



**Government Response to the House of
Commons Foreign Affairs Committee's Second
Report of Session 2014-2015 (HC 461)
Gibraltar: Time to Get Off the Fence**

Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty

September 2014



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GOVERNMENT RESPONSE TO THE HOUSE OF COMMONS FOREIGN AFFAIRS COMMITTEE'S SECOND REPORT OF SESSION 2014-15 (HC461)

“GIBRALTAR: TIME TO GET OFF THE FENCE”

This Command Paper sets out the Government's response to the Foreign Affairs Committee's report of 1 July 2014 on the Government's policy towards Gibraltar. The Committee's conclusions and recommendations are set out in bold and grouped into themes. Unless otherwise indicated, references are to paragraphs in the Foreign Affairs Committee Report (HC461).

The Government welcomes the Foreign Affairs Committee's interest in Gibraltar. We are grateful that the Committee was able to visit Gibraltar, hold an evidence session with the Chief Minister of Gibraltar, and talk to a wide range of local people. As the Committee itself noted, these displays of engagement and support are widely appreciated by the people of Gibraltar. We hope the Committee will maintain this interest. Since the Committee's visit in March 2014, both the Chief Secretary to the Treasury and the Minister for Europe have visited Gibraltar.

The Government has never been on the fence on Gibraltar. We share the Committee's frustration about the Spanish government's stance, and the negative effect that its disproportionate, unjustified, and unlawful actions have on the people of Gibraltar. We note the Committee's call for us to take a strong position with Spain and we will continue to do so. We largely agree with the recommendations made in the report, and note the Committee's recognition of the limited options available to the Government if we are not to escalate the situation to the detriment of the people of Gibraltar.

We have been robust in challenging Spanish incursions into British Gibraltar Territorial Waters and delays at the border. In particular, our strategy of seeking the intervention of the European Commission to resolve the border delays has resulted in follow up action, as we set out in our detailed response to the recommendations. We continue to defend Gibraltar's inclusion in EU aviation legislation against unreasonable Spanish intransigence in Brussels.

The Government welcomes the Committee's approval of our de-escalatory stance with Spain. We remain ready to take whatever action is necessary to defend the sovereignty of Gibraltar and its prosperity and security. We remain convinced that this is best achieved through dialogue, dispute resolution and co-operation in the longer term.

We thank the Committee for this report and for its detailed recommendations and comments, to which we respond in full below.

Sovereignty

- 1. The difficulties the current Government faces are in part a legacy of regrettable decisions made in 2001-02 to allow for joint sovereignty discussions, which raised expectations on the Spanish side. Since 2004, the Government has sought to correct this by a consistent message that no discussions will take place without the consent of the people of**

Gibraltar. This is the correct approach, and should be consistently re-affirmed. The 'double lock' has provided Gibraltar with security following a difficult period; this guarantee of self-determination should never be abandoned again. (Paragraph 12)

The Government remains unreservedly resolute in its commitment never to enter into arrangements under which UK sovereignty over Gibraltar would pass to another State against the wishes of the people of Gibraltar, and not to enter into a process of sovereignty negotiations with which Gibraltar is not content. This “double-lock” on sovereignty is the keystone of our policy on Gibraltar. Furthermore, Gibraltar’s Constitution enshrines the principle that all peoples have the right of self-determination, and provides for a modern and mature relationship between the UK and Gibraltar.

We agree with the Committee that this position is the correct approach, and welcome their recognition that the Government has repeatedly made strong statements of its commitment to the “double-lock” and to Gibraltar’s freedom and security. The Government will continue to reiterate this stance to Spain, Gibraltar and internationally, including in Brussels and the UN.

- 2. We are deeply concerned by the cavalier approach taken by Spanish vessels in their attempts to assert an illegitimate form of authority in British Gibraltar Territorial Waters. We consider that the actions taken by the Government of Gibraltar in relation to the fishing agreement and concrete reef do not justify the increase in incursions, nor the hostile tactics of some of the vessels that conduct them. We recommend a more robust approach in defending British Gibraltar Territorial Waters. In its response to this report, the Government should set out the naval and police options it has identified to this end; and those it intends to pursue. (Paragraph 30)**

The Government is pleased to report that the European Commission has now dismissed the questions raised by Spain on environmental grounds over the North-West Artificial Reef, bunkering activity and a number of reclamation projects. This confirms our longstanding belief that Gibraltar is managing natural resources properly and is fully compliant with EU environmental law in doing so.

