

Filename: Committee on Constitutional Affairs - 30/01/2017
Client: Gibraltar Government
Job ID: BR0049299
Date Due: 02/02/2017
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PROF. HUBNER: Dear colleagues, I would like to start the next point on our agenda. So would you please. I'm also talking for assistants, political advisors. Hello, there. We want to start the meeting in reasonable silence, please. The next point on our agenda is our discussion on the constitutional relationship of the United Kingdom with the European Union, the consequences of the results of the referendum of 23rd of June. Some of you might know that we have been as AFCO committee as committee as responsible for constitutional affairs of the European parliament. We have been discussing the issues related to potential leave of the United Kingdom since September 2015. This year, it is our first meeting with the discussion on this challenge for the European Union. This is due to the fact that AFCO committee has a special responsibility in the context of Brexit. We are the committee of the European parliament that is responsible for preparing at the end of the negotiation of withdrawal agreement the consent procedure, the resolution in which we will propose to the European parliament to the plenary vote whether we should support the result of the negotiations or no. That's why feeling really responsible, we have been for quite a while in the process of gathering information to broaden and deepen also our understanding of the process and of all the consequences of this process, and that's why we have come also to this meeting of today when we will have the discussion. We will have a kind of hearing to the representatives of Scotland and also representatives of Gibraltar. We have Minister Fiona Hyslop with us who is responsible also for European relations with Scotland with European Union, but you're also responsible for culture, tourism, and all those issues which are also important in the process of leaving the European Union and we also have the First Minister of Gibraltar, Mr. Picardo, and after we listen to Madame Hyslop, we will give the floor to you. So Madame Hyslop, the floor is yours.

MADAME HYSLOP: Thank you very much, Professor Hubner. Good afternoon and thank you to members of the Constitutional Affairs Committee and to all the other members of the European parliament who are participating today, and I'm very grateful to the committee for inviting me. As EU citizens, we look to this parliament and to this committee to insure the interests of all EU citizens in the UK are met as we address the challenges of the UK leaving the EU, and I'd like to start off by setting out the Scottish government's position and our objectives following the UK's EU referenda vote, but before I go into detail, it's probably worth me taking a moment to reflect on Scotland's constitutional journey in order to provide some context to the discussions today. The United Kingdom has never been a unitary state. It is, in fact, a multinational construct and Scotland has been in a voluntary political union with England for 300 years, but remains a distinct political community and we've always had a separate legal system and independent states institutions. The parliaments of Scotland and England were dissolved in 1707 to be replaced by a new parliament of Great Britain which still exists today. The United Kingdom government is a conservative party government, but the conservatives have only one MP out of 59 MPs from Scotland. Since 1999, when the Scottish parliament reconvened, it has had responsibility for legislating in a wide range of policy areas such as justice, education, culture, the environment, energy, public procurement, agriculture, fisheries and health. This includes legislation agreed by this parliament. So

Scotland already enjoys a significant level of self-government and I will say more about this and the constitutional consequences of Brexit later on. So turning now to last year's referendum. While the UK as a whole voted to leave the European Union, the people of Scotland, five million people of whom are EU citizens, voted categorically and decisively to remain within it. Sixty-two percent of those who voted in Scotland, voted to remain with every local authority area returning a positive result and all parties in the Scottish parliament supporting a remain vote. On the day after the referendum, Scotland's First Minister, Nicola Sturgeon, promised to explore all options to protect Scotland's place in and relationship with Europe and she also made clear that EU nationals are welcome in Scotland, saying, I quote, "Citizens of other EU countries living here in Scotland remain welcome here. Scotland is your home and your contribution is valued. As a government, we have always been very clear about the benefits we receive from EU membership. The prosperity and economic opportunities which it brings to our nation, the social protections it gives to our workers, the human rights it affords our people, and the important standards which protect our environment and keep our food and consumer goods safe, and the European Union also inspires rich cultural exchange and European cooperation, and I witnessed a wonderful example of this only last night at the Celtic Connections Music Festival in Glasgow. La Banda Europa which brings together 36 top musicians from 15 European countries playing indigenous traditional instruments performed an orchestral version of "The Pillars of Hercules," which was composed for Marseille's reign as the European capital of culture in 2013. It was solidarity in symphony and it received a standing ovation from over a thousand people. So we're also very proud that Scotland has much to offer our European partners in return for the benefits that we receive. Being a member of the EU enables us to share expertise in our experience in areas such as digital health and renewable energy. It has also allowed our nation to become home to 181,000 EU citizens who have chosen Scotland as a place to live, work and study, and we recognise that those citizens enrich our culture, strength in our society and boost our economy. We are also a government that believes European solidarity is absolutely essential if we're to tackle today's global challenges such as climate change and to do it together, and as the government representing the people of Scotland, it is our duty to find a way forward while still respecting the UKY vote that honours the democratic demand of the nation, protects our interests, and maintains our close and highly valued relationship with our European friends and neighbours. So turning to our proposals, on the 20th of December, we published "Scotland's Place in Europe." It is the first detailed plan to deal with the implication of Brexit produced by any government in the UK and I want to make clear from the outset that our proposals are primarily targeted at the UK government as we recognise that it will be for the UK government to take forward the negotiations about the future relationship between the UK and the EU. Our aim is to insure the position of Scotland is reflected in the UK's negotiating objectives. The paper first of all explains why keeping our place in the European single market matters so much, and it sets out a writ through which we could remain in the single market even if the remainder of the UK decides to leave, and the paper also calls for a substantial transfer of power from Westminster to Scotland in order to protect Scotland's interests and rights that are currently enjoyed as EU citizens as

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much as possible while we are inside the UK, but outside the EU. Finally, as Scotland's First Minister has made clear, the paper acknowledges that the option of independence must remain on the table, although it is not our starting position. Without that option, however, Scotland would have to accept whatever decisions the UK government would make in relation to Brexit no matter how damaging they might be to Scotland's interests. Now, the proposals in the paper are serious. They are genuine and they are pragmatic. They recognise that the UK is leaving the EU and they represent a compromise on Scotland's behalf. In her speech on the 17th of January, Prime Minister Theresa May signalled very clearly that the UK government is planning to opt for a hard Brexit, which means leaving the single market. The Scottish government strenuously disagrees with that decision in which we were not consulted, which the people of Scotland did not vote for and which we strongly believe is not in the national interest of Scotland's citizens or those of the UK. And we believe that finding a way to continue Scotland's membership of the European single market, including the four freedoms, is central to the health of our economy and prosperity as a nation. And our paper explores the ways in which we can secure a differentiated option for Scotland, one which keeps Scotland in the single market and allows us to retain some of the key benefits of EU membership. And the Scottish Parliament has also made its views clear in this matter. On the same day that the prime minister set out her plans for a hard Brexit, the Scottish Parliament, in a debate which I led, voted with overwhelming support to remain within the single market and to explore distinct options for Scotland. Excepting that the UK will negotiate on our behalf as part of the whole of the UK, we are committed to working positively and creatively with the UK government, and we proposed, for example, that Scotland, whilst remaining in a UK customs union, could become a full or associate member of the European Free Trade Association and thereafter a party, either directly or via UK membership, to the EEA agreement. And this would allow Scotland to trade freely across the UK and at the same time maintain our full access to the European single market, whilst of course continuing to fully respect the four freedoms. At one point, I want to emphasise about freedom of movement. Far from seeing this as a price to pay for market access, we see freedom of movement as a fundamentally good thing. I can assure you that we don't underestimate the significant technical, legal and political challenges that are associated with such a differentiated option, and our paper doesn't shy away from these challenges. For example, we acknowledge that if the UK were to sponsor Scotland's membership of AFTA, to allow full access to the European single market, this would also require devolution of additional powers to the Scottish Parliament. And our paper identifies many of the key issues that we will need to address such as financial contributions to the EU budget, and the checks and controls that would be required to administer the free movement of goods, services, and people within Scotland, and the paper also sets out how these challenges can be overcome if the political will exists to do so. And we recognise that such a differentiated solution, as set out in our proposals will set the political will on all sides to make it work. And on that point it's important to note that Theresa May has said very clearly that Scotland will be fully engaged in the Brexit process. The options for Scotland will be listened to and the Article 50 will not be triggered until there are negotiating objectives which deliver a Brexit that works for the whole of the UK. The Scottish

government will seek to hold her to these commitments despite not having been consulted in advance of the speech in which she outlined her approach to the UK's future outside of the EU. It's well understood that the UK government will need to take a flexible approach when dealing with the border and free movement issues posed by Northern Ireland and it looks like it will seek a differentiated approach for particular market sectors; therefore, we see no good reason why such a flexibility shouldn't also apply to Scotland when there's a very clear democratic mandate to find solutions and respect the voice and protect the interest of the people of Scotland within the EU and within the UK. As I mentioned earlier we are not seeking a separate parallel negotiation with the EU institutions and member states, we accept that once Article 50 has been invoked the negotiations will be between the UK and the EU, but we do believe that we have the right to ask the UK government to include a commitment in its Article 50 letter to pursue a differentiated solution for Scotland which will enable us to remain in the European Single Market. In fact, the reason that Scotland's First Minister, Nicola Sturgeon, is not able to be here today herself is because she has been attending the Joint Ministry Committee meeting in Cardiff with the Prime Minister, Theresa May, and representatives of the governments of Wales and Northern Ireland to discuss the UK's objectives for the Article 50 negotiations. And we also believe that the European Parliament which represents the voice of EU citizens has the right to challenge whether the Article 50 negotiations respect the rights of citizens in all parts of the UK and indeed throughout the EU. In order that the rights of all citizens in all parts of the UK are respected, it's essential the differentiation for Scotland and other parts of the UK is a theme for the Article 50 letter, the response, and the overall outcome. Differentiation must be a key part of the process at the outset, during the negotiations, and the future relationship with the EU as it develops. And another important aspect of our paper concerns the powers that would be required by the Scottish Parliament to enable a differentiated approach to work. As I mentioned earlier, the Scottish Parliament has substantial and growing powers over a wide range of policy areas including justice, education, culture, the environment, energy, public procurement, agriculture, fisheries, and health. Significant new powers over income tax and aspects of social security were devolved to the Scottish Parliament last year. So we're therefore already enjoy a significant amount of self-government in Scotland and a well-developed capability within our parliament and government to enact policies and legislation. And many of Scotland's devolved parties depend on EU law and the result we have been transposing EU legislation into Scottish law for many years. So leaving the EU it also requires to consider that we deal with matters which are currently subject to EU law. Many of these areas already fall within the competence of the Scottish Parliament and we will seek to ensure these powers come back to Scotland. The Scottish Parliament is also likely to acquire wider powers to deal with differentiated relationship with the EU. These are necessary to safeguard social protections, and ensure that, for example, our laws and regimes are of the European single market. Powers over import and export control, competition, social security and financial services would fall into this category. This is something we are confident as a government that we can deliver and expect the UK government to include our proposals in an agreed UK negotiating position. So convenor and chair, Scotland is a

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proud and committed pro-European Nation which has been taken out of the European Union against its will. We whole-heartedly welcome the enormous social and financial contribution from citizens from other parts of the EU choosing to live and work in Scotland make to our country and we want to safeguard the rights of our citizens to travel, work, study, and live across Europe if they wish to do so. Brexit is not a problem of Scotland's making and we are deeply concerned about the prime minister's recent confirmation that the UK is destined for a hard Brexit where the tremendous benefits of the EU membership will be lost to future generations. Imagination, creativity, and flexibility will be required by all parties in Article 50 being triggered and threatened in the bonds of friendship between Scotland and other countries in Europe are as deep, strong, and mutually beneficial today as any time in our shared history. And so in the turbulent and unpredictable months ahead, I ask you, respectfully, members of the European Parliament, as the elected body representing all EU citizens, please do not turn your back on Scotland. Now is the time to demonstrate your solidarity with a nation which voted overwhelmingly to remain within the European Union. We ask that you listen to and defend the interests of people living, working, and studying in Scotland who are also EU citizens. As part of your role in the Article 50 process, and also as negotiations as they begin. So thank you for your time and your attention and I look forward to answering any questions that you may have.

