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for Exiting the
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Lord Boswell of Aynho
Chair, European Union Committee
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Dear Tom,

I am writing to thank you for your letter of 28 March 2018 and to address the observations made therein following the Committee's follow-up visit to Gibraltar. As the DExEU Minister responsible for Gibraltar, the Secretary of State has asked me to respond on his behalf. I am grateful to the Committee for continuing to engage with the important issues raised for Gibraltar by our exit from the EU. I visited Gibraltar myself in March 2017 to discuss Gibraltar's priorities as we prepared to activate Article 50, and it was invaluable to speak personally to a wide range of figures from Gibraltar business, politics and civil society and understand their concerns first-hand.

The Government has been consistently clear that our exit negotiations cover Gibraltar and, as we leave the EU, our focus is to get the best possible deal for the UK and for Gibraltar. As the Chief Minister of Gibraltar, Fabian Picardo, made clear in July last year, "there is one negotiation and this is led by the U.K. Government on behalf of all the countries and territories in the British family of nations".

Your letter outlined the importance of transitional arrangements in order to enable the Gibraltar economy to adapt effectively in a post-Brexit environment. I agree that this is as important for Gibraltar as it is for the UK and, as the PM said to the House of Commons in March, "we are absolutely steadfast in our support of Gibraltar, its people and its economy.". As such, we have been working closely with the Government of Gibraltar to ensure that Gibraltar is covered by our EU negotiations on withdrawal, the Implementation Period and future relationship. The Government is pleased that the draft Agreement published jointly on 19th March correctly applies to Gibraltar.

The UK is committed to fully involving Gibraltar as we leave the EU, to ensure that their priorities are taken properly into account. Thus, officials from the UK Government continue to engage closely with the Government of Gibraltar and our

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. In addition, we regularly discuss these matters with the Government of Gibraltar through the Joint Ministerial Council (Gibraltar EU Negotiations) that I chair and which has now met six times including most recently on 8 March. We communicate frequently at official and Ministerial level outside of this formal process to ensure we have a shared understanding. We will continue to engage closely with the Government of Gibraltar and our European partners to resolve the particular implications our EU withdrawal poses for Gibraltar and for Spain.

We welcome the statements made by Spanish Foreign Minister Dastis that Spain is not seeking to use the UK's EU withdrawal advance its sovereignty ambitions over Gibraltar. Our position is clear and unchanged. We stand by our assurances to Gibraltar never to enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another State against their freely and democratically expressed wishes. Furthermore, we have given an assurance that we will not enter into a process of sovereignty negotiations with which Gibraltar is not content. On the airport, we have been clear in public and with Spain that we support the 2006 Cordoba Agreement. The other issues identified are matters for the Government of Gibraltar under the 2006 Constitution.

The UK Government recognises Gibraltar's particular priorities in EU exit. Ensuring a well functioning Gibraltar-Spain border is one of our top priorities. Indeed, it is very much in the interests of the surrounding Spanish region, including over 8,000 Spanish workers who cross the border every day, to ensure that Gibraltar remains a motor of prosperity for the Campo de Gibraltar. We applaud the work the Cross Border Group does at a local level, and the prominent role it has in promoting the co-operation which is necessary for building and maintaining regional prosperity.

We agreed at the 8 March JMC that Gibraltar's financial services firms will continue to be able to access the UK as now until 2020, while we develop and implement longer-term arrangements on regulatory and supervisory alignment. The consequences of this commitment are clearly very significant for Gibraltar's financial services sector and we understand that its firms will value certainty on the design of a replacement framework. This work is in its early stages but we expect to begin discussions with Gibraltar to agree a joint forward-plan by the end of summer 2018. Our respective governments and regulators have already been engaging constructively on a programme of work on insurance which will help to inform a reliable longer-term market access solution. We are considering what other work needs to be done to develop an enduring market access framework based on shared, high standards of regulation. Following the most recent discussions at the

March Joint Ministerial Council, the Government continues to work with Gibraltar to understand the economic case for a double taxation agreement with the UK. The Government's work on funding arrangements after exit is ongoing. As we start to take decisions on our funding priorities after exiting the EU we will ensure the interests of the Overseas Territories, including Gibraltar, are taken into account.

The Government is also working closely with the Gambling Commission, the regulator for gambling in Great Britain, to support ongoing work towards the agreement of a new memorandum of understanding with the Gibraltar Gambling Division which will enable closer working and collaboration between the two gambling regulators. We recognise the importance of working with Gibraltar, Spain and other relevant stakeholders to secure a good deal for all parties through lasting agreements in respect of aviation, maritime and border arrangements. We are also working closely with the Government of Gibraltar as the UK develops an independent trade policy, including consulting them on the UK's potential participation in future trade agreements with third countries. Department for International Trade officials visited Gibraltar in November 2017 to start the process of consulting the Government of Gibraltar, and Gibraltar businesses, on their interests in future Free Trade Agreements. DIT will continue to engage as the Government develops our future trade policy.

Lastly, I would like to reassure the Committee, and the people of Gibraltar, that the UK Government is committed to fully involving the Government of Gibraltar as we leave the EU. The UK is firmly committed to our longstanding, valued relationship with Gibraltar. We recognise our duty to Gibraltar and all the territories we are responsible for, and we are determined to secure a deal that works for the whole of the UK family.

I trust that this letter provides the answers and assurances you are seeking.

A handwritten signature in black ink, appearing to read 'Robin Walker', written in a cursive style.

**ROBIN WALKER MP
PARLIAMENTARY UNDER SECRETARY OF STATE FOR
EXITING THE EUROPEAN UNION**