The Government wholly agrees that repeated unlawful incursions into British Gibraltar Territorial Waters are completely unjustifiable. We are also deeply concerned that the behaviour of the Spanish state vessels is often dangerous, and we have underlined this concern to Spain on a number of occasions, such as when summoning the Spanish Ambassador on 2 April over the unlawful incursion of the Spanish survey vessel, Angeles Alvarino, when a Guardia Civil vessel collided with a Royal Gibraltar Police vessel.

It is important to note that incursions are a violation of sovereignty, not a threat to it. They do not weaken or undermine the legal basis in international law for British sovereignty over Gibraltar, including British Gibraltar Territorial Waters.

Maritime security in Gibraltar is provided by the Royal Navy's Lifespan Patrol Vessels, HMS SCIMITAR and HMS SABRE, and up to three Rigid Hull Inflatable Boats (RHIBs), all operated by the Royal Navy Gibraltar Squadron. The Squadron has primary responsibility for challenging unlawful incursions. The Royal Gibraltar Police is responsible for law enforcement in Gibraltar. The Gibraltar Defence Police have two 15 metre launches and three Arctic 24 RHIBs for maritime force protection. Ordinarily three police officers are assigned to marine duties, drawing on a cadre of some 20 personnel. Their Marine Section has two patrol vessels, one of them with a small deployable RHIB onboard, three RHIB interceptors, one 'jet boat' and three jet skis.

All elements of the situation, including the maritime security capabilities available to the Royal Navy Gibraltar Squadron, are kept under review. We are ready to provide additional assets to the Squadron or augment our broader maritime posture as necessary.

Relationship with Spain

- 3. Progress on re-starting talks is long overdue. In response to this report, the Government should set out the offer it has made to the Spanish government and its strategy for overcoming the problems. The UK Government should make clear to its international partners that it is a change in Spanish government policy, rather than UK policy, that has brought about the suspension of the much-needed talks. (Paragraph 21)**

We have consistently maintained that dialogue is essential if we are to see a long-term improvement in our relationship with Spain. It is regrettable that this Spanish government is no longer willing to engage in talks in the tri-lateral format; we remain committed to this and continue to believe that it represents the best long-term structure for meaningful discussion and resolution of issues. In an effort to find a constructive way forward, the former Foreign Secretary, William Hague, made an offer to Spain in April 2012 of *ad hoc* talks which would involve all interested parties.

It is disappointing that it has taken time to make progress on that offer, but we have now reached agreement in principle to the terms for talks and are discussing with both the Spanish Ministry of Foreign Affairs and the Government of Gibraltar how and when talks can be organised. We hope that progress can be made in the near future to get these talks underway.

- 4. Spain's claims on Gibraltar are undermined by its defence of its own overseas territories in North Africa. The Spanish Government's arguments about the constitutional differences between Ceuta and Melilla and Gibraltar are unconvincing at best, and leave Spain open to the charge of hypocrisy. (Paragraph 53)**

There are obvious similarities between the Spanish enclaves in North Africa and Gibraltar. But there are also significant historical, legal and constitutional differences between them, which make it difficult to draw direct comparisons. We are confident that the arguments we make on British sovereignty over

Gibraltar stand up in their own right: we do not need to justify them by reference to Ceuta and Melilla.

- 5. Spain is a key partner for the UK both bilaterally and in the EU and NATO. It is a testament to the importance that both states place on the bilateral relationship that it remains strong despite our differences. However, Spain should not be able to pursue aggressive policies toward Gibraltar without consequences for its relationship with London.**
(Paragraph 59)

We have an excellent relationship with Spain by any objective or historical standard. However, it is already the case that our formal bilateral links are weaker than they would be if it were not for the Spanish position on Gibraltar. The escalation of the dispute by the Spanish government has an ongoing impact on the quality of the relationship and the consequences are largely self-generating. That is a point that we have made to Spain on numerous occasions.

- 6. When the UK delivers protests about maritime incursions three or four weeks after the actual incident, it robs those protests of any force they might have had and gives the impression of an official simply 'going through the motions'. This might be acceptable at a time of relative harmony, but during this period of heightened pressure on Gibraltar, the Government should re-assess its internal deadlines for delivering diplomatic protests. We recommend that it put in place procedures under which all diplomatic protests to Spain about Gibraltar are delivered within a maximum of seven days.** (Paragraph 71)

Incursions are a violation of sovereignty, not a threat to it. Incursions are always challenged and do not change the fact of UK sovereignty over Gibraltar, including British Gibraltar Territorial Waters. The Government agrees that protests must be prompt and proportionate.

