

**NewStatesman**

# Gibraltar: Stepping Stone to Europe

**Small place, big market**



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## Gibraltar economic facts

# 20th

Ranked in top  
area for growth

Vessels pass through the  
strait of Gibraltar annually

# 71,000

# 26

Tax information  
exchange agreements

2011

3.2bn

# £

2013

7.5bn

Gross income insurance

2011

1.1bn

2015

1.6bn

GDP Forecast

# 4.2ton

Shipping is 25%  
of the economy

# 7.8%

Growth per annum

Source: Gibraltar Finance Centre

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Business and nature P14



The Chief Minister speaks P4



A centre for commerce P8

# Small Rock, big business

Gibraltar is tiny. It is far from the UK, almost in Africa, but by dint of history – initially in the Treaty of Utrecht but through many subsequent agreements, reluctant or otherwise – it has been British for 300 years. Strategically important during the Second World War, it has now become economically very important to a lot of companies.

It has become an epicentre of the electronic gambling industry, with almost 30 companies licensed to operate there. It is home to a large number of financial services and shipping companies. This has undoubtedly been

influenced by its low tax regime; but don't fall for the hype – it is a rigorously enforced regime, compliant with more European directives than many of its neighbours.

Its location means it is a natural gateway both to Europe and to Africa. These may be among the factors apparently insulating it from the world's economic downturn, through which it continued to grow albeit at a slower rate than before. It's growing its software industry and angling its tourism to ensure longer visits from people at different times of the year. It's tiny all right – but its prospects have never been so. ●

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## ARTICLES

- 4 The Chief Minister's story  
Gibraltar is looking forward and growing, says *Fabian Picardo*
- 8 The Rock is open for business  
Many business sectors are thriving in Gibraltar, says *Christian Hernandez*
- 10 Financial state of the nation  
The hard facts are laid out by the Gibraltar Finance Centre
- 12 Prosperity from going it alone  
The Rock is great, its neighbour should reciprocate, says *William Dartmouth MEP*
- 14 Business and ecology  
The environment is vital and can help businesses thrive, says *Dr John Cortes*

# Gibraltar: the Chief Minister's story

by **Guy Clapperton**

Recent border skirmishes with Spain have highlighted the tensions between the British territory's history and geography. However, Fabian Picardo believes the place is a sound place to invest

**R**ecent blockades on its border have thrown the news spotlight on to Gibraltar once more. The Spanish, to outsiders, seem to have an excellent argument; just look at the map and where the Rock is located – this is obviously Spanish territory. It's an understandable point of view.

History, however, can make a mockery of common sense. If the territory is obviously a part of Spain, then Spain, as it's part of the same land mass, is surely part of Portugal. Or the other way around. Or part of a single country called "Europe". And how come Europe isn't part of Asia, anyway? Countries and their boundaries have for a long time been defined by agreement and treaty following conflict, Gibraltar among them.

This is why it is currently British and has been for 300 years – in other words, longer than America has been American. And the people are very pro-British – one way to ensure a population is fiercely proud of its nationality is to challenge it. If self-determinism means anything, the Rock is British.

It's important to understand this point of view even if you don't share it, to comprehend the backdrop against which the Hon Fabian Picardo became Chief Minister of Gibraltar in December 2011. Heading up a coalition between the Liberals and the Gibraltar Socialist Labour Party, which had been in opposition for 16 years, he has found himself in the middle of the latest in a long line of tense exchanges between Gibraltar and its immediate neighbour.

Normally, however, the 30,000-strong population conducts its business as usual and connects not only with Spain and the UK, but with Africa, visible on a clear day from the top of the Rock.

For such a small place it attracts a lot of interest, the chief minister agrees. "Gibraltar represents added value as a place to do business within the European Union," he explains. "It's a kind of stepping stone for people who are establishing themselves within the EU from outside, and it's a great place for headquarters if you are already within it. We apply all the standards you would expect to see within the City of London to, for example, the financial services that are provided here, and in respect of gaming we are undoubtedly the most highly regulated ju-





risdiction in the world.” This might come as a surprise to people who have bought into the classic caricature of Gibraltar as some sort of tax haven. The facts are straightforward; tax is low (the jurisdiction’s Finance Centre outlines them on page 10), but regulation of certain industries and the imposition of these taxes is strict. Contrary to the beliefs of some people in the UK and elsewhere, Gibraltar doesn’t cost us anything. There are British military bases there, as there are in a number of countries, but in every other sense the Rock is financially self-sufficient.