PROF. HUBNER: Thank you very much, Madame Cabinet Secretary. You're allowed in the Parliament you're allowed to do anything, practically, you want, in terms of reaction. I would like now to – to invite Chief Minister of Gibraltar, Mr. Fabian Picardo, to take the floor.

MISTER. PICARDO: Madame Chairman, ladies and gentlemen, it is a pleasure to be invited to address you today as Chief Minister of Her Majesty's Government of Gibraltar in representation of the people of Gibraltar. Thank you for deciding to hear the voice of the people of Gibraltar in what is for all of us the heart of European Democracy. This is a seminal time in our history as a people. Indeed, this is a seminal time in the history of all of Europe. The Gibraltarians have been, are, and would have wished to continue to be the most enthusiastic European citizens. Citizens that you will represent in the context of the coming Article 50 negotiation. But the British people as a whole have decided to take a different route and so in the light of the decision to leave the European Union, I want to start today by setting out for you some of the details of Gibraltar's current status of membership of the European Union, I will move on after that to the referendum and the issues that may arise in the context of the negotiations once the United Kingdom triggers Article 50 of the Treaty of Lisbon, I will, of course, very much look forward also at the end of that process to taking any questions you may have at the end of my presentation. So I'll start by describing the nature and terms of Gibraltar's existing relationship with the European Union. Gibraltar joined the then-European economic community with the United Kingdom in 1973. Our membership was provided for by what was then Article 2274, now Article 3553 of the Treaty on the functioning of the European Union. Article provides as follows: The provision of the Treaty shall apply. To the European territories

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for whose external relations and member state is responsible. The effect of that provision was to apply the EU treaties in full to Gibraltar, but that full application was qualified by Articles 28 to 30 of the United Kingdom's Act of Accession which dealt with acts concerning agricultural products and acts of harmonisation of legislation concerning turnover taxes, or VAT, which is not applicable to Gibraltar. Gibraltar is excluded from the EU's Common Custom Territory, and the Free Movement of Goods provision of the single market do not apply to Gibraltar in relation to those goods. And the EU's common commercial policy is also not applicable to Gibraltar; otherwise, Gibraltar's only excluded from those areas of EU law which the UK itself has not signed up to like Schengen and the single currency. All other parts of the EU treaties, including the free-movement provisions for persons, services, establishment and capital, apply to Gibraltar as do common policies such as the environment, consumer protection, et cetera. As for its actual status within the EU, in an opinion delivered on the 19th of January, 2017, hot off the press, in case 591-15 the advocate general of the union court found that the United Kingdom and Gibraltar are to be considered as a single-member state. So let me now briefly explain the application of EU law in Gibraltar. All EU laws and rules relevant to those parts of the treaties I told you, apply in Gibraltar. Now, in Gibraltar provisions of our law by dint of the European Communities Act of Gibraltar. Not the UK's Communities Act, specific Gibraltar European Communities Act. Responsibility for transpositions and application of EU laws is a matter entirely for Her Majesty's Government of Gibraltar. In this respect, the key provision is Article 47-3 of the Gibraltar Constitution of 2006, which provides that it is ministers and the government of Gibraltar who have full responsibility for all EU matters except those relating to areas of defence and external relations. We therefore transpose and implement all EU matters in Gibraltar in the same way as any national Parliament and Government does in every other member state. Indeed 70% of all laws enacted in Gibraltar are connected to Gibraltar's EU membership. You'll no doubt be pleased and indeed impressed to note that Gibraltar is completely ahead of all transposition deadlines in respect of all EU directives and other measures. There is absolutely nothing outstanding. Indeed, Gibraltar may be the only jurisdiction in the European Union that can say that. You will therefore agree with me that it will be a great pity to see such an exemplary jurisdiction in the field of compliance with the corpus [PH] Corpus Iuris in the EU involuntarily having to leave the club. Let me now set out for you some of the mechanisms for direct engagement between Gibraltar and the EU. Gibraltarians and other EU and commonwealth nationals resident in Gibraltar vote in European parliamentary elections since the European Court of Human Rights' decision to in *Matthews v. the United Kingdom*. That judgment was also important for the European Parliament. It was the first time that a court found that the European Parliament forms an integral part of the member states. Gibraltar has participated in all European parliamentary actions since 2004 as a part of the United Kingdom's Southwest constituency. Gibraltar also counts with a representative office in Brussels, Gibraltar House, which was opened in 2014. Our representation engages regularly with the EU institutions as it does with the UK's permanent representation to the EU. I must tell you that the day that we opened that office, and the Gibraltar flag began to fly in the capital of Europe was one of the proudest political achievements of my

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life. We are committed, whatever the outcome of the Brexit negotiations, to continue our presence in Brussels going forward. So let me tell you a little about the Brexit referendum in Gibraltar. On the 26th of June, 2016, the people of Gibraltar sent a clear and unequivocal statement of support for continued EU membership. As you know, the referendum result in Gibraltar was 96 percent in favour of remain with only 4 percent voting to leave. It may be difficult to think of any other electoral region in the entire EU which would have given such a resounding vote in favour of continued EU membership. You'll share our sadness that such enthusiastic Europeans are leaving the EU. I believe there are five principal reasons for Gibraltar's strong attachment to the EU and for the overwhelming support in Gibraltar of remaining in the EU. The first is the deep and unprecedented political unity on Gibraltar on this subject. The second reason for the huge support for remain was that people could see that Spain would use Brexit as an opportunity to try and advance its sovereignty claim. Thirdly, that Gibraltar is in the continental mainland and our ancestry's very much a blend of European nationalities. Europe is very much part of our history, culture and our collective DNA. We want that to continue and that should be a case beyond our inevitable Brexit. Fourthly, the people of Gibraltar have over the years come to see the EU as providing a degree of protection against the excesses of an unfortunately sometimes hostile neighbour. And fifth, although no less important, the issue of EU funding, a total of 16 million pounds in 16 years, which is a significant amount in the context of the Gibraltar economy. And also to illustrate the fourth point that I referred to a moment ago, it is worth noting that it has not been uncommon for Spain to operate lengthy border queues of two hours or more at the international frontier between Gibraltar and Spain. These delays are disproportionate and transparently politically motivated. The Commission itself recently found that they were unjustified. Indeed, a Spanish foreign minister has specifically stated in the past that the queues are created to demonstrate Spain's ability to "pressure" Gibraltar. In that time, the vast majority of people affected were EU nationals, most of them EEA nationals working in Gibraltar and living in Spain. So what are the implications, then, for Gibraltar and the surrounding region of Spain of the UK's decision to leave the European Union. Clearly and for such time as it is known, I've got the new relationship between the UK and the EU will be, it will be difficult to assess what the effect of Brexit on Gibraltar and the surrounding region of Spain will be. I would, however, highlight the following issues. Notwithstanding the political difficulties which Spain creates, the relationship between Gibraltar and the surrounding region in Spain is a European success story to be proud of. It is a textbook example of two separate parts of the EU coming together to create economic growth, human friendship and mutual prosperity for all in the region. And nothing symbolises this success more clearly for both sides than a free and flowing border. As of October 2015, there were 26,144 employee jobs in Gibraltar. Ten thousand four hundred and seventy-three were held by frontier workers while almost 40 percent of all jobs on Gibraltar. Approximately 60 percent of those are held by Spanish nationals. A frontier which lacks the necessary fluidity for people to be able to access their places of work will therefore put directly at risk the jobs of 10,000 European citizens who live in one member state and work in Gibraltar. There are also a significant number of these workers who it would negatively affect the Gibraltar economy and the Spanish regional

economy around Gibraltar. A report for the Gibraltar Chamber of Commerce, copies of which I am leaving with the Secretariat, show the following economic data. In 2013, Gibraltar businesses imported almost 381 million pounds of goods and services from Spain. That was almost half a billion Euros at the time. Gibraltar's economy increased the level of output in the [INDISCERNIBLE 01:56:16] in 2013 by 554 million pounds or almost three-quarters of a billion Euros at the time. Gibraltar represented a quarter of the GDP of the region. The number of jobs supported by the Gibraltar economy is equivalent to 24 percent of the total permanent jobs in the [INDISCERNIBLE 01:56:36] region in 2013. Spanish frontier workers earned more than 130 million Euros in Gibraltar in 2013. Other frontier workers earned 135 million Euros from within the economy of Gibraltar. Additionally, residents of Gibraltar spent almost 100 million Euros on shopping, food and other goods and services in Andalucía in 2013. And on top of that, Gibraltarians with second homes in [INDISCERNIBLE 01:57:06] spent an additional 90 million Euros more in Andalucía. Indeed, with its population of only 32,000 people, Gibraltar represents 25 percent of the GDP of the neighbouring Spanish municipalities, which have a combined population of 300,000 people. Their effect on the region is therefore a net positive and in a ratio disproportionate to our population and land mass. Probably the best statistic to illustrate our contribution is to note that Gibraltar is the second largest employer for the whole of Andalucía. We are second in size only to the La Junta de Andalucía, its regional government. Gibraltar's prosperity is the prosperity of the neighbouring Spanish region and vice versa. This is why a sensible Brexit that provides for Gibraltar, to be an engine of economic growth is not only in the best interest of Gibraltar but is also in the best interest of Spain itself. That is why we see the Spanish workers in the region around Gibraltar as a part of our success. We will not tire of saying that we can do more to create even more jobs in the region if we are able to work together. This is as much in the interest of the neighbouring Spanish region as it is in the interest of Gibraltar. To achieve these aims, Her Majesty's government of Gibraltar is working closely with UK government ministers and officials in a joint ministerial committee for Gibraltar's exit of the European Union to make sure that Gibraltar is fully involved in the negotiations and the preparations for the withdrawal from the EU in order to ensure that our concerns are heard and our position is safeguarded. Much will depend on the details and negotiations advanced. But the following broad principles inform my government's position as we head into the coming negotiations. The first is that the mutually beneficial free flowing border which will be good for the adjoining Spanish region of Gibraltar is an essential. In particular, this is important for frontier workers and for tourists. These are essentially people who come in and out of Gibraltar on the same day. Gibraltar is of course prepared to consider any reasonable solution to safeguard border flow. For instance, a special relationship with the Schengen area or the establishment of a common travel or immigration area between Gibraltar and the EU, subject to customs controls as there are today and as there have been since 1973. A potential route may be to provide by Regulation EC 1931-2006, which lays down provisions for (delegations for local border traffic at the external land borders of the member states. That regulation is inspired by the interest of the at large community to ensure that the borders with its neighbours are not a barrier to trade, social and cultural

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interchange or regional cooperation. And in Gibraltar's case, it will be easier to operate than in all the other places it already operates because it is only opening up a further 2.5 square miles. The second matter for Gibraltar going forward is that we should be able to continue to access the single market in services which represents about ten percent of our financial and other services businesses. So essentially I would ask you to note that Gibraltar's situation is unique and cannot be overlooked in the process of negotiation that is forthcoming. A proper free-flowing frontier for day cross-border workers and tourists as distinct from the EU's free movement of people as understood generally in the United Kingdom is an essential. Gibraltar's always had a different status in the EU to the UK and insofar as the remaining member states agree and Gibraltar wishes, we should be able to enjoy any opt-in or make any other realistically and geographically sensible arrangements. That should be agreed in order to secure the best cooperation and neighbouring relations with our neighbours that the nations surrounding us, namely Spain and Morocco. Common sense must prevail. I call on all sides in the coming negotiation to heed the prime minister's call to deal with each other with respect, to negotiate in the best interest and for the mutual benefit of each other's citizens. To work to secure a continued partnership beyond membership between a successful newly independent United Kingdom and a thriving developing European Union. And I trust that you will do so with goodwill and a sympathetic eye on the people of Gibraltar and its surrounding region because we may leave the European Union, but our hearts will always be in Europe and our homes will always be European. Thank you very much for listening. I look forward to dealing with any questions that you may have. Indeed, I very much look forward to dealing with some that I understand may be put to me.

CHAIRWOMAN: Thank you very much, Chief Minister. I would like now to ask coordinators so, for EPP, [PH] George Schüpelin.