We take a case-by-case view of the appropriate level of protest for unlawful incursions. For incursions which represent a particularly serious violation of British sovereignty, we make an immediate protest to the Spanish government. This ranges from contact at First Secretary level through to a call on the Political Director of the Spanish Ministry of Foreign Affairs by HM Ambassador in Madrid. In the most serious cases, the Foreign and Commonwealth Office Permanent Under-Secretary of State summons the Spanish Ambassador. Ministers also raise unlawful incursions with their Spanish counterparts at every available opportunity. In addition, we send Notes Verbales to the Spanish Ministry of Foreign Affairs in which we protest every violation of sovereignty, no matter how minor.

Following the recommendation by the Committee, we have moved to a system of sending one Note Verbale per week, containing details of all unlawful incursions which occurred that week. This ensures that all unlawful incursions are protested within seven days. We will continue to protest the most serious incursions immediately by seeking a call on the Spanish Ministry

of Foreign Affairs or by summoning the Spanish Ambassador, and raising incursions at Ministerial level whenever possible.

- 7. We recommend that if the situation does not show signs of improvement, the Government should re-assess its criteria for summoning the Spanish Ambassador and should consider doing so more frequently to reflect its ongoing concern about the unacceptable status quo. (Paragraph 73)**

The Committee notes that the Spanish Ambassador was summoned more times over the period 2010 to May 2014 than the Ambassador of any other country except Syria. The Committee makes the comment in its full report that 'It is hard to discern whether this high number of summonses is a positive signal that the FCO is taking robust action, or whether it is a sign that the measure is not working and is rather seen in Spain as a mere slap on the wrist.' (Paragraph 73)

As we have pointed out, summoning is a very serious form of diplomatic protest and the extent to which we have employed it is unprecedented for an EU and NATO partner. We will continue to assess all incursions and other incidents on a case-by-case basis and reserve the right to summon the Spanish Ambassador in the future, where we think this is a necessary and proportionate response.

Most recently, we summoned the Spanish Ambassador on 17 July. This followed an incident on 16 July in which a Spanish Naval vessel attempted to instruct commercial shipping in international waters, whilst vessels were waiting to enter British Gibraltar Territorial Waters.

- 8. The Government should seek to identify areas of non-essential cooperation and occasions on which British assistance would be helpful to Spain (for example, Spain's bid for membership of the UN Security Council) and make the UK's support dependent on improvements to the situation in Gibraltar. (Paragraph 87)**

We are pleased that the Committee endorses our policy of avoiding a tit-for-tat escalation, particularly as we believe it would not lead to a substantive improvement in the situation for the people of Gibraltar. However, we are clear that we see a curtailment of areas of non-essential co-operation or a withholding of UK support as legitimate avenues to pursue in the event of a serious escalation or egregious provocation by Spain.

The UK has a long standing policy of not revealing our voting intentions in UN Security Council elections. We carefully consider any application on its merits, taking into account contributions to the work of the Council, including to peacekeeping operations and to the UN more broadly.

European Union

- 9. In its response to this report, the Government should state its position on whether Gibraltar could join Schengen without the rest of the UK,**

and how it will support the work of the recently-announced consultation.
(Paragraph 44)

Gibraltar's existing relationship with the EU does not exactly mirror that of the UK. For example, Gibraltar already participates in the Schengen acquis to a different extent than the UK. It would be theoretically possible for Gibraltar to integrate further into the EU acquis, should Gibraltarians desire to do so, including by joining the Schengen Area. In practice, this would require complex and lengthy negotiations, potentially involving changes to the European Treaties on which all EU member states, including Spain, would need to agree.

The consultation will help inform the Government of Gibraltar's position on Gibraltar's status vis-à-vis the EU. The consultation is not limited to Schengen, but will also encompass Gibraltar's current exclusion from the EU's Common Customs Treaty. The UK is responsible for Gibraltar's external relations so ultimately the question is one for the UK Government to address, working closely with the Government of Gibraltar.