Picardo is in no doubt that as a combination it works. “It’s why we have attracted the biggest names in online gaming. I like to describe Gibraltar as the Silicon Valley of

online gaming and I believe all sectors here are striving for that same level of excellence.” By this, he explains, he means an excellent environment in which to do business, “and, to boot, in southern Europe, so better weather!”

Gaming has certainly been an important facet of Gibraltar business and it is instructive to consider the other industries it has brought through in its wake. “We’re seeing a software industry develop around those who are established in gaming here,” he says. The gaming companies needed website developers, then suddenly those companies found they needed apps for the various different devices on which their clients wished to play and the skills to accommodate these changes are migrating

The Rock: a stepping stone for business

towards the Rock. “We can also see an industry building up throughout the financial services industry based around software,” he adds. “We have a critical mass of people with the software skills. Not as much as we’d like, but there is a body of people gathering around the industries that give them work.” They have skills in the new computer language, HTML5, and the move towards different devices for the end customer. “It reminds me of Silicon Valley. We may not produce a Microsoft or Apple every year but there’s always a company doing well and innovating.”

If London has its Silicon Roundabout, though, isn’t there a danger of simple band-



Fabien Picardo, Chief Minister of Gibraltar

waggoning when it comes to encouraging technology firms to set up on the Rock? Picardo acknowledges the possibility, but points to the immediate and direct consequences of what is happening in Gibraltar. “In our economy, if I were to inject an extra £1m into the health service we would all see a huge change in the health services we received. That’s the sort of immediacy there is in an economy the size of Gibraltar,” he says, and the impact of large amounts of new companies is evident very quickly in the same way. “It’s possible to see what software companies around the financial services and gaming industries are doing and how likely they are to achieve critical mass and survive in the context of how the industries they serve are doing.”

The economy was strong before remote gaming arrived, but its arrival meant the Rock had to be ready for an increase in modern business. “There has been investment in Gibraltar airport, by the previous administration and there are investments in infrastructure by the current government. These are not just in relation to broadband availability, but also in relation to power, port infrastructure – all these things are essential to run a proper diversified modern European economy,” says Picardo. Not that he feels the government should be in charge of business. “The government has a role to

play in that, which we see as facilitator rather than intervenor.”

So much for the sales pitch. What can people expect from Gibraltar when they turn up with a view to setting up a business or putting an existing company on to the Rock? “We are governed by the rule of law and this is very much part of what Gibraltar represents. The British way of doing things is hugely important in a place where people want to establish themselves,” says Picardo. “In a place where there is certainty,

### The kitemark of the UK rule of law is attractive to many businesses

where resolution of disputes is fair, equitable and quick – in that context, what we do from the point of view of taxation, what we do from the point of view of social insurance, it’s a good place to have large numbers of employees and to set up a corporation.” Tax competition, he says, is a good thing to offer positively.

He does not accept the commonly held view that it’s some sort of tax dodger’s haven, though. “In response to the suggestion that Gibraltar is anything but an on-shore financial services centre, you just

have to look at the position of the UK,” he says. “The difference between corporation tax in the UK and Gibraltar is smaller than the difference between corporation tax in the UK and Spain, or the UK and Germany.” Gibraltar is not on any reasonably established blacklist, he points out. “We are on the whitelist of the OECD, we’re on the whitelist of the IMF, we’re signatories to six information exchange agreements, we comply with European Union rules on money laundering and on directives that affect financial services.”

In addition, Gibraltar complies with all European directives and is ahead of many member states in this respect, he adds – including Spain, which allows SICAVs – investment vehicles allowing investors to pay 1 percent tax. “I think often people have to look beyond the rhetoric,” he says. It is worth noting, however, that Spain is far from the only country to allow SICAVs – the term itself is French, short for *société d’investissement à capital variable*, they also operate in Luxembourg, Switzerland, Italy, Belgium, Malta, France and the Czech Republic and there are restrictions.

