

# Britain and Spain at loggerheads over Gibraltar

**Vicky Short****5 June 2002**

Negotiations between the British and Spanish governments over the status of the British colony of Gibraltar have been postponed indefinitely.

The two countries had agreed that a solution to the long-running dispute was imperative and discussions as to how to proceed started two years ago. It was not until last November that the two governments set themselves a timetable to achieve a conclusion in six months. By March this year, both were convinced that they had got it right and that they would be able to persuade the inhabitants of Gibraltar to accept the proposed agreement "before the summer".

A meeting between prime ministers, Tony Blair and Jose Maria Aznar, was organised for May 20, by which date it was expected that the agreement would be ready to ratify. Spain's presidency of the European Union ends by July and an agreement after 300 years of conflict over "The Rock" would have been a coup for Aznar that would have helped cement the friendly relationship he has established with Blair.

Gibraltar, an outcrop at the southern tip of the Iberian Peninsula, was seized in 1704 during the war of Spanish succession by a combined Anglo-Dutch fleet and was formally ceded to Britain in 1713 by the Treaty of Utrecht. Gibraltar became a British colony in 1830. Spain has attempted to recapture Gibraltar on several occasions. In the 1940s General Franco closed the border for several years. It was closed again in 1969 and did not open until 1985.

The agreement worked out in the negotiations was based on shared Anglo-Spanish sovereignty of the colony for an indefinite period, together with a greater degree of self-government for Gibraltar. Assurances were given over the primacy of the English language, and the retention of British citizenship. All powers to determine policy, excepting foreign affairs and defence,

would be given to Gibraltar. Additionally there was the promise of a possible £35m in European Union aid if the agreement was accepted.

The proposals also included shared operation and utilisation of the port of Gibraltar and the British military base, on conditions similar to those recently worked out with the United States for the use of the American bases in Moron and Rota. The question of an eventual passing of sovereignty of the colony to Spain's hands was left as a long-term possibility. The proposed deal would enable EU directives on the liberalisation of air travel through the implementation of the planned EU-wide air traffic control system, the regulation of tax havens in Europe and the military rationalisation of the EU to go ahead without any more hitches. Spain had been using its right of veto to force Britain to agree a solution to the Gibraltar question.

Gibraltar would be properly integrated into the EU. It would be taken out of the OECD's "black list" of offshore tax havens, removing at the same time the prickly status of Gibraltar as the only colony left in Europe.

But the closer it came to an agreement, the more tensions between Britain and Spain came to the surface. Britain's Minister of Defence, Geoff Hoon, wrote a letter to the chief of British diplomacy in which he said that there existed a concern in the British and American Armed Forces about any agreement that could be detrimental to the military operations in the naval base and The Rock's airport. He warned that the strategic military interests of the United Kingdom were "in danger" and the proposal for shared sovereignty "is against the principle of self-determination". Hoon's letter coincided with a meeting between Blair and Aznar.

The opposition Conservative Party then asked the

government in the House of Lords to withdraw from the negotiations. So embittered have relations between Britain and Spain since become that Aznar refused to meet the leader of the Tory Party, Duncan Smith, unless he toned down his rhetoric against the compromise. His trip to Madrid and the meeting with Aznar had been planned a month and a half ago as part of a European tour, but also because Duncan Smith wanted to get closer to the Centre Democratic International of which Aznar is president.

An extensive campaign was launched in Gibraltar to oppose the deal. The autonomous government clearly felt strengthened by the fact that the US government was threatening to withdraw its support for an international crackdown on the tax havens, if threats to sanction uncooperative offshore countries were not watered down even further. Together with the Tory Party and sections of the British media, it went onto the offensive to prevent the agreement being ratified. Full-page advertisements were placed in some newspapers, entitled, “Gibraltar Seeks Your Support.... No deals with Spain against the wishes of the people of Gibraltar.”

The appeal focused on Gibraltar’s right to self-determination, supposedly enshrined in “a 30-year-old constitutional commitment by the British Government”. To speak of self-determination in relation to Gibraltar only demonstrates the extent to which the term has been bastardised and reduced to an absurdity. Gibraltar is a tiny military outpost, two and a quarter square miles in size (including The Rock), with a population of 30,000 comprising mainly English, Spanish, Italian, Maltese and Portuguese speakers.

The main issue at stake for Gibraltarians is not self-determination, but filthy lucre. Gibraltar is a tax haven for the 53,000 companies registered there, which are known as “brass plate” companies as they do not operate locally. It is dependent largely on its VAT-free status, offshore finance, local monopolies, smuggling, money laundering—as well as seven million tourists a year (mainly from Spain). A former diplomat and Tory minister described it savagely, but fairly accurately in the *Independent* newspaper: “Gibraltar is a seedy, poky enclave, rife with money-laundering, Mafia activities, you name it... This is not even Little England, it is microscopic England. Gibraltar is the perfect Lilliputian issue, a chance for all true micro-Brits to

hang out plastic union jacks, made in Taiwan or South Korea.”

A British Overseas Territory, it is technically part of the European Union but is not a member. Gibraltarians cannot vote in EU elections and it is excluded from the common agricultural policy and the customs union. Britain is responsible for all external interests.

Sitting on the southernmost part of Spain at the point where the Mediterranean sea meets the Atlantic ocean, Gibraltar has long been an important military outpost of the British Empire for keeping the sea lines open for the Royal Navy. Commercially it was vital for the transportation of goods from Asia and the Far East. Ships on long journeys stopped there for refuelling and repair.

The development of technology in transport, telecommunications and armament is considered by many to have diminished Gibraltar’s strategic importance. Nevertheless, the ongoing re-division of the world since the collapse of the Soviet Union means that no imperialist power is sanguine at the prospect of relinquishing territory, even if its importance is not immediately obvious—hence Hoon’s letter and the concerns expressed by the US.

For Spain, Gibraltar has always been a trump card to deflect public attention from mounting social and political crises at home. The Franco dictatorship raised Gibraltar during periods of crisis within the regime. Spaniards often came to know that trouble was brewing when the Spanish right to sovereignty over Gibraltar was the issue dominating the media. The Socialist government of Felipe Gonzalez, which ruled for 14 years after the end of the dictatorship, learned its own lessons in this regard from Franco. Gibraltar is still a useful patriotic device for Spain’s political establishment, but it does have a downside. If Gibraltar is viewed as having been granted independence, the Basque nationalists will demand equal treatment. There is also the contentious issue between Spain and Morocco of the Spanish enclaves of Ceuta and Melilla in North Africa.



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