my personal support and the support of the Government going forward.

The Gibraltar National Archives are at Head 12, Sub-Heads (1) and (2)(5).

100th ANNIVERSARY OF END OF WORLD WAR ONE

Mr Speaker, the Archivist is assisting with events later this year to commemorate the end of World War One.

This will include an exhibition of relevant historical material and photographs which will take place in November.

In addition to this, I am pleased to announce that Gibraltar will be taking part in the UK "There but not there" charity campaign.

"There but not there" is a charity project which has chosen to mark the 1918 Armistice that put an end to a bloody conflict.

It is the Centenary Commemoration for the end of World War One.

This was supposed to be the War to end all Wars.

Their objective is for individuals and organisations to purchase and install silhouettes of World War One soldiers in order to commemorate the fallen.

In this way, the charity seeks to educate different generations about the ultimate sacrifice that was made.

These silhouettes are available in different sizes.

The Government will be purchasing a number of live size models.



These will be placed in different public buildings.

In addition to this, the Government has offered, as part of the commemoration, to project a silhouette image of a World War One soldier onto the north face of the Rock during the week of Remembrance Sunday.

This initiative has been warmly welcomed in the UK.

This year Remembrance Sunday and Armistice Day coincide on the same day.

Mr Speaker, as part of these commemorations, a book reflecting on the role that Gibraltar played during World War One will be published this year.

The book was written by Rear Admiral Albert Niblack and is his memoir of his time as the Commander of US Navy ships based in Gibraltar from 1917-1919.

It carries an introduction by Professor John Hattendorf who is the Ernest J King Professor Emeritus of Maritime History at the US Naval War College in Newport, Rhode Island.

Professor Hattendorf discovered the Admiral's account of the US Navy at Gibraltar which had gone unnoticed for several decades.

The Professor is a member of the Gibraltar-American Council.

There were over forty US vessels and four thousand US sailors based at Gibraltar during World War One.

Their role was to escort convoys in and out of the Mediterranean and elsewhere.

The book makes it clear that Gibraltar became the principal convoy port of the world, with over one quarter of all allied tonnage touching here in order to be organised into convoys in every direction.

Indeed, the American War Memorial in Line Wall Road was a thank you gift from the United States of America precisely for the pivotal role that Gibraltar played.

Mr Speaker, I very much look forward to the launch of the book.

Northern Defences

As promised in previous years, the Government continues to invest in our urban fabric and our unique heritage.

We have focused on several historical sites.

Many have been conserved, restored and are now open for the general public to enjoy.

My colleague the Minister for Heritage and for the Upper Rock Dr John Cortes has spearheaded those improvements.



The Government, at the same time, will continue to improve and restore the Northern Defences.

Our dedication in bringing life back to the Princess Lines, the Queen's Lines and the King's Lines remains unwavering.

This project will continue to receive the funding from this Budget which it rightfully deserves.

Hanover Battery now been cleared.

About 50% of the Queens Lines has been cleaned.

The Government intends to focus our attention this year in not only removing debris from these Lines but also in providing utility infrastructure to the site.

Works during previous years have exposed an extensive area of previously hidden wonders.

Word War II bunkers.

Gun emplacements.

Battlements and galleries which date back to the 18th century.

Paths, steps, tunnels and viewing platforms.

All are now visible nestled within a uniquely picturesque environment.

Galleries have been cleared.

Chambers used during the Second World War as headquarters are now accessible.

The majesty of such engineering feats cannot be understated.

This year will see the continuation of walking tours of the area, kindly organised by the Heritage Trust and supported by members of my office.

These have proven to be extremely popular.

Mr Speaker, I would like to thank those members of the Heritage Trust for their time and their passion in presenting such facilities to the public.

The Government is also grateful to the Royal Engineers who continue to visit and assist with operations.

It is our vision to add value to such an experience by making this site a unique venue for events in the coming years.

The Northern Defences are provided for at Head 102 Projects, Sub-Head 4(zzn).

The Grand Battery



Speaking of events, Mr Speaker, the Government plans to invest further in the Grand Battery which links up to the Northern Defences.

The exact timing is not yet clear because this depends on the pace of the Northern Defences project itself.

Our most important Battery stands defiantly facing Spain to the north.

It is overlooked by the Kings Lines and the Queens Lines.

This battery currently has a proud connection with the Royal Gibraltar Regiment based in Grand Battery House.

The Chief Minister and I have agreed with former Regimental Colonels to improve its external areas.

This means that it will be better utilised as an events venue.

Up lighting of the monument will be provided, damaged fire steps repaired and a hard surface introduced in some areas to provide a home for our saluting battery.

This site holds considerable historical value as it has helped to define and shape our identity.

Indeed, it has protected Gibraltar from the combined forces of France and Spain.

In so doing, it kept Gibraltar British.

It is also an area which, thanks to the Regiment, is being used to house events that are a part of our community's social calendar.

The reuse of our historical assets in this way provides the most solid guarantee for their protection.

For the reasons that I have explained, there is an opening provision for this project at Head 102, Sub-Head (4)(zzq).

Conclusion

In these more modern times, Mr Speaker, the new battleline is in Europe.

None of us banked on leaving the European Union when the last general election took place.

Yet today that is the direction in which we are headed.

The sheer volume of work and of meetings that this has generated has understandably taken up a considerable proportion of the Chief Minister's time and of my own time.

We are leaving nothing to chance.



We are leaving no stone un-turned.

This is what we promised to do.

It is physically and logistically impossible to do more.

At the same time, we are delivering our manifesto.

New schools are already under construction.

New low-cost housing projects are in the pipeline.

New sporting facilities will remain for our enjoyment after the Island Games next year.

And all this has happened in the shadow of Brexit and in the main against the background of the most hostile Spanish Government that Gibraltar has known since the days of General Franco.

This is in itself a considerable achievement.

Mr Speaker, I take this opportunity to thank my personal staff in Convent Place for their support over the last year.

I am also grateful to the staff in the Lands Office and to the management and staff of Land Property Services Ltd.

I also wish to take the opportunity to thank the Clerk and the staff of the Parliament and you too Mr Speaker.

Thank you.