So, people wanting simply to avoid tax should also avoid Gibraltar? “Gibraltar is completely opposed to tax evasion and any mechanism somebody may want to put in place to facilitate it,” says Picardo. “You would find it very difficult to find people who were in Gibraltar to evade tax.”

As laid out clearly many times, the Gibraltarians feel very strongly about their right to be British. Nonetheless, one can’t help wonder whether “British” is really such a badge of quality for investors from elsewhere. “The kitemark of the UK rule of law is so attractive,” argues Picardo. “It’s well known that people have come to London to sue in defamation actions, and in commercial actions.” This is not because the laws are skewed in favour of the claimants, he believes, but because there is a recognition that the UK’s justice system is very good indeed.

This has been replicated by Gibraltar for a number of years. People who have done business in other areas may find, he says, that foreign systems are less familiar and take longer in dispute resolutions, shareholder disputes and so forth. “We do that very well in Gibraltar. We do ship arrest very well because of our location and because we can apply the English rules for

the arrest of ships subject to the modifications necessary for Gibraltar's circumstances." Replicate that rigour across the sectors and Gibraltar is well known for its even-handedness.

Unless you're just across the border in Spain. It is indeed the case that many Spanish people commute to Gibraltar every day; there is little or no issue on a personal level. In terms of leadership, recent times have seen the Spanish authorities complain to the UN about British dominion over Gibraltar and, of course, the blockade. What would the chief minister say about setting up in a territory in which, realistically, this issue is going to flare up every few years? "It depends on which sector you're in," he says. "If you were thinking of opening up a small shop in our main street that depends on people crossing the frontier as tourists to come and shop, you might take one view." Just about every other sector of the economy has been insulated, he says. "There has been a lot of noise from Madrid, but in terms of action there's just been an annoyance as people wait for long periods to cross from Gibraltar into Spain and vice versa."

It would have more of an effect on people wanting to live in one territory and work on the other, he suggests, but even they aren't suffering unduly. "In fact, most people who live in Spain and work in Gibraltar have known this can be an issue, so people tend to park their cars in Spain and walk to work in Gibraltar." Given the size of the Rock, this is achievable for most people. It's an annoyance, he says, because life should be easier.

Day to day, the Rock is up for business as usual and Picardo is considering which industries are likely to be successful in the future as well as in the present. There is a thriving retail sector on the main street and he believes this will soon be backed by a substantial online e-commerce market. "That is already developing very nicely. It uses the internet as a portal for the sale – we're looking at sale of actual goods from Gibraltar either to countries outside the EU or into the EU," he says – and the point of entry will be where the VAT is paid. This could play well for the customer, who gets a lower price; but didn't some e-commerce companies in the UK get a rough press for registering in different places, such as Jersey, to avoid tax? "That is really down to the operator. If the operator wants to have a successful business model, then it needs to

do it in a way that is fully compliant with all of the jurisdictions to which it wants to retail," he says. "The lessons of the Jersey experience have been learned by those people wanting to operate this kind of business."

The other major industry on which the territory is dependent is tourism. Rather than simply get tourists along to see the apes – which are great fun if you want a sandwich or something stolen – the government has started a programme of events throughout the year to attract different audiences. Ideally, they will be good for people who live on the Rock as well as visitors. The best example to date has been the Tradewise Gibraltar Chess Tournament organised by Brian Callaghan. This is now ten years old and has been recognised in the press, including the *Telegraph*, as the biggest in the world. "What happens is that hotels are now full in January, when people would not traditionally have come to Gibraltar," says Picardo.

The government now plans to develop niche tourism to fuel the other fallow months of the year. A jazz festival is happening this month, headlined by Jools Holland. A literary festival is also planned. Hopefully, tourists will now begin staying for more than a day. "It is absolutely true that you could have done Gibraltar in a day," Picardo believes. "The challenge to us has been to add touristic strings to the bow, and that is what I believe you will start to see very shortly." The events will help; going to a jazz festival on one day and seeing the rest of the Rock on another, for example, will fuel businesses. The government doesn't see it as its job to come up with ideas for these events, but will facilitate them.