GEORGE SCHÜPELIN: Thank you, Chair. I have a question for Mrs. Hyslop. I see that you were at Ayre Academy where I spent some time myself a very long time ago, before your time, no question. My point is this, that in States made up of multiple units, there is a general propensity for larger units to ignore smaller units, and I think this is the problem of Scotland and England. This involves strategic, political and to some extent cultural issues. Now how do you see, in the event of a hard Brexit which I think is most likely, viewed from this side of the Channel, how do you see the long term relationship between Scotland and England? Because I see it as something that is going to be fraught with friction. And secondly, and I understand from the meeting in Cardiff today that the news is not going to be very positive for Scotland, Northern Ireland or Wales, but how do you assess the chances of a satisfactory solution, given the London government's current trajectory or put it into baby terms, is there a plan B for Scotland?

MADAME HYSLOP: Well, as far as the first question, Ayre Academy's motto was "Respice, Prospice," which means, "Look Backwards, Look Forwards" so I think at this point in time, we are at a very seminal moment and not just for the future of the European project itself, more widely, but also the relationship between the United Kingdom and its

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constituent parts and I think people are looking very closely at what is coming out of the Prime Minister's speech, what that might mean or not mean for Scotland and our position of say, we were meant to be a partnership of equals, we were told that we were a family of nations and we were told only a few years ago how important it was to stay as part of the United Kingdom to stay as members of the European Union. All of these things have now changed. But we are now in a very live position, you referred to the meeting that took place in Cardiff. Nicola Sturgeon, our First Minister, was there with Theresa May, the Prime Minister. The statement that has come out of that is that the process of negotiations and examination of Scotland's paper and indeed, the wider issue, it has to be intensified, the language being used by the United Kingdom is intensified, so don't necessarily look at today's headlines, look at what actually comes out of the meeting itself. But I think they are playing at high stakes here because people are looking very closely at what this will mean. Now, if we have a situation where in the next ten years, according to the Fraser of Allander proposal, one of our imminent research institutes, Scotland could lose up to 11 billion pounds in terms of income and 80,000 jobs could be lost. Now, that's affecting families, so yes, we're talking about the constitutional processes, but the reality for people's lives are very severe indeed and we are trying very hard to reach a compromise. The document that we have produced is not what our ideal position is. Our ideal position is to remain as members of the EU, we know that's not going to happen. This is not a paper about independence for Scotland, this is about remaining as part of the United Kingdom but to find a solution to do that and I would say the ball is now firmly in the court of the Prime Minister to see what she responds with, but people are watching very, very closely indeed. And in turbulent times, the world is looking for a political leadership and to have some sort of constructive offer and Scotland has done its homework, we have come up with a constructive offer, and we are waiting to hear that response as we have said, as of today, that process is to be intensified.

MADAME CHAIRMAN: Thank you very much. For the Socialists, I understand Richard Corbett, replacing the coordinator or do you want to speak as a Brit later on?

RICHARD CORBETT: Well, I was going to speak as a Brit but the questions I think would be of general interest. First, thank you to both because I think it's very interesting for the whole committee to hear that there are different views from the views being expressed by Her Majesty's National Government. The view expressed by Theresa May on Brexit is not universally shared across the United Kingdom, and it's good that our colleagues can hear that and see clearly those differences. So, thank you. My question, first to our friend from Scotland. Your Party, I understand, has of course not ruled out having one day a second referendum on Scottish independence. Have you similarly not ruled out the possibility of there being, under certain circumstances, a second referendum on the issue of Brexit, and what amendments are you tabling to the bill currently before the House of Commons that would authorise the United Kingdom Government to trigger the Brexit procedure under article 50? And my question to Fabian Picardo--It's also interesting to hear the range of issues that need to be solved to avoid a hugely problematic situation around Gibraltar. I think that the total number of issues that need to

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be solved in this mother of all divorce cases that Brexit has now comes to over 7,000 and you've just added a few more. But have I understood correctly that you, like the Scottish government, would like essentially to remain in the single market contrary to what Theresa May has gotten into saying, and are you cooperating on this, the two of you, your two jurisdictions in your approach? Thank you.

MADAME HYSLOP: There's a broad number of issues in there. In terms of what we are trying to do, we set out to provide different options to take Scotland forward, that's what we are doing. And, I've said quite clearly that independence is not our starting point in this. My party believes in independence, and I will continue to seek that, but we have a responsibility to the country and to the nation as a whole to try and steer a path through what is very difficult circumstances bearing in mind the United Kingdom government had no plan at the time of the referendum vote--no plan whatsoever, and time is marching on and we have to provide solutions and that is what we are seeking to do. Your point about the option of a second referendum, I think that's proposed by some parties within the United Kingdom but I would repeat the point, we had a referendum where 62% of Scots voted to remain, I would seriously think that you would have to enter into a second referendum, where even if the Scots yet again voted to remain, our views would be discounted. And, the third point about the process-- the Article 50 Trigger bill has been published and it is one of the shortest bills in history. There will be a memo put forward by the UK members of the Parliament. I'm representing the Scottish government, we won't be laying our amendments as a government, that that has to be done by Westminster MP's, but I understand there are a large number of amendments being put forward not least taking the Prime Minister at her word that she will not trigger Article 50 until such times as she has a White Paper, for example, to set out a plan. We have absolutely nothing of the equivalent of this from the UK government as yet and, also for example, that the views of the Joint Ministerial Committee which is Wales, Northern Ireland and Scotland have been listened to. So, that's a part of that process and I think the democratic excruciating accountability not only of the Westminster Parliament, but as I stressed in my contribution, this Parliament because as long as the United Kingdom is a member of European Union, we are European citizens and we look to this Committee, this Parliament, to help represent our views.

MISTER. PICARDO: Thank you very much Richard for your candid comments on that aspect of continued membership in the single market. Gibraltar's position has been clear since before the referendum and continues to be the same afterwards. We think that there is a great benefit in continuing to be able to form part of the single market for Gibraltar to that means a single market in services in setting out opposition. We have been in consultation with all the nations of the United Kingdom and many of the industries that are relevant in the context of the United Kingdom's own membership of the single market. Not just the nations but also some of the regions like London and its Mayor have been one of our ports of call. Some of the industries represented the body of London that deal with financial services representation and how their views are developing in the context of having access to the single market. We are talking widely with many about

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what the future holds. It is true that this is a moving feast at the moment. The position of the United Kingdom, I think, has now become quite clear in the context of the single market and the position of the city of London, I think is a developing one and Gibraltar has expressed its position and after the 23rd of June as access or participation in the single market rather than remaining in the single market because I think we have to live in the truth and we have to look at what is possible and realistic in the context of the trajectory of travel.

MADAME CHARIMAN: For ECR, Kazimierz Ujazdowski.

KAZIMIERZ UJAZDOWSKI: Dear Madam Chair, Dear Colleagues:

In principle, I do believe, that we should show some trust in the UK government. We should not try to speed up the debate. We should give them some time and wait for the formal procedure to be started, but we should also display some trust in the entire government because this is in the interest of Europe. What we want are reasonable negotiations. What we are striving for is a good effect of those negotiations. Therefore, I do think this debate is maybe slightly pre-mature, that said, I do appreciate the fact that the First Minister of Scotland and the Chief Minister of Gibraltar are here and thank you, thank you very much indeed for all this information.

You have mentioned many differences between Gibraltar and Scotland on the one hand and the rest of the UK on the other. However, there are so many similarities. There's a reason why the UK is one entity. You said that Scotland never wanted to abandon its own currency, you said that Scotland never wanted to develop the British pound. Has this remained unchanged or does Scotland want to join the Euro zone? That was the first question; and my second question pertains to other factors that bring the UK together from the perspective of Scotland. I am asking about this because what I am hoping for are reasonable national negotiations which will be mutually beneficial and which would take into account that differences are superficialities.

MADAME CHARIMAN: Ah, I'm sorry, Maite. I didn't have your name here, so thank you very much. So, Maite from Liberals.

MAITE PAGA ZAURTUNDÚA: Thank you for fitting me in the round as well, first I would like to thank the Speakers who have come to express their points of view. Unfortunately, Mr. Cameron, promised you that you can have the best of both worlds but it seems that what we are seeing now are huge difficulties and actually the worst of both worlds.

We, as European Parliament, knew that this was a huge risk to hold the referendum. I think that is the vast majority of members of the European Parliament. We are not in favour of taking such a risky political step. Perhaps more naive people thought it would

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be a good idea to consult everyone, but many of us knew that it was a big risk including renegotiations that took place before the referendum. For many of us that was something that we had to go through to try to convince British voters not to leave the EU. This is a huge sacrifice, we'll now have to deal with the results.

There are fundamental questions from the point of view of the Parliament and the constitution of our committee specifically. First of all, we have been very respectful toward the United Kingdom. They took their decision based on a vote by their citizens and we respect that. But we also have to respect the rules, and the rules say that we have to respect the rules, both when we like them, and when we don't like them, when it's in our favour, and when it's not. That's politics, that's the law, and that is the basis of the rule of law. We're the Constitution Affairs Committee and some of the issues that you are raising are subjectively of interest to us, and our personal interest, but at the same time we have to defend the Constitution and the laws that govern us as the member states of the European Union, and that's where the limit lies to our desires, to our wealth and to our creativity, as well. I think that is all I can say so as not to mislead you. We have to be consistent to what we say and we have to be truthful.

There are huge differences between Scotland and Gibraltar. Scotland could envisage the traumatic solution which could leave the UK that's within it. However, with Gibraltar it's very difficult, it's almost the last colony on your paid union territory, that is how it is defined. The UN even said that this is an anomaly and one that should be solved between the governments of Spain and the UK. But everything has changed massively. If you look at the two countries who are responsible for the negotiations and decolonising the last European colony, now, taking account to Brexit, it's not going to be possible to harmonise these sovereignties when one country is in the EU and one isn't. This is going to make things even more complicated. But, there is one other question, when it comes to Gibraltar, this is my opinion, it's an anomaly in the region. You talked about some positive figures but there are other figures that aren't quite so positive. For instance, Gibraltar is considered to be a Spanish tax paradise, a tax haven, and many Spanish authorities think that there are billions of Euros that are lost annually because of this. The European commission has suggested this many times. There are a number of discrepancies if we are going to go forward. Furthermore Gibraltar, if the data is correct, has had huge growth over 40% in the last four years so there are huge expenses there. You have a lot of online gambling, for example, at an international level and you have a lot of tax exemptions, selling oil, and many other issues. And what is very interesting in Gibraltar is that you have more companies than citizens.

I am also a member of the special committee of the Panama papers and one of the companies that we are investigating at the moment is in a building that also contains thousands of other company's apparently. So what we have to say is, of course you want to have the best of both worlds, but there are huge problems and we are undergoing socio political changes. I'm Spanish and, of course, I'm very much interested in decolonising the last European colony because that effects the integrity of a country which is a

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European member state. But as a European citizen, I am much more concerned that Gibraltar has seen this 49 % growth, but it is in a region that has the lowest growth than the rest of Spain.

I know the region around Gibraltar and I'm very concerned that we will never see this harmonisation because Gibraltar's situation is leading toward a great deal of irregularities. There is a lot of contraband tobacco, and a lot of issues which can't be harmonised with the rule of democracy that we want to see in the European Union. We are currently investigating the Panama papers, we're fighting double non-taxation and tax evasion that we are seeing in Gibraltar and many other things, which myself, as a European citizen, am very concerned about. Now, we have a great deal of admiration in the way you look for solutions and the way you work but as a member on the committee on the Panama papers, we also have to look at the dark side of globalisation. Thank you.

MAITE PAGA ZAURTUNDÚA (original in Spanish): *Muchas gracias presidenta. Creía que me había apuntado el turno.*

Bueno in primer lugar, yo quiero dar las gracias a nuestros ponentes que han venido exponer sus puntos de vista. Lamentablemente, el señor Cameron les prometió a todos ustedes que tendrían lo mejor de los dos mundos y sin embargo lo que parece es que nos estamos encontrando con enormes dificultades y con lo peor de los dos mundos.