10. We are in no doubt that Spain's measures at the border in 2013 were politically motivated and that it continues to use the border as a coercive tool against Gibraltar. This is entirely unacceptable behaviour by an EU partner and should not be tolerated by the UK. (Paragraph 46)

11. The Government should continue to pursue a stronger response by the European Commission through consistent and sustained follow-up in Brussels. The Government should also encourage further monitoring inspections by the Commission with the minimum possible notice given to both parties. (Paragraph 46)

The Government agrees disruption into and out of Gibraltar is unacceptable and has no place at a border between EU partners. Spain's border checks are disproportionate, politically motivated, and therefore illegal.

We are glad that the Committee approves of our policy of pursuing a strong response from the European Commission; we have done so consistently since the Prime Minister first asked the President of the European Commission, José Manuel Barroso, to send a monitoring mission to the Gibraltar-Spain border in August last year. This resulted in a visit by Commission experts on 25 September 2013. As the Committee knows, following that visit the Commission made a number of recommendations to both Spain and Gibraltar. Significantly, they concluded that the intensity of Spain's checks was unjustified.

We are pleased to report to the Committee that, since the first Commission visit, the Government of Gibraltar has taken decisive steps to address the recommendations addressed to it. In particular, it is putting in place legislation to limit the amount of tobacco which can be legally held in the border area. We are still waiting for Spain to take action on its recommendations.

Following concerted lobbying of the European Commission by the Government over recent months, including by the Deputy Prime Minister and the Minister for Europe, a second border monitoring mission was sent to Gibraltar on 2 July 2014.

This visit resulted in further recommendations to Gibraltar and Spain. While the government of Spain has not yet released their letter, the Commission has publicly stated that they have “serious concerns” about the lack of progress that Spain has made in addressing their earlier recommendations. Critically, the Commission has said that checks giving rise to waiting several hours to cross the border are “disproportionate”. This is a point that the UK Government has been making consistently, both to Spain and the European Commission, since the border delays started last July.

We have made it clear – and will continue to make it clear – that we expect the Spanish authorities to act on the Commission’s recommendations, and that we expect the Commission to ensure that they do so.

- 12. We are particularly concerned by Spain's withdrawal from some aspects of the Cordoba Agreement, representing a significant backward step in relations with Gibraltar, and the UK. As Spain tries to apply pressure via EU aviation legislation, the UK Government should ensure that its EU partners are fully aware that Spain has reneged on an agreement negotiated in good faith, under which the UK has paid over £70 million to Spanish citizens. By continuing to abide by its obligations under the Cordoba Agreement, the UK Government has put itself in a strong position to give weight to this argument. (Paragraph 51)**

The Government regrets Spain’s unilateral withdrawal from some aspects of the Cordoba Agreement. That agreement was designed, inter alia, to facilitate joint use of the airport, and to account for both parties’ respective sensibilities in EU aviation legislation. We have highlighted Spain’s actions to EU partners, pointing out that it has reneged on an agreement which prevented our bilateral dispute contaminating wider EU priorities.

However, irrespective of Spain’s position vis-à-vis the Cordoba Agreement, it is clear that the Treaties apply to Gibraltar as a European territory for whose external relations the UK is responsible. Whilst certain Treaty provisions do not apply in Gibraltar as a consequence of the UK’s Act of Accession of 1972, the EU aviation acquis does so apply. Gibraltarians, and other EU citizens passing through Gibraltar airport, should therefore benefit fully from the rights accorded elsewhere in the EU.

- 13. The failure to prevent British Gibraltarian Territorial Waters from being designated a Site of Community Interest by Spain was a significant mistake which has proven impossible to reverse. The FCO should set out the action it has taken since this incident to ensure that Government departments consider Gibraltar, and Overseas Territories more generally, when representing the UK at EU level. (Paragraph 79)**

The Government will continue to encourage all Departments to be alert to issues affecting Gibraltar and will continue to coordinate EU lobbying across the full range of dossiers. Since this incident in December 2008, the Government has taken steps to improve the Gibraltar guidance given to Government Departments.

The UK Permanent Representation to the European Union and officials from the Foreign and Commonwealth Office in London have been involved in extensive discussions with the European Commission in 2014, including on the border situation, environmental complaints and tobacco smuggling.

The purported Site of Community Importance, the Estrecho Oriental, does not provide Spain with the legal basis to exercise jurisdiction in British Gibraltar Territorial Waters. The ability to exercise jurisdiction stems from sovereignty and Spain's designation of a Site of Community Importance has no impact on our sovereignty over British Gibraltar Territorial Waters. We consider Spain's designation illegitimate and have made this very clear to Spain and the European Commission.