There is also more to the territory itself

than a Rock and some macaques (although nobody should miss these). The proximity to and shared history with Africa as well as Europe has influenced the culture; there is a distinct gastronomy and much else. "I love Gibraltar's beaches," comments Picardo. "I'd like to spend as much of the 90-120 days of sunshine we can enjoy at full-on summer heat level for as long as I could, not just for a day."

He may be in the wrong job for spending time on the beach just at the moment. Meetings with people like the Prime Minister and Foreign Secretary are reminders of the tensions in the background. There are, though, major areas in which Gibraltar is doing well. The economy has stood up to the financial crisis. Banks represented there have not been lending any more than any banks elsewhere and this has held up growth, but it has slowed rather than stopped. In 2013, the government reported growth of 7 per cent, and Picardo's manifesto in 2011 said Gibraltar would have a GDP of £1.65bn by the time of the next general election. "It doesn't sound like much in global terms, but if you consider that we were at £1.1bn when we drafted our manifesto that's important growth." In terms of the budget, there has been a surplus during every year in which the rest of the world has been in crisis. The most recent was £37m, the highest in Gibraltar's history.

Picardo is very confident of his territory. "Gibraltar is continuing to do well. Taxes are continuing to come down, we are continuing to have record surpluses, and every year is marked by an increase in GDP growth. We are continuing in the right direction of travel."

## A gamble with phone lines

The importance of remote gaming to Gibraltar has been stated often, and indeed the *New Statesman* devoted a supplement to it as a subject in its own right two weeks ago. It is worth reiterating how it came to be such a key industry. "The first remote gaming licence granted, in the days before the word 'online' surfed into our lives, was for Ladbrokes for telephone betting in the 1990s," explains Picardo. "This was followed by Victor Chandler just after the expiry of the initial period of exclusivity that the then government had given to Ladbrokes." Telephone morphed into online betting, followed by a huge explosion in such services around the world.

It may be seen as ironic, then, that Gibraltar has one of the lowest levels of licensees in the world. "But they are the blue-chip entities in the worldwide market," says Picardo. "Therefore the link with Gibraltar starts with the telephone and ends with some of the most resilient broadband available in the world, able to ensure the gambling industry is provided for in a way that ensures that we do business here that does business with the rest of the world."

# The Rock is open for business

by **Christian Hernandez**, *president, Gibraltar Chamber of Commerce*

Gibraltar has no natural resources, a negligible local market of 30,000 people and imports everything. If it has any resource at all, it is the trading nous of its business community

Unlike most of the world, Gibraltar has bucked the economic trend of the past five years. Employment is close to its all-time high, and, while the pace of economic growth has slowed compared to the first decade of the century, this year the Rock's economy is forecast to knock out a cracking 6 per cent increase. How has it pulled this off? By doing what it does best and focusing on niche business.

Gibraltar's economic resilience has been born out of a survival instinct honed by years of maltreatment. Three centuries of antagonism from a large temperamental neighbour has shaped Gibraltarians' stubborn refusal to succumb to Spain's intermittent campaigns of hectoring and bullying. The real economic transformation, though, has taken place in the past 30 years or so, when Spain re-opened the frontier as a prerequisite to its joining the EU. With an open frontier, Gibraltar could once more, after a 16-year blockade, promote itself to the millions of tourists visiting the Costa del Sol. And today Gibraltar is the single most popular tourist attraction for holiday-

makers on the Costa.

Tourism was one for the first pillars of the economy to be developed once the garrison packed its bags and left the Rock at the end of the 1980s. Tourists come in droves: each year about ten million of them, by car, by air and by sea.

Gibraltar's position at the western end of the Mediterranean makes it an obvious port of call for visiting cruise ships. As well as the tourists, around 100,000 vessels a year pass

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There is bureaucracy but not as much as you find in larger territories

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through the narrow 14-kilometre-wide Strait of Gibraltar and 10 per cent of them choose the Rock to pick up the low-sulphur fuel needed to operate in the European ports. The advantage which Gibraltar offers visiting vessels is that they do not need to diverge much from their plotted course. These merchant vessels call at Gibraltar's small but bustling port to pick up fuel

(bunkers), supplies and spare parts. With its international airport a five-minute drive from the port, Gibraltar is one of the very few ports in the world where crew changes for merchant ships can happen without a visa. Relief crews are flown out from Heathrow or Gatwick to pick up the visiting vessel and then go on their way.