Nosotros como Parlamento europeo sabíamos que era un enorme riesgo el de ese referéndum. Creo que la gran mayoría de nosotros, de los parlamentarios no éramos favorables a una operación política de enorme riesgo, aunque había gente muy ingenua que decía que es muy bueno consultar todas las cosas, todo el rato. Muchas de nosotros sabíamos que entrañaba un enorme riesgo e incluso la negociación anterior al referéndum fue para muchas de nosotros un enorme sapo que tuvimos que tragar precisamente para intentar que los electores del Reino Unido no abandonasen la Unión Europea. Pese a ese enorme sacrificio que muchos de nosotros con mucha discreción asumimos el referéndum ha tenido este resultado que ustedes nos vienen a plantear.

Hay dos cuestiones fundamentales desde el punto de vista de este Parlamento y de esta comisión AFCO. Uno que nosotros hemos sido respetuosos con el Reino Unido. El Reino Unido decidió unas reglas de juego con respecto a los ciudadanos del Reino Unido y nosotros lo respetamos. Pero ahora también tenemos que respetar las reglas de juego. Y las reglas de juego tienen que ver con que algunas de las cosas que ustedes nos invocan son internas y nosotros tenemos que respetarlo. Porque respetar las reglas de juegos es respetar las reglas de juegos cuando nos gustan y cuando no nos gustan, cuando el resultado es favorable a lo que nosotros deseamos y cuando no lo es. Porque así es la política y así es la ley. Y esas son las bases del estado de derecho. Hay una cuestión más: nosotros somos la comisión AFCO y por mucho que los puedan interesar subjetivamente algunas de las cosas que ustedes dicen sin embargo somos los garantes de máximo respeto del Tratado y de las normas que nos vinculan como Estados en la Unión

europaea. Eso marca límites a los deseos, a la voluntad y límites a la subjetividad y a la creatividad. Creo eso que el primero que quiero decir para no engañarles. Yo creo que por ser coherentes y por ser honestos es lo primero que hay que decir.

En todo caso, tenemos una situación muy muy diferente en cuanto la situación de Escocia o la situación de Gibraltar. En el caso de Escocia, Escocia puede articular en el peor de los casos una solución traumática, que es la de alejarse del Reino Unido porque está en el espíritu de sus leyes. Sin embargo en el caso de Gibraltar lo que esos encontramos es algo tan anómalo desde el punto de vista histórico como la última colonia en el territorio europeo. Es así, así está definido y Naciones Unidas indica que esta anomalía debería solucionarse entre los gobiernos del Reino Unido y el Reino de España.

Pero todo ha cambiado de una forma estrepitosa desde las últimas negociaciones que podrán llevar adelante los dos países que tienen responsabilidad sobre la solución de la resolución de la descolonización de la última colonia europea. Y es que ahora no es posible, teniendo en cuenta el Brexit, la armonización de soberanías cuando un país va a ser país tercero y el otro va a ser de la unión europea. Esto se convierte en algo como algo tremendamente complicado eso por una parte más allá de las opiniones que podemos tener.

Pero hay otra cuestión más, en el caso de que lo se refiere a Gibraltar en mi opinión. Y en esta anomalía con respecto a la región porque usted hablado de algunas cifras positivas, pero hay otras cifras que no son tan positivas. Por ejemplo, Gibraltar está considerado como un paraíso fiscal por parte de España porque no hay intercambio de datos y además las Haciendas españolas consideran que hay mil millones de euros anuales de pérdida por cuestiones de tributación. Puesto que, y como la Comisión europea lo indicado en diverso ocasiones, hay unas series de disonancias y de desarmonías con respecto a la doble non imposición que se puede llevar adelante en empresas en Gibraltar. Eso por una parte.

Por otra parte, tenemos que decir que Gibraltar tiene unas impresionantes opciones económicas, teniendo en cuenta que ha tenido un crecimiento, si los datos no me fallan, de más de 49% los últimos 4 años, aprovechando precisamente las nuevas oportunidades del mundo de la globalización. Ustedes tienen todo la empresa del juego online prácticamente al nivel internacional y tienen muchísimas extensiones desde el punto de vista fiscal, pues por vender petróleo, por muchísimas cuestiones. Y además hay algo que es interesantísimo en Gibraltar y es que hay más empresas que ciudadanos gibraltareños. Aunque no sabemos están radicadas en muy, muy pocos inmuebles ciertamente. Y incluso, hemos de tener en cuenta, yo soy miembro de la comisión especial de los papeles de Panamá, que Mossack Fonseca una de las empresas que estamos investigando porque lógicamente generaba cientos de mil de delitos, tenía también una de sus empresas en uno de esos edificios en las que hay miles de empresas.

¿Todo esto que significa? A ustedes lamentablemente les ofrecieron lo mejor de los dos mundos y ha traído unos enormes problemas con unos enormes cambios desde el punto de vista socioeconómico y político. A mí, como española, me interesa a la cuestión de la descolonización de la última colonia en Europa, en el territorio europeo. Porque afecta la integridad de unos de los países que forman parte, de los estados que forman parte, de la Unión europea. Pero como ciudadana europea me preocupa más, muchísimo más, que el crecimiento de Gibraltar haiga sido de un 49% y el de la región haya sido más bajo que el resto de España. Y porque, además, conozco el territorio, conozco los pueblos circulantes me preocupa mucho que no pueda ver una verdadera armonización, porque la situación de irregularidad que genera Gibraltar hace que haya mucha ilusión, mucho contrabando de tabaco y mucha otras actividades que no son armonizables con lo que queremos con la calidad de democracia que queremos en la unión europea. Estamos en la investigación en los papeles de Panamá, estamos luchando contra la ilusión, contra la doble no imposición que se puede permitir en Gibraltar, contra tantas cosas que eso es lo que a mí como ciudadana europea me preocupa. Desde el luego todos tenemos mucha admiración por sus capacidades de influencia y de buscar aliados y de buscar recursos de todo tipo para todo ello. Pero pensamos que, como dijo Stiglitz en la comisión especial de los papeles de Panamá, hay que luchar contra el lado oscuro de la globalización. No se puede tener el mejor de los mundos pero tampoco se puede tener lo mejor de los tres mundos: el lado oscuro de la globalización, más todo lo del más.

MADAME CHARIMAN: Thank you very much. So, Chief Minister, do you want to react? I would just like to inform you that Madame Hyslop has to leave at six so afterwards, if you could just be shorter on your questions, then we can accommodate everybody. Yes, Chief Minister.

MISTER. PICARDO: Thank you very much Madame Chairman, and thank you very much for the opportunity to react specifically to those issues that have been put by the Honourable Member .

I think it's all given in the way in the context of how the question was expressed. Although, I detected no question other than whether I would comment on something. There was no pointed question. It was just a speech which represents the locus classics of the Spanish position of Gibraltar, but even in the way that that was represented, I think we find the key to the issue.

The United Kingdom has been a part of the European Union since 1973, Spain since 1986. In all of that time, there's only one state that has expressed the view that Gibraltar is a tax haven, which is the literal translation of paraíso fiscal. which the Honourable Member has used and that is Spain. Now, that doesn't mean that Gibraltar only does business with Spain, the fact is that Gibraltar does business with all of the members of the European Union, and yet only one of them considers Gibraltar today to be a tax haven. I

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think that discloses the elements of the political underlying the apparent alleged facts that the Honourable Lady has put.

It is really quite impossible to understand how somebody could reasonably believe that one billion Euros is lost to Spain through Gibraltar in a year. The only way that somebody might be able to reconcile that with reality is if it were true that Gibraltar doesn't exchange tax information with Spain. The Honourable Lady is wrong about that. The Honourable Lady can get from her member state, the details of all the information provided in the past year alone in respect to the requests of information that have been received from Spain. It is true that Spain used to complain that Gibraltar did not provide exchange of information but I was very disappointed that Señor Montoro, who is the Minister for Hacienda in Spain, did not reply to my letter when I wrote directly to him after he made those remarks. I told him, we have not received any requests for information from you. I gave him the details of how to send those requests for information and although he did not reply to my letter.

I am very pleased to tell Honourable members that we now receive requests for information and we reply to them but, ironically, it was only Spain that didn't send the requests. Germany, France, all of the other states of the European Union sent Gibraltar requests for information and therefore got information. I give the Honourable Lady some of the details that she may need to have a better understanding of Gibraltar's position." Gibraltar has 27 tax information exchange agreements. We offered one to Spain. One was agreed, but after the change of government in Spain in 2011, the draft has not advanced. It is available for signature at any time. But we now have the effect of the European directive which provides for exchange of information and that is how information is exchanged. We've signed up to the OECD Convention of Mutual Administrative Assistance and we exchange information with most states in the world as a result. Directive 2011-16 which is the equivalent to a tier applies to Gibraltar and we exchange information with all member states. The EU saving directive, which is directive to 2003-48 applies in Gibraltar and we exchange information with all states that care to ask us for information. We are parts of FATCA Intergovernmental Exchange Scheme and we exchange information with all states of the part of FACTA including a FACTA with the USA. And we signed a multi-lateral competent authority agreement on automatic exchange of financial account information, the MCAA, which includes advancing, ironically to the group of five which included Spain, exchange of information. So look, we can have a debate about interpretation. You know, whatever debate we like about what we think should happen in respect to Gibraltar, [PH] Solta, or [PH] Malia, but we should have those debates based on truth and we should argue about the truth. Now to hear yourself described as somehow part of the dark side of globalisation, Honourable members, might think I should wear a Darth Vader mask in the context of this meeting. I invite the Honourable Lady to come to Gibraltar to see the reality of Gibraltar, to see how we are an important part of the economy of the region in the positive. I invite the Honourable Lady to take off the spectacles that have been given to her by the dogma that is been spread about Gibraltar and Spain, and to see the reality of Gibraltar, to come and

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understand why we continually have the hand of friendship that we extend to the government of Spain turned back at us. We will continue, we will not tire of offering the olive branch. As to issues of decolonisation, the people of Gibraltar will only be decolonised in, keeping with the wishes of the people of Gibraltar. If there is one thing that is clear in the modern world and that is the right of self-determination. No other issue is going to determine the future of Gibraltar other than the wishes of the people of Gibraltar. Anybody who thinks otherwise is not living in the truth, is not living in the modern world. And the people of Gibraltar have indicated what they want their future to be, it is an exclusively British future and that will continue to be the case. In Britain, the rule of law is respected and applied. It is a fundamental sine qua non and we also debate around facts. If the Honourable Lady wants to debate about facts, I can tell her there are not more companies incorporated in Gibraltar than there are people. The only way that one can reach such a startling statistic is if you start to count company no.1 incorporated in the 19th century and wound up in the 19th century, and in that way build up the numbers so that you somehow have that prejudicial statistic to use at moments just like this if you want to try and pull the wool over people's eyes. But if you want to live in reality, perhaps with the rest of the committee, you will accept my invitation, to come to Gibraltar, see our reality, change our minds and become our friend. Thank you very much.

PROF. HUBNER: Thank you Chief Minister. Dear colleagues, all I would like to say is that we should try to avoid to discuss bilateral issues, we are here in the context of the discussion related to Brexit.

FIONA HYSLOP: Well, one thing about the UK leaving the EU is it's not going to be simple, it's complex, it's never been done before, and indeed in terms of the challenges that we'll all face, I think all of us, whether we're a member state, whether we're a devolved administration, whether we're one of the institutions of the European construct, were going to have to do so in good faith. And I think, in order to ensure that the result of this, we can all still cooperate successfully in a modern world. The last thing Europe needs to do is turn inwards on itself at a time when the world is moving at pace elsewhere. So we all have to move along and at some pace ourselves in good spirit. And the complexity of it I think is shown by the fact that there already is a differentiated relationship with the EU already existing across the EU, whether it's the AFTA countries, and the relationship EU in the single market, or indeed with the United Kingdom currently a member of the European Union, but obviously with the Channel Isles and the Isle of Man, you've heard the different examples here already. Differentiation exists already so how we navigate through this will depend also on the outlook that we bring to it. There was a suggestion that this discussion is premature. Now Article 50 hasn't been triggered, so we know it's not about negotiation, it's not asking the European Parliament to take a position on what is being offered by the witnesses here, but it is about recognising that there are distinctive roles. And the second question we talked about the committee representing as if it were member state. My understanding is we have to recognise the distinct role of the Council and representing member state, the Commission

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itself. The European Parliament has a distinctive role and that of member states. And I think the right to citizens in particular is one that I would expect as a member, and currently as a citizen of the European Union I look to your committee to carry out the responsibilities that you have in that regard. So I think I agree with the point about good faith. In relation to the document that we've put forward, there is no issues on currencies required, or indeed set out in that document that we've put forward, so I don't think that's relevant to this discussion. I would also say that this proposal we've put forward is actually within the context of continuity of the United Kingdom as a state, and that's what's set out there because we understand that we're operating where the best option is for the UK to remain as part of the European Union, that's not going to happen. So we're looking at a least worst option, and our least worst option is trying to keep the case we have there. So everything will be challenging and everything will be difficult. Differentiating and differentiation already exist. What we're doing at this stage is not an advance of the negotiation, not trying to influence you as far as the negotiation is concerned, but to make sure, as what we have been doing with member states and other countries is that you understand the different complexities that already exist and the challenges we have going forward. But I do echo the same point that was made from the start we have to enter this in good faith. We recognise that UK is a member state and we're focusing our position on the good faith that we have on them to respond to Scotland's needs and request as they have promised to do.