- 14. The Government should keep the option of using Article 259 to take Spain to the European Court under review, pending the final results of the Commission's investigation into the situation at the border. If the situation at the border does not improve within the next six months then the UK should make it clear that it intends to begin legal proceedings against Spain under Article 259. (Paragraph 84)**

We keep all options open with regard to the pressure that is being placed on Gibraltar by the government of Spain and have not ruled out taking direct legal action against the Spanish government in respect of border delays under Article 259 TFEU. However, this is not our preferred course of action. Instead, we continue to involve the European Commission because, as the guardian of the EU Treaties, it has a responsibility to monitor the application of EU law, including a person's right to free movement. We judge Commission oversight will provide the best chance of resolving the situation in the near term. Legal action, by comparison, could take years to reach a conclusion.

Multilateral

- 15. The Government should robustly oppose continued attempts by Spain to use international institutions as a means of securing international support for its case. We again urge the Government to take steps to remove Gibraltar from the UN list of non-self-governing territories. The Government should set out in its response to this report what action it is taking in order to do this. (Paragraph 86)**

The Government's position on the list of non-self-governing territories is clear; the UN Special Committee on De-colonisation (known as the C24) should delist Territories where this is their wish. The Overseas Territories have a large measure of self-government and have all freely chosen to retain their

link to the UK. This was made clear in the communiqué of the December 2012 Overseas Territories Joint Ministerial Council, which the Government passed to the C24.

We regret that the C24 has consistently failed to take into account the way in which the relationship between the UK and the Overseas Territories has been modernised in a way that is acceptable to both parties. Unfortunately, we do not expect this to change in the immediate future.

As the Committee will be aware, the Government has maintained “informal cooperation” with the C24 since 1999. This means the UK attends C24 meetings but does not sit in its C24 seat, nor make any statements. This reflects our position that the C24 is an outdated forum that should no longer consider any of the UK’s Overseas Territories. The Government will keep this policy under review but does not expect to change its position in the immediate future. We will continue to facilitate petitions to the C24 by the Government of Gibraltar.

The Fourth Committee (Special Political and Decolonization Committee) of the UN General Assembly holds an annual debate on decolonisation in which it adopts an omnibus Resolution prepared by the C24. The Resolution covers some of the UK’s Overseas Territories, but not Gibraltar, which for some years has been dealt with separately in a short Consensus Decision. In recent years the UK and Spain have co-authored the text of the Decision, which is then tabled by the Chair and approved by consensus. The Government will seek to continue this practice.

Within the Fourth Committee, the UK makes full use of its Right of Reply to ensure our position on Gibraltar is well understood. Outside of the Fourth Committee, the UK takes all appropriate opportunities to put forward its case on Gibraltar, working in concert with the Government of Gibraltar. We also remain vigilant to any Spanish efforts in the other direction.

- 16. We are disappointed that so little progress has been made in the last 16 years toward lifting Spain's NATO reservation against ships travelling between Spanish and Gibraltarian ports. The UK should actively seek for Spain's NATO reservation on Gibraltar to be overturned and set out in its response to this report how it intends to do so. The Government should also set out any steps it has taken to solicit support from other NATO partners who are inconvenienced in operational matters by Spain's restriction on Gibraltar. (Paragraph 94)**

The Government shares the Committee’s disappointment that Spain’s NATO reservation remains in place. This is a deeply regrettable state of affairs between two EU and NATO Allies.

The Government will continue to raise Spain’s unacceptable position in Madrid. We will also do so in robust terms with other NATO Allies, pointing out the damaging effect of Spain’s position: NATO vessels and aircraft are being subjected to significant operational inconvenience by a fellow NATO

Ally. We are pleased that Allies make use of the excellent facilities in Gibraltar despite Spain's position, and will continue to encourage them to do so.

The Government has not raised the issue in NATO itself as it has been our long-standing view that NATO is not an appropriate forum for raising bilateral disputes; the Government has no plans to change this stance.