PROF. HUBNER: Thank you very much for the explanation. I think it's absolutely clear here that this reflection that we're having here today does not prejudice in anyway the future negotiations and positions of anybody. So that was clear from the very beginning I think. So now we'll take three persons, Helmut Scholz will speak first as the coordinator for [PH] GUED. I think it's Gerolf Annemans for EMF, if I understand correctly. And then with the end of coordinators team, and then I will ask [PH] Esteban Pons. Yes, Helmut.

HELMUT SCHOLZ: Thank you Chair and thank you for coming. I think it is very variable exchange of views and maybe we have to organise much more exchange of views that different representatives from the United Kingdom to face, to understand where we are. I'll try to be very short. Yes we are in a situation that we have to recognise the result of the referendum. And that is expressing a clear message, you want to leave Europe. And I will ask you, how much really European issues have been the focus of the debates before and shortly afterward the referendum, or was it more a general questioning of the state of play of the economic, social, cultural reality in the United Kingdom, that leads to the question, probably no member of the parliament will turn back Scotland from Wales, from Northern Ireland, from Gibraltar, and even from England. But of course we have also to answer to our citizens, "What does it mean for us if you want to leave?" So, the second question I would raise is, you mentioned that there's not yet a white paper, it is not clear how the negotiations would be organised from your side, and we have to think how the negotiations would be organised by our side, at the European Union, and participating representatives from the parliament, does it mean the time factor plays a big

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role, and we have the 2019 European elections? The European Union is in a very bad situation, in a very critical situation, so we have to understand that these negotiations will also take place when we are discussing about the social pillar, about the social dimension in Europe, about the future of the European integration process. And therefore, I would say, we must insist on a very quick starting of these negotiations to find persuading answers to both sides, to the citizens of the United Kingdom as well as all of the other 27 member states.

PROF. HUBNER: Thank you. Gerolf Annemans, can you be short also?

GEROLF ANNEMANS: Yes, I will be brief. I'm a Flemish nationalist and so I support a peaceful separation of Flemings and Walloons in Belgium. And so, there's a connection there with Scotland—there is a connection there but I seemed to have heard that what you want is a rational solution within the existing framework and you don't want the whole thing to be unnecessarily politicised because that there is a big paradox in Scotland and how the people who support the EU in parliament pointed the finger at you then, and now they are applauding you because you want to stay in the European Union. There's a sort of ambiguity there. And I'd like to say that you need to see to it that no one uses your aspirations in order to ensure that the Brexit can't go ahead or that we end up with some form of chaos. I'm in favour of Brexit because I'm in favour of independent peoples and I'm against the EU as it stands today. I'm a supporter of your independence movement and I wouldn't like to see the supporters of the European Union misusing your situation in Scotland. Thank you.

ESTEBAN PONS: Chair, I'll be brief as I can. However, I can't promise you. Out of respect to our guest, I understand they've come to ask our help and so they need to hear from us. If someone comes from Scotland or Gibraltar to ask the European Parliament for help, I can't imagine that we should be in a hurry because they have to leave. We've listened and I hope that you will also listen to us with the same tranquility that we listened to you. Secondly, I would like to say that you should be saying this in Westminster not in the European Parliament. Yes, it's very nice for us to hear everything that you have to say, but it's the United Kingdom government that you have to set out your explanations to because they're the ones taken you out from the European Union. We haven't sent you out, we want you to stay. But the government of the EU or the British public on referendum decided to go. This is now a responsibility, it wasn't us. We support you on what you say but you should say it in the right place which is the Westminster Parliament but not the European Parliament. Mr. Picardo, you were talking about Brexit and you were also talking about Spanish interests and defending Spanish interest, and thank you for that. However, we have the Panama Papers Committee that's investigating the tax havens or the Brexit situation but we're talking here about the consequences of Brexit not about your relations with Spain. That's why I'll try to be brief. I'm just trying to make a few clarifications.

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I'm very sorry about what happened with Brexit, however we can't mislead British citizens. We have to be clear, Brexit means Brexit. If the UK leaves the EU then all of its components or everything that makes up the UK will leave the EU as well. And Gibraltar is a colony that is administrated by a third country and it's nothing more than that. Next, after Brexit, there's no possibility of maintaining the single market of the free circulation of people if it's not for the whole of the UK. We can't mislead the population of any part of the UK by suggesting any other possible solutions that would be unacceptable for the European Union. You can't be a partial member of the EU or member in the morning and not the night, or a rotating member. You're either a member or you're not. If we start to accept a la carte solutions today then that's going to be the very beginning of dismantling what we're trying to preserve, the EU. Mr. Picardo, if you want EU laws to continue to Gibraltar, you need agreement from Spain, and that's a legal fact and there's nothing that you can do about it, you'll need Spain's consent. Mr. [PH] Corbett, you were saying it's a divorce. In this divorce, the UK is leaving and Spain is staying with all their friends. If you want EU law to apply to Gibraltar then it would have to be done through Spain. The Spanish government has made a generous offer, sovereignty for Gibraltar and to look at the territorial dispute. So you could keep your British passports, you could have self-governing offices, your tax regime, assuming that it is compatible with the EU, and you would have access to the EU. After Brexit, the only way you'd be able to have access to the single market is through Spain. And as Mrs. [PH] Parasanthantia said, there has to be a European solution for Gibraltar. As we will know, any solution that's adopted would have to be done through a bilateral agreement between Spain and the UK. So to be clear, coming back to the EU, you can either come back to the EU through Spain or leave the EU through the UK. That's a huge responsibility for you. It's not a small decision and it's not one that can be taken cynically or for mere reasons of economic interest in. It's a very broad reaching responsibility. There's a huge majority in favour of remaining in Gibraltar and we want you to stay in the European Union too. And you have that option. And that will be done through an agreement with the Spanish government. If we achieve that, then you can continue to be European. You have to be a realistic of our politicians, I'm finishing Chair. You should not mislead or lie to either businesses or workers or anyone else whose interests or lives are linked to a part of the European Union. If it's a hard Brexit then the whole of the UK will be outside of the EU. To the Scottish Minister, I'm very sorry. Really, I'm very sorry about this. I wish it could be different but our only interlocutor can be the Westminster government. We can only speak to the UK government. Also, this parliament can't interfere in any internal UK affairs. We can't approve a Brexit that will lead any constitutional problems within the UK. We have to ensure that there is consistency internally in the UK. We can't say that one particular region can stay in the single market and then another region that doesn't like Europe so much can't be part of the UK. That would be the beginning of the end of the EU, and the EU has to find solutions that will work for all of its member states, not finding partial solutions. If the UK leaves the single market then Scotland will also be outside of the single market. And believe me when I say that that really is difficult for me. If once UK leaves and then Scotland decides to leave the UK, then you can join the queue after Montenegro, Serbia, Bosnia-Herzegovina, Turkey to join the EU. The rules are the rules.

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We can't change the rules. We have to stick the rules and I'm genuinely sorry about this to my core.

ESTEBAN PONS (original in Spanish): *Señora presidenta intentare ser breve pero no se lo puedo asegurar por respeto a nuestros invitados, porque entiendo que si han venido a pedirnos ayuda lo que querrán es escucharnos. No soy capaz de imaginarme que se venga desde Escocia o desde Gibraltar a pedir ayuda al parlamento europeo y de prisa porque se tienen de marchar. Nosotros les hemos escuchado y ahora lo que espero es que ustedes nos escuchen a nosotros con la misma tranquilidad con que nosotros les escuchamos a ustedes.*

Déjenme que le diga en segundo lugar que esta intervención deberían hacerla ustedes en el Parlamento de Westminster, no en el parlamento europeo porque aunque a nosotros nos parece muy bien escuchar todo lo que tienen que decir es al gobierno del Reino Unido a quien tienen que exponerles sus razones, porque es el gobierno del Reino Unido quien lo saca de la Unión europea. Nosotros no les hemos expulsado. Querríamos que se quedasen. Pero quien gobierna el Reino Unido o el pueblo de Gran Bretaña en un referéndum ha decidido irse y esa no es nuestra responsabilidad. Nos parece muy bien todo lo que dicen pero me gustaría que solo dijeran donde deben decirlo que es en el Parlamento de Westminster y no en el parlamento europeo.

Al señor Picardo le diré que esta intervención era para hablar del Brexit no de sus relaciones con España incluso se ha atrevido a hablar del interés de España y a defender el interés de España y yo se lo agradezco. Quizás podrá hablar de España en nuestra intervención que tenga este parlamento sí que es al final decidimos llamar de la comisión especial de los papeles de Panamá que investiga los paraísos fiscales, o después del Brexit, si es que tenemos la fortuna de que después el Brexit vuelva a poder venir por el parlamento europeo. Pero estamos aquí para hablar de las consecuencias del Brexit, no de la relaciones del señor Picardo con España. Por eso intentare señora presidenta ser breve y hacer algunas aclaraciones para que no quepan dudas.

Primero, ciento muchísimo lo que ha ocurrido con el Brexit. Pero debo decir que no podemos engañar a los ciudadanos del Reino Unido desde el Parlamento europeo. No nos engañemos. Brexit es Brexit. Si Reino Unido se va de la Unión europea todos los que componen Reino Unido se van de la Unión europea. Y al día siguiente Señor Picardo, Gibraltar es una colonia administrada por un país tercero. Nada más que eso.

Segundo, no hay posibilidad, después del Brexit, de mantener el mercado único ni la libre circulación de personas sino es para todo el Reino Unido. No engañemos a la población de ninguna parte del Reino Unido con otras soluciones posibles que son inaceptables para la Unión europea. No se puede ser miembro de la Unión europea un trocito, o miembro de la Unión europea por la mañana y no por la tarde, o miembro de la Unión europea por turnos. Se es miembro de la Unión europea o no se es miembro de

la Unión europea. Si empezamos hoy a aceptar soluciones a la carta es el principio de desmontaje de lo que todos queremos que continúe, que es la Unión europea.

Tercero, si señor Picardo usted quiere que el derecho comunitarios se aplique en Gibraltar necesitara el consentimiento de España. Es un hecho, y además es un hecho jurídico que no cabe ninguna lugar, no engañemos a nadie. Necesitará el consentimiento de España porque es España quien va seguir siendo miembro de la Unión. Precia al señor Corbett que esto es un divorcio, pues en este divorcio Gran Bretaña, Reino Unido, es el que abandona el hogar, y España quien se queda con todos los amigos. Ténganlo en cuenta que si usted quiere que el derecho comunitario se aplique a Gibraltar será a través de España.

Por eso en cuarto lugar, el gobierno de España le ha hecho una oferta generosa que es la cosoberanía, que sería buena para Gibraltar, para el campo de Gibraltar y para la disputa territorial. La cosoberanía les permitirán ustedes mantener su pasaporte británico, le permitirá mantener sus instituciones y autogobierno, su régimen fiscal siempre que sea compatible con el de la Unión europea y les daría una vía de acceso a la Unión europea. Después del Brexit la única posibilidad que tienen de seguir pertenece al mercado único es a través de España.

Y quinto, queda claro cómo le ha dicho mi compañera Maite PAGAZAURTUNDÚA que no existe, ni va a existir una solución europea para Gibraltar. Le aseguro que como todo el mundo sabe cualquier solución que se adopte corresponderá a un acuerdo bilateral entre los gobiernos de España y del Reino Unido.

Tienen ustedes que decidir: volver a la Unión europea, volver a Europa de la mano de España, o salir de la Unión europea de la mano del Reino Unido. Esa es su gran responsabilidad, no es una decisión menor, ni es una decisión que pueda optarse con sí mismo, ni es una decisión que puede optar solo por interés económico. Es una decisión de muy largo alcance que es su responsabilidad a adoptar. En Gibraltar un voto mayoritario a favor de permanecer a la Unión europea. Nosotros también queremos que permanezca en la Unión europea. Tiene una posibilidad de permanecer en la Unión europea, que es un acuerdo a través del gobierno de España. Nosotros se lo ofrecemos y le aconsejamos. Esa posibilidad, si es que es verdad lo que usted dicho que quieren seguir europeos, porque todo no puede ser. Hay que ser realistas porque somos políticos. Y sobre todo, voy terminando señora presidenta, no hay que engañar, ni que mentir, ni a las empresas, ni a los trabajadores, ni a quienes tienen sus intereses o sus vidas en un territorio del Reino Unido. Después del Brexit, si el Brexit es duro, todo el Reino Unido debe estar fuera de la Unión europea.

Señora ministra de Escocia, lo ciento, es una pena me duele en el alma querría que fuera de otra manera. Pero usted sabe también como yo que no podemos tener más interlocutor que el Gobierno de Westminster, no podemos tener más interlocutor que el Gobierno del Reino Unido.

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Segundo, que este parlamento no puede entrar en los asuntos internos del Reino Unido. Nosotros no podemos aprovechar el Brexit para crear ningún tipo de discordancia constitucional en el Reino Unido. Debemos de respetar sus asuntos internos.

Y tercero, no caben soluciones a medida en la Unión europea, no podemos decir que una región en un país porque es un poco más europeísta puede ser del mercado único y otra región de este mismo país porque es un poco menos europeísta no puede ser parte del mercado único. Sería el principio del fin de la Unión europea, y la Unión europea tiene que adoptar soluciones para todos y cada uno de los estados. No caben soluciones parciales. Si el Reino Unido se va del mercado único Escocia se queda fuera del mercado único, y créame que me duele en el corazón.

Hay alguna posibilidad para Escocia de pertenecer la Unión europea si una vez Gran Bretaña, Reino Unido, se ha ido, si ustedes decidiese separarse, pues Escocia puede ponerse a la cola detrás de Albania, de Macedonia, de Montenegro, Serbia o Turquía, para volver entrar en la Unión europea. Las reglas son las reglas. No cumplir las reglas trajo la desgracia de Europa y construimos la unión europea para que nunca más nadie volviera a saltarse ni el derecho internacional ni las relaciones de amistad y principios que unen a los pueblos en la paz. Lo siento en el alma.

PROF. HUBNER: It is clear from the very beginning, we have invited our guests here, the decision has been made twice by the coordinators. And I said in the beginning, we are not negotiating, we are just listening to the concerns, the hopes that colleagues or our friends from Scotland, Gibraltar. Unfortunately, Northern Ireland, because of the problems with conflict, political crisis, could not come today, but I think our guests are here to share with us the information. We are not promising anything, we are not negotiating. The European Parliament has its own competencies but we feel that if we are going to propose the consent procedure with a yes, we have to understand everything that is related to Brexit. That's why we are having, as the coordinators decided we are having this discussion today.

[02:46:00]

Most of parliamentarian committees are planning to go to UK in the months to come, also to better understand the situation there and the concerns of those citizens whose vote to stay amounted to 48% and who are not listened to. We want to listen to everybody because we are European Parliament. So please colleagues, take this into account and don't accuse our guests here of having bad intentions. It is very clear. Now, Madam Minister has to leave in five minutes so--

FIONA HYSLOP: The arrangement I thought were that I would come and give my evidence and questions and I would leave and then it would be Gibraltar. So I can stay for some time longer but I would indicate to the Chair, if that's okay. This is going to be

difficult. We know the UK are the state, I set that out. We understand that we're trying to persuade the United Kingdom of our position and then they would present it whether it would be received or not as a matter for the negotiation procedure. We're not here to negotiate, we're here to try and share the experience that we have. And I thought the first question was a thoughtful reflection because the EU the UK will leave in two years' time would not be the same as the EU is today. And there is much debate about the nature of what the EU will be and the issues that are within that. And I do think that we therefore have to make sure that whatever the solutions we come up with are consistent with the point of leaving, not just where people's views and opinions, and perhaps the prejudices are, at this point in time, we have to be prepared to future think as to what will be the best solution.

And in terms of some of the other issues in relation to the question from our Flemish friend, clearly Belgium already has a differentiated position that's different from other member states. It shows you that within the current situation there already is a differentiated position there. But fundamentally, and this is very important, is if you look at the current situation within the Belgian states, there are competencies for whether its Flanders or Wallonia to be able to negotiate on international issues as they affect devolved competencies. So even whether our paper's accepted or not by the United Kingdom, the singular act of leaving the EU because agriculture, fisheries, etc. are our devolved competencies, would immediately put the interest that you all have within your representative countries, would put your interest, I thought would be very acute. What does happen to the fisheries policy of Scotland when we have a devolved competency? And so those powers that are currently with the EU, come to Scotland. So there is something about that monitoring process about understanding the track of the exit as it proceeds. I think it's very important that you do understand that regardless of what your views are or indeed of the other member states, the singular act of leaving the European Union will mean the constitutional settlement within the United Kingdom will be affected.

And that already, and I think to the third question, the United Kingdom government themselves have already acknowledged that the devolved settlement will have to change because of the act of leaving the EU. So, these issues are all in play. The responsibility for all of us, however, is to find out how can we get an orderly and a timely way through this process that at the end of the day recognises the rights of EU citizens as they currently are within Scotland. But also those 181,000 EU nationals that live in Scotland currently, we have a responsibility for them as well. So, in terms of the solutions that we can find, we have to find something where there is mutual interest. What I think, and I think I hear the warnings of not allowing any of our positions to be hijacked by any particular interest within the European Union. And that's where I think the parliament has a real responsibility because you have that breadth of analysis. You have that breadth of membership and I think at a time – there are constructs around the Article 50. There is a process. But so much of this process is has never been tried before and we'll have to act and respond in terms of how it can be developed, an unknown territory. So I'm not – I'm

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always an optimist. We are living in difficult and challenging times not just within the EU, but beyond the EU.

And I think we have a responsibility to try and get – it's a difficult situation. It's not what I wanted, but to try and find and forge a way forward. And for a party that believes in independence for Scotland to put forward a compromised position, there is an attempt to doing that, shows the good faith that we want to act on this is a challenge to understand all the complexities of the UK state as it currently stands. But we want to keep you as informed as possible because it will be a process over the next two years till the consent comes. And I think the point about the politics of the European parliament entering our election period is not lost on us. So therefore perhaps, earlier considerations of this will help find the foundations before we get to that station two years' time.

PROF. HUBNER: Madam Minister, I have three colleagues from UK that would like to speak. Would you take short questions of – so I have Mr. Duncan then I have Diane James and also Julie Girling. And then we'll have Ramon Jauregui to complete the story. So Mr. Duncan is first, yes.

MR. DUNCAN: Madam President, thank you very much for accepting my intervention and thank you very much Minister for coming here today. It's good to see you here. It's not so long ago that we sat on the same side in the debate in a in the University of Glasgow where we proposed that we should remain inside the European Union. And as tradition in that university, the result was announced by oral acclamation where people cheer for the side they wish to see winning. For the side that's supported leaving the EU, it was greeted only with silence, so I think it's important to stress that. And I'm under in no illusions that Scotland has made a very clear statement not just at that particular night in Glasgow but in the ballot itself. It's important to stress of course that of all the nations within the family of the United Kingdom, there were many that different views expressed. It would be important, I believe, Madam President, to listen to those, too, whether it be Wales or England, or indeed Northern Ireland, after its troubles are resolved. It's important to hear each of those voices. But if I may, and Mr. Picardo forgive me, I will not focus upon your issues today. You've been interrogated enough, I feel on this occasion [laughs] If I may, the issue that strikes me as important is the Natural Scotland's proposed relationship and that rests on whether we are to be, in the Scottish government's word, a member of a single market or indeed a part of the European Economic Area. Behind each those rest Customs Union a question there. I am looking information about how Scotland could be part of EU Customs Union in effect while still also remaining part of the UK Customs Union and to highlight this if I may use an example. In short order I hope, there will be an EU-Canada deal and Scotland will be part of that. After we depart, if the Scottish government are successful, there is little doubt that Scotland can be a part of the EU-Canada deal. If the UK negotiated its own deal with Canada, you can see immediately why there'll be a certain conflict between the EU-Canada deal to which Scotland is privy and the UK-Canada deal which Scotland is also privy, one under the jurisdiction of the European Court of Justice, one under the

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jurisdiction of Supreme Court of United Kingdom. I wonder if you can give some information about how you see that working in practice because I think this is perhaps at the heart of how you would see these – the Venn diagram of the Customs Unions joining together. And clearly, allied to that, now you've touched upon it already, the question of free movement whereas the membership of the EU and the EEA would demand a certain degree of freedom of movement and a certain expectation within the rest in the UK, there would not be such freedom. So it's two-part question. The Customs Union and the Freedom of movement.

PROF. HUBNER: Sorry, madam. Diane James and then Julie Girling.

DIANE JAMES: Madam Chair, thank you as ever for taking the question from me. Well, in the last ten days – thank you again to both of our guests, Mr. Verhofstadt who is a member of this committee issued a rather interesting statement and I took it on board as being an olive branch. And the olive branch that he put across was that if the United Kingdom were to reconsider Brexit then re-entry would be a possibility and in fact, it could be fast tracked. Now it's albeit – it's a very recent offer literally over the last ten days. I'm curious, has this been considered by both the Gibraltar parliament, the devolved government in Edinburgh? Have you a view on this? In particular obviously in terms of your issues? And given that I don't want to see a breakup of the United Kingdom and I don't particularly want to see Gibraltar either, but it would actually deliver what with the first minister wants in terms of you could have your if not – sorry, your – let's get this right. Not if referendum for independence but just when – **[sound cut 02:55:39 – 02:55:56]** stopped.

JULIE GIRLING: I'm here. Thank you Madam Chairman. I was going to – I did put my hand up to speak to the first intervention from my colleague. I didn't put my hand up to respond to the first intervention from my colleague, I don't know who is, but Mr. Picardo did a fantastic job of demolishing that argument so I don't need to do that. What I do want to say though is both the Scottish and the Gibraltar situation, and most particularly for me, I represent Gibraltar in the parliament here. So most particularly for me, I'm concerned about Gibraltar. Both of these, if there is going to be a flexible and innovative solution need to be dealt with by members of the European parliament with sensitivity and I think an open mind to cooperate. And I think it's absolutely right that both Ms. Hyslop and Mr. Picardo here talk into the European parliament because in the end, we do have a vote on this. This is extremely important. It is relevant and it isn't exclusive.

It doesn't mean you're not speaking to West Minister. I am too well aware of the many times that both of you have been talking with the West Minister. So what we need to see and what this committee – it would be appreciated if we could show some members a little bit more than they have is an openness to discuss these issues to resist the temptation for other political reasons to jump on the issue to make hay for yourselves. Understand that there are mutual benefits for both Gibraltar, Spain and the UK for

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Gibraltar to have the sort of arrangements that Mr. Picardo is putting forward. Not least the 10,000 or so Spanish citizens who work every day in Gibraltar and who are in constant fear of being used as collateral damage in what is a nationalist political sideshow, really, to the main debate about the UK and Brexit, and it shouldn't be. It's very important for those citizens.