HM Government support to Gibraltar

- 17. Ministerial visits are an important display of support to the people of Gibraltar, as well as a signal to Spain of the UK's continued commitment. We recommend that, in the light of the difficult twelve months that Gibraltar has experienced, the Government consider a high-level visit to Gibraltar before the end of this year and we welcome the fact that the Minister for Europe will be visiting shortly.** (Paragraph 65)

The Government agrees with the Committee that Ministerial visits are an important display of support to Gibraltar, as well as a signal to Spain. As anticipated by the Committee, the Minister for Europe visited on 30 June and 1 July. He was able to visit the border, go out on the waters with the Royal Navy and the Royal Gibraltar Police, and hold meetings with the Chief Minister and other members of the Government of Gibraltar. The visit also provided an opportunity to hear from the Gibraltarian people directly about their frustration at recent Spanish actions. The Chief Secretary to the Treasury, Danny Alexander, also visited Gibraltar in May 2014.

The Government is pleased the Chief Minister, in his evidence to the Inquiry, highlighted the "fulsome support" from Government Ministers and the Prime Minister (Paragraph 64). The Government notes the Committee's recommendation and will continue to consider opportunities for further Ministerial visits to Gibraltar in the coming months.

- 18. We commend the Government's policy of choosing to use Gibraltar as a stop off point for naval vessels in transit as a sensible and effective measure.** (Paragraph 89)

We welcome the Committee's commendation of the Government's policy of using Gibraltar more frequently as a stop off point for naval vessels.

Royal Navy ships visit Gibraltar regularly in relation to operational and training activity, reflecting its utility as a permanent joint operating base. Their visits are a demonstrable exercise of sovereignty within British Gibraltar Territorial Waters. We consider this an effective policy and have no plans to change it.

Future Strategy

- 19. We consider that the pressure currently being applied on Gibraltar by Spain, through the imposition of delays at the border, unwarranted maritime incursions, and diplomatic pressure in international**

institutions amounts to a campaign of harassment and intimidation.
(Paragraph 95)

20. **The UK Government has shown restraint in response to provocation by Spain. It was right to do so: but the UK's approach of consistently trying to de-escalate tensions in the face of mounting provocation has also achieved little discernible effect, aside from giving Gibraltarians the impression that not enough is being done. It is now time for the UK Government, with the agreement of the Government of Gibraltar, to think again about what measures can be taken to discourage Spain from exerting pressure on Gibraltar.** (Paragraph 97)
21. **Finally, while intensifying the diplomatic pressure, the Government should make clear to the Spanish Government that there is much goodwill between our peoples and a real desire on the part of the British government to re-start dialogue.** (Paragraph 99)

The Government agrees with the Committee that the various different methods used by Spain to exert pressure on Gibraltar need to be seen as part of a co-ordinated policy. However, each particular method is underpinned by a different logic and objective on the part of Spain and has a different impact on Gibraltar. For example, maritime incursions by Spanish state vessels into British Gibraltar Territorial Waters are highly visible and thus frustrating manifestations of Spain's behaviour. Such maritime incursions are serious in that they constitute a violation of British sovereignty, but have a minimal material impact on the everyday lives of the population of Gibraltar. Conversely, the unacceptable delays at the border cause a significant disruption to Gibraltarians' daily lives, as well as to the lives of Spanish and other EU citizens. They also have an impact on Gibraltar's economy, and that of the surrounding region. However, the border delays have more limited broader implications for questions of sovereignty. We seek to address each form of Spanish pressure in the most appropriate way – whether that is in terms of defending our strategic interests or pursuing a resolution to a practical problem.

We have made it clear that we keep all options open and have considered the potential efficacy of stronger measures in the event that we exhaust other channels for dispute resolution with Spain or in case of particularly serious Spanish action. But we remain aware that any escalation in tensions – whether provoked by Spain or the UK, and whether justified or not – is likely to result in tit-for-tat action by Spain and risks a worsening of the situation in Gibraltar in the short term. We do not entertain unrealistically high hopes about the prospects for an immediate improvement in the situation through talks. But we remain of the view that in the medium / long-term, the interests of Gibraltar are best served by promoting discussion.

We are hopeful of having *ad hoc* talks in the near future. Our principal objective in seeking these is to create a forum which can be used for dispute resolution. In addition, talks could help to build relationships between Gibraltar and its neighbours. This is fundamentally in the interests of both

Gibraltar and Spain. A successful Gibraltar, with free traffic across the border, will also benefit La Linea and other towns in the Campo.

The UK has a broad and strong relationship with Spain. There is immense goodwill between the people of our two countries. But the relationship is not as strong as it could be, because of Spain's position on Gibraltar. We will continue to make clear to the Spanish government that their escalation of the dispute will only serve to perpetuate this negative impact on the bilateral relationship.

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