I understand why the Spanish -- some Spanish members get upset about it, it's must be very galling to see a part of Spain thriving with an entrepreneurial spirit which seems to be absent outside the Gibraltar. But take on board the positive aspect of that. This creates employment. It creates innovation. For the record, we don't have harmonised taxation in the EU whether Britain whether in it or out of it. So to expect that is unrealistic. I will go on being very positive in trying to support Gibraltar and thank this committee for having this hearing. And I know that it is not the general view of this House that Gibraltar should not be looked at favourably.

PROF. HUBNER: So Madam Minister now, the floor is yours.

FIONA HYSLOP: Thank you, and thank you to Iain Duncan for his question. I think it cuts into our -- the core issues that we have to resolve. Clearly already there exists a situation where there are some countries that are members of a single market, but not obviously in the Customs Union. Look at the EFTA countries so that's the construct that already exists. As far as the -- so you can be in a single market and not in the European Customs Union. Our proposal recommends that the UK remains part of the Customs Union. We know from Theresa May's announcement that she doesn't want the UK as a whole to be in the single market. It's unclear yet what the UK's position is around the EU Customs Union or the -- but reading the lines, it looks as if they want to be out of the EU Customs Union. I'm not quite sure what associated membership means but we understand it might be some differentiation so already you're seeing the UK wanting to have some kind of differentiation around the Customs Union. But your point about how Scotland would sit within that situation, one we have to find out what the UK's position is as well. But if you look at, particularly around EFTA membership, well clearly there would be the trade around the EFTA countries themselves that we would be part of, as part of that agreement. Similarly with the rest of the EA, that's how we've seen it in terms of our association with the rest of the EA. But your question is about the third party engagement that Scotland under our proposals would have. And I think that would have to be addressed precisely for the points that you raised, but that can't be addressed properly until we know exactly what the UK's position is on the Customs Union.

Your point about the freedom of movement, really I emphasise how important to Scotland this is. 25% of our research cadre at our universities, are EU nationals. It is not just about goods, trades and services. The creativity that's involved in that international exchange is so important to us. The UK of course will have to construct its own immigration rules as a result of their proposition. UK passed the UK Immigration Act 2016 and that means in terms of where people work or whether they get service

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provisions for housing or even social services. People will have to demonstrate that they are entitled to be there. There could be a differentiated freedom of movement solution, something that informally has been suggested and proposed to me by others, not the European parliament but with others with European interest in this area and that's perfectly possible. We have had various positions on immigration before in relation to the post study work visa. So it's practical if there's a will, and in relation to freedom of movement that I think a solution would need to found as a set across the isles of Britain and Ireland. The common travel area pre-existed membership of both Ireland and the United Kingdom of the European Union so I think there's a solution that can be found there as well. In relation to Guy Verhofstadt's..., I think there is an issue I think for UK to consider where it goes. I think we welcome the Supreme Court's judgement that the Westminster parliament has to have a say. We think that's appropriate, but the future of those negotiation and acts means who knows that the situation might be? And I think the realism will suddenly kick in, in terms of is it realistic that UK will be able to not only negotiate its exit but also have a consideration going forward of what that new relationship might be. I think there'll be a harsh reality and a harsh realism will kick in but I'm not going to predict the future.

But I would say in terms of the timing, it goes back to our colleague's friend about the pace of this. The content of Article 50 letter is absolutely crucial here, not only for our position in Scotland, seeking a differentiated position, but also to enable the UK to move forward not only with a reasonable exit, but also in constructing the relationship going forward. And that's a key critical test which I think regardless of what the consent processes in two years' time. This can we see we'll have an interest in. And I think the final point about that openness to discuss, we come here in a spirit of discussion, I don't think a motion in this is going to help us. I come from a country of the democratic intellect and the age of reason and enlightenment. We always want to make sure that we're evidence-based in our arguments and we'll continue to do so. And we really do look to the European Parliament to provide the opportunities to that shared understanding. We are all different, diversity is a good thing. Difference is a good thing as long as we have respect and understanding from where we're all coming from. And I think our citizens will all look to us at this time to make sure that we do that in a responsible way.

PROF. HUBNER: Thank you very much. I understand that you would be leaving, so I would like to thank you very much indeed. I think that dialogue based on respect is the most important thing that we can offer to you as well and thank you for coming and sharing. So we will continue the meeting. There is a response and there is still one more question. So I would like not to give it – yup. I would like now to give the floor to the chief minister.

FABIAN PICARDO: Thank you very much Madam Chairman. Can I warmly welcome the words of Julia Girling in relation to Gibraltar. She is one of our members of the European parliaments. Now, I'm very grateful for the way that she has characterised what

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Gibraltar does in the region. Madam Chairman, you made very clear that we have not asked to come here to ask you to become involved in UK internal politics or for any other reason. But you have invited us to come here. We have not come here to seek somehow with a begging bowl to seek to have continued access to the European Union. You have invited us to come here.

And yet, so much of Senor Gonzalez Pons' exposition was based on the idea that I had asked to come here. And I ask you members to look at everything else that Gonzalez Pons, Mr. Gonzalez Pons said in that light. He started by telling you, "You asked to come here for this and you asked to come here for that etc." And yet, as the chairman has herself indicated, we were actually invited to come here, and so everything that the Honourable gentleman needs to be seen in that light. But let us look at everything else that he has said, and let me deal as he did, with points one by one and perhaps he can allow me to finish my answer, as I allowed him to make his points on a one by one basis. He told us that we came here to talk about Brexit, not about Spain's relationship with Gibraltar.

Well, I'm surprised Madam Chairman because I spent the last week reading what other things he wanted to put to me in the context of the meeting. All of the quotes about the things he was going to say to me about Spanish sovereignty over Gibraltar and all the things that Gibraltar does in its relationship with Spain. So this is also an example of Senor Gonzalez Pons saying one thing now although the reality is obviously different. He says that I've spoken for the Spanish region around Gibraltar. I have, Madam Chairman. I have spoken about Gibraltar and the Spanish region around Gibraltar for a very simple reason. It is important that we recognise the real human partnership, the human relationships that they are between Gibraltar and the Spanish people of the region around Gibraltar.

These are historic ancestral links and their current economic links. The Honourable gentleman will know because I've said it in a number of occasions. I have Spanish blood in my veins. My grandmother was Spanish from the region. Those are real human relationships; that's why I speak for Gibraltar, who I'm empowered democratically to speak for. And I speak also for the great people of the region around Gibraltar who deserve to be borne in mind. And some Spanish pride swallowed in the context of where we are going. The Honourable gentleman said that Brexit means Brexit and that therefore does not question any different sort of relationship going forward. Madam Chairman, I started from the basis that Brexit means Brexit, saying that Gibraltar is leaving the European Union with the United Kingdom, so he doesn't need to persuade me of that. Because you see, madam, when we characterise things as a divorce, we talk about not Europe a la carte something we are not looking for.

When we look at things in binary terms, yes or no, one or zero, Madam Chairman, we are ignoring history and the best way to ensure a common partnership continues to exist between the people of all the areas of Europe. You see the Honourable gentleman spoke

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about the internal legal order of Gibraltar, something that he is entirely unqualified to do. I don't comment about the internal legal order of Spain, but if this is a divorce, let us look at how we got together. Because when we got together, Madam Chairman, issues were not binary. Spain was not in or out of the European Economic Community in 1984. Spain was out of the European Economic Community in 1984. But Spanish citizens, himself included, if he had cared to come to Gibraltar between 1984 and 1986 enjoyed European Union -- European Community rights in Gibraltar.

We did not regard it as an issue that was binary. And so when the Honourable gentleman puts to us the issue of joint sovereignty and he tells us that it is generous to be told that we must surrender half our sovereignty if we want to continue to be members of the European Union, I say we have a different definition of generosity. We asked nothing in return in 1984 when we extended to all Spanish citizens EC rights then and yet we are asked to give up the title to half of our home in order to be able to continue to enjoy those rights today. The position for us is very clear. We will pay any price, we will bear any burden, we will meet any hardship to continue our exclusive British sovereignty. That is something we have considered carefully that we have factored in as a people. We voted 96% to remain in the European Union. We voted 99% to remain exclusively British and not to share our sovereignty with Spain.

He says there's a commission on the Panama papers he'd like me to attend to, I would be delighted to come to give evidence to that commission, to put the facts before that commission so that they don't have to hear the sorts of fiction that we've heard put today. But then again, I invite him to come to Gibraltar. Perhaps he'll take the attitude that the other Spanish members of the parliament has taken, which just means to say that they will not come to Gibraltar until the Spanish flag is flying over Gibraltar in which case in their lifetimes unfortunately will not have the pleasure seeing our magnificent little bit of Europe real estate.

But I will tell him also this in a letter to Senor [PH] Montodo, I invited Spanish tax collectors to come to Gibraltar to see how our tax authorities work, they too have not come. In a divorce, there are two attitudes to take. You can shrill, you can shout. You can say that you want to keep the house, the children and the dog. And if you do that, you don't care about the future of the children. I've been a lawyer. I've advised people going through divorce. I always say to them, "Swallow your pride. Think about the children. Look to the future. Forget the past." That is what I say to Spain. "Look to the future. Forget the past." There is no question of Gibraltar ever accepting the sovereignty of Spain in respect of our homeland. Thank you very much indeed.

PROF. HUBNER: Thank you, one speaker to Ramón Jáuregui. Can we just close the list and – or there is still any--? So you will be the last speaker Ramón.

RAMÓN JÁUREGUI: Thank you, Chair. Mr. Picardo, I would also like to express a few points of view on this topic, on behalf of these socialists. I'm not doing it as a

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member of the Spanish government or necessarily as a Spaniard. We have a problem as you know. We have mechanisms to try to solve it. Sadly, it's a little bit of a stumbling block right now, but we have to both find solutions. I think we both have to recognise that Gibraltar is a big – it will have problems if it leaves the UK. We have a big problem – we're part of the community as you said, and we have a series of shared human interest issues that we have to try to solve. Beyond the political debate that we have today with you and my colleagues, there is a few proposals that I'd like to make whether you'd like to take them into consideration because negotiations will happen and the problem is – as you yourself have said and accepted, whatever agreement that happens later between Gibraltar and Europe have, whatever form that takes, is going to need consensus from Spain. It's going to need agreement from Spain and you know that.

You hate to hear from us so I have some specific questions I'd like to raise. I don't want to get down, to get bogged down in oratory about sovereignty. We all have an opinion on that. We have different opinions, antagonistic at times. However, we do have to make progress. This crisis has produced an opportunity and I honestly see it like that. We have to use this opportunity because we have to work together. If we admit the risks facing Spain linked to Gibraltar – there are risks for Spain and for the community, but for you, it will also be quite tragic if Gibraltar is no longer of the EU. It's no longer EU territory, so we're going to have to be more constructive. Perhaps it's not politically intelligent, Mr. Picardo, when you talked about Spain as a hostile neighbour. It might be the truth, but it's not a good idea to say it because it's not how we're going to make progress going forward together. It's not politically smart for you to talk about a population in fear from Spanish expansionism. I think we should leave this aside for the moment and I have some questions for you.

Would you be willing to have a negotiation in which Gibraltar would be an antagonist but also the Andalusia, the Andalusia government when it comes to the whole region, also the UK and Spain, to try to come to some kind of provisional agreement on implementation of European law in Gibraltar, because you need EU law to apply when the UK leaves. So my question is, could we negotiate with these four players? Would you be willing to try to come to some kind of agreement between the UK and Spain? As a result, of the negotiation with these four different players and also of course the EU to solve some of the problems we have locally. For instance, border controls. As you said, it's going to be a problem. We need people to be able to pass the border easily. Secondly, water. Thirdly, tax transparency. We do have a problem. I'm not going to call anyone names, but there are issues that open in the courts and there's a lack of cooperation which allows Spain to say that you don't cooperate. And this is what the Spanish tax authorities are saying about Gibraltar. So we need tax transparency, there is the airport and cross border corporation.

Some kind of modus vivendi which would allow those involved to ensure that EU law applies after Brexit. That way, the territory could remain as it is. That was my first question. My second question is, would you agree to some kind of formal agreement on

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this modus vivendi if it was adopted by Spain and the UK. Thirdly, this is a historic moment and it will allow us to redefine the relationship between Spain and Gibraltar and provide opportunities or a new way forward for the future. We have a problem. You can continue to say that it's up to the Gibraltar people to decide but we're talking decolonisation. We've been talking about that since 19 – well, for years now. We have to leave words aside.

My third question is, would you accept that we could discuss a new status for Gibraltar whereby it would have some kind of link to the EU and therefore pass a series of resolutions which would be passed by the UN and help to solve the conflict. In imaginative wording, I'm not going to say what that would be. Sovereignty, I don't know, well, that's all to be discussed. But the question is, is this the right time to think about this kind of thing. We have to work together. And in behalf of these socialists, and I'm speaking in behalf of these socialist group, not as a Spaniard. I would say that in December, the Spanish government took a resolution on this and I'm speaking on behalf of a group which accepts this word map. How does this seem to you? Thank you.

RAMÓN JÁUREGUI (original in Spanish): *Gracias, presidenta. Señor Picardo, yo también quiero expresarle algunos puntos de vista con el tema que nos trae y lo voy a hacer en el nombre del grupo socialista no le hablo ni en el nombre del gobierno español ni le hablo tampoco explícitamente como España porque tenemos un problema ustedes lo saben tenemos mecanismos para intentar resolverlo desgraciadamente bloqueados pero ahora tenemos un problema las dos partes. Sinceramente creo que tendremos que reconocer que Gibraltar tiene un problema importante al irse el Reino Unido es evidente nosotros tenemos una comunidad usted lo ha dicho que yo comparto tiene una serie de intereses humanos que también tenemos que intentar resolver. Yo querría plantearle, más allá del debate político que se ha producido aquí entre mis compañeros con usted concretamente tres propuestas que me gustaría saber si usted está dispuesto a considerarlas porque la negociación viene y el problema que tenemos está ahí yo creo que como se ha dicho y usted mismo lo está aceptando cualquier acuerdo posterior de Gibraltar con Europa cualquier tipo que lleve la formula va reclamar el consensos español. Usted lo sabe. Entonces como tenemos que intentar entendernos yo le quiero hacer ya unas preguntas concretas porque no me voy a volver a la retórica de la soberanía de Gibraltar colonia todos tenemos una opinión sobre lo que hay. Lo sabemos, es distinta. Yo diría que es antagónica. Pero ahora tenemos que empezar a recorrer caminos. ¿Por qué? Pues porque creo que como dicen los chinos esta crisis ha producido una oportunidad. Yo sinceramente lo veo así. Una oportunidad que tenemos que recorrer porque necesitamos hacerla juntos. En gran parte permítame porque asumiendo los grandes riesgos que España tiene para esa comunidad relacionada con Gibraltar los riesgos para España son importantes. Pero para ustedes, el hecho de que Gibraltar no sea un territorio de la unión europea es dramático. Entonces yo por eso quiero ponerme en un terreno más constructivo y perdóneme que le señale que no es políticamente inteligente Señor Picardo que en su intervención hablase de España como un vecino hostil. Puede serlo pero no lo diga. Porque no es la manera de construir juntos*

un camino. No es políticamente inteligente que usted hable de una población con miedo al expansionismo de España hombre yo creo que todas estas circunstancias vamos a dejarlas. Y yo le voy hacer tres preguntas concretas. Están ustedes dispuestos a que se produzca una negociación que tenga por protagonistas por supuesto a Gibraltar, también a la comunidad andaluza a la Junta de Andalucía, que tiene mucho que ver con todo lo que es el desarrollo del campo. Al Reino Unido y a España en lo que yo llamaría como un acuerdo provisional de la aplicación del derecho europeo a Gibraltar. Porque ustedes necesitan que el derecho europeo cuando el Reino Unido se valla sea aplicable en Gibraltar. Entonces mi pregunta es podríamos negociar con estos protagonistas que le he dicho ustedes estarían dispuestos a que hubiera un acuerdo entre el Reino Unido y España que fruto de esta negociación entre estos protagonistas y teniendo a la Unión Europea también en esa negociación resolviera los problemas que tenemos en el espacio. Por ejemplo, los controles en frontera. Evitar lo que usted ha dicho que es un problema y por tanto que haiga fluidez en el paso fronterizo. Segundo en las aguas. Tercero en la transparencia fiscal por que algún problema tenemos. Yo no les voy a calificar pero hay algunas denuncias ante la Comisión de la Competencia que están pendientes y hay una falta de colaboración que a España le permite decir que no es un país colaborador. Sinceramente esto es lo que los servicios fiscales señalan de Gibraltar. Transparencia fiscal, aeropuerto y cooperación transfronteriza en el campo. Un acuerdo de modus vivendi Señor Picardo que permitiera que con estos protagonistas que cuando el Reino Unido se valla se permitiera que el derecho común de la ley comunitaria y por tanto los compromisos que España tiene con ese territorio pudieran mantenerse. Esa es mi primera pregunta. La segunda es si ustedes aceptarían que ese acuerdo formal ese modus vivendi fuera adoptado por el Reino Unido y por España y en tercer lugar si considera usted que realmente lo que está ocurriendo es un momento histórico que permite redefinir la relación de España con Gibraltar dando oportunidades a fórmulas que busquen vías nuevas de futuro. Porqué el problema lo tenemos usted puede ir diciendo que hasta que el pueblo Gibraltareño no resuelva pues no va pasar nada pero hay unos espacios internacionales donde se está discutiendo sobre, y concretamente en las Naciones Unidas, sobre la descolonización desde el año 66 o 65 hasta el año 2016. Bueno dejas las palabras del lado. La tercera pregunta es, ustedes aceptarían que en función de estas circunstancias cabe discutir un nuevo estatus para Gibraltar que pudiera tener vinculación con la Unión Europea y por tanto un establecimiento de un conjunto de resoluciones que dieran y que tuvieran el amparo de las Naciones Unidas y resolvieran el conflicto en fórmulas imaginativas. No digo cuales, no hablo de soberanías yo lo que digo es que hay que empezar a discutir. Entonces la tercera pregunta es si este es un momento en cual se puede incluir en este camino una materia como esta. Esto es lo que yo quiero decir sus señorías que hay que trabajar juntos y que en nombre del grupo socialista que yo le hablo yo le hablo del grupo socialista no solo el español quiero decirle que en el mes de diciembre el parlamento español tomo una resolución para consensuar la política en esta manera y para consensuar en esta manera tienes que hablar con nosotros y yo por eso le hablo en nombre de un grupo esta hoja de ruta. ¿A usted le vale bien?

FABIAN PICARDO: Thank you very much Madam Chairman. I am the leader of the Gibraltar Socialist Labour Party. So, I recognise a colleague on the left in Mr. Jáuregui. And I think that somewhere in what he has said, despite his political advice etc. I detected an element of solidarity with the people of Gibraltar and with the people of the Spanish region around Gibraltar because of the Brexit that is being visited upon us which none of us has chosen. And I'll try and address your three questions you put to us in good spirit of solidarity which is so much on the left. If I may say so however, when the Honourable gentleman talks about the dramatic needs that Gibraltar has etc., I'm reminded by Sir Arthur Conan Doyle words in one of the Sherlock Holmes mysteries – "Reports of my death are greatly exaggerated." Gibraltar is not withering on the vine. Gibraltar is not somehow staring at the precipice. Gibraltar is going to continue to thrive and succeed to the mutual benefit of the people of Gibraltar and the people of the Spanish regions around Gibraltar. And I do not attribute this to the Honourable gentleman but I think some people have wanted to see this as a moment that might redefine Gibraltar's future because we might not thrive.

I think the Honourable gentleman is not saying that, but some others are. And he will also forgive me if I don't take any political lessons from him. As a socialist leader that recently won an election with 68% of the vote in my country, I'm going to continue to keep my own political counsel. But let me address some of the substance of the things that he has put today. Gibraltar accepts that when it's negotiating through the United Kingdom with the European Union, it is of course negotiating with the 27 remaining member states. Unfortunately, only one of them has an interest in Gibraltar. All of the others tend to want to work with us and cooperate. Only one seems to take a slightly different attitude. But I put it to the Honourable gentleman that if Gibraltar's taken the attitude that I have taken in my presentation today, he and Mr. Gonzalez Pons have said a number of things in the past ten days in the Spanish press in what they are going to put to me in this commission. All what matters is what they've said here. But they've said a number of things therefore I have to recognise that I come here with that information to answer those issues. But they must ask themselves, what has Spain done? In the context of the last 312 years, but let us just concentrate in the last 20. To put the people in Gibraltar, in the frame of mind in which we are and which we react given these issues, because that is something that they need to look at. And I will not take his political lessons. I have no doubt he will not wish to take my political lessons, but I would put it to him that if Spain addressed the way they have managed that frontier, the way that they have made remarks about the people of Gibraltar and the territory of Gibraltar and the business that we do, whether we have been characterised, indeed, I would say vilified in the Spanish presence and some occasions in the international press, they would understand why it is that we take that view that we take today. Why I use the reference to hostility. If their airports have been left out of air liberalisation measures, simply because of an objection by Gibraltar, how would they feel in respect to the attitude that Gibraltar is taking against them. But in relation to the questions that he asked me, let me answer in this way.

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There has been, and he's alluded to the context of what he said, a very successful negotiating framework established by the socialist party that he represents here, called the Trilateral Framework for Dialogue established in the middle of the 2000s which resulted in a number of agreements in [PH] Cordoba in 2006 when Mr. [PH] Molatinos, the former foreign secretary of Spain. That included Gibraltar and the Junta de Andalusia. All of us sat around the table at that time and we're able to come to an agreement which was important and importantly, they were for the benefits of the people who lived on both sides of the frontier. Gibraltar continues to believe that that process can produce important fruits for people on both sides of the frontier. The United Kingdom itself has said repeatedly that it remains strongly committed to that trilateral process. In the context of the negotiations to exit the European Union, there will be an opportunity also to consider some of those issues. Are we interested in modus vivendi? Absolutely, we are.

That's what I've said and been saying it repeatedly. Frontier fluidity is hugely important in particular to the people he represents who live in the region. The issue of waters is one, where people's lives are put at risk because of Spain's failure to agree to take the issue of whether Gibraltar has territorial waters as clearly defined that we have under the United Nations Convention on the Law of the Sea to the International Court of Justice. Of course we want to deal with those issues but we will not negotiate the internationally recognised sovereignty of those waters. And when it comes to the issue of financial services, something on which he's spoken before, I say to him, if he cares to look at the facts, he will recognise that actually Gibraltar does more than most European states in respect of financial services transparency.

And I invite him to look at the detail of those facts, to come to Gibraltar, to sit with Gibraltar's commissioner for income tax, to talk to our income tax authorities and to see the information that we share. Otherwise, why doesn't Germany, France, or the United States complain about us not sharing information? We share more information than we might, if you listen to what he says, ever be expected to share. But importantly, we share more information with Spain than we share with anybody else. Because they ask for more information and we give them more information and yet they never recognise that, they never even speak about that. Would I be amenable to the United Kingdom and Spain setting up that process was his second question. They already have in the trilateral. As the two member states in the European Union, they will be the ones at the top negotiating table as we go forward on the exit negotiations.

But is there a historic opportunity to redefine Gibraltar's status, that I'm afraid to say is a matter exclusively for the people of Gibraltar and the United Kingdom government because we will not countenance a change in our sovereignty. I know he didn't want to express it in that way, but I think in effect, that's what it means. We will not countenance a change in our sovereignty. We will continue to want to extend the hand of friendship, to be an engine for growth in the region in particular in the southern most flank of the European Union, but not in a way that somehow changes the established legal order that the people of Gibraltar are enamoured of, that we have repeatedly voted for and that is

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our choice in the exercise of our right to self-determination. But of course we can work together. And Gibraltar looks to work with the region around it, with the people of Spain. Our hand of friendship is set out. If I paraphrase another American president, "If you unclench your fist, you might one day take it." Thank you.

PROF. HUBNER: Thank you very much. I understand that on this we can conclude our meeting. I would like to thank you very much Chief Minister and I would like to close the meeting. We see each other tomorrow, but today we still have coordinator's meeting, right?

MALE: Yes.

PROF. HUBNER: So I would like the coordinators to stay.