On land, the Rock's business community has been hard at work developing the Finance Centre over the past 25 years. Being small, Gibraltar can be nimble and legislation is drafted in consultation with industry practitioners, regulators and the local government. There is bureaucracy but not as much as you find in large jurisdictions like the City of London, Frankfurt or New York. Ready access to the regulator or relevant civil servant is one of the benefits of doing business in Gibraltar. There are protocols and processes that need to be adhered to. And for regulated activities such as financial services, the levels of disclosure and capital requirements are no less onerous than what one would find in the large financial capitals of the world. However, as everything is so much smaller, relation-



Commerce on the Rock: a small territory, but a big opportunity

ships are forged more quickly and decisions can be taken more swiftly. Word of mouth and personal reputation in the small community often count just as much as formal qualifications. Easy personal contact is a hidden benefit of the Rock.

The introduction of the single European passport for insurance in 1998 enabled locally licensed insurers to offer their services across Europe. This led to significant growth in the number of insurance companies setting up in Gibraltar: licences granted have more than tripled in the past decade.

Separately, new legislation was enacted in 2005 in a bid to develop a specific niche in the funds industry. Further amendments were made to update the legislation in 2012 and the number of funds has quadrupled in just four years, according to the GIA, the local industry association.

Gibraltar is home to a growing number of hedge funds and fund administrators. There has also been an increase in the number of family offices run from Gibraltar. The beneficiaries may not live on the Rock all the time, but the pool of professional ex-

pertise in terms of investment appraisal, fund management, tax and trust advisory is on a par with anything you would find in St James's or Georgetown.

It is Gibraltar's finance sector which has probably seen the greatest change. Affected as it is by legislation created elsewhere, particularly in Brussels, Gibraltar has had constantly to adapt in order to compete. Despite having undergone significant change in the past 15 years, perceptions trail the reality. Gibraltar is labelled (still!) as a tax haven by those who want to follow a more political agenda.

### Single tax rate

The dual tax system, where offshore companies paid no tax and onshore companies did pay tax, ceased to exist at the end of 2010. Gibraltar now has a single uniform corporate tax rate for all companies trading in the territory. Corporation tax is a competitive tax and governments set it at rate they hope will attract companies on the one hand and also generate sufficient revenue to fulfil their commitments. Gibraltar's corporate tax rate is levied at 10 per cent of prof-

its. An added attraction is that Gibraltar is outside the EU customs union so there is no sales tax (VAT). Neither is there capital gains tax nor inheritance tax.

While each of these is likely to be attractive both to individuals and to companies alike, they are unlikely on their own to be sufficient for anyone wishing to set up a business in Gibraltar.

Staffing can be an issue for start-ups and the costs of transferring staff from elsewhere can be high. The online gaming industry certainly found this when it first came here 15 years ago. Now the pool of talent with the right experience is fairly stable, but it has taken time to develop.

One of the first contacts most new businesses make is to the local Chamber of Commerce. It is small but well plugged in to the business community. Apart from providing local statistical information, they are able to point new businesses in the right direction to go, what licence they need, and which government department to speak to. Once you are set up they will also lobby on your behalf and keep you informed of what is going on. Be sure to get in contact.

# Financial state of the nation

by the Gibraltar Finance Centre team

Gibraltar's location and its solid legislation make it well placed to be a centre for shipping, financial services and other industries. It has become a catalyst for the wider region

Gibraltar is a self-governing and self-financing parliamentary democracy within the European Union. It is located at the southernmost tip of the Iberian Peninsula. It covers 6.5 square kilometres and has a land frontier with Spain. Gibraltar is a separate and distinct legal jurisdiction.

The Rock has an extensive and diversified service-based economy. The principal contributors to its economic base are financial services, maritime services, e-gaming and tourism. It is forecast to grow from £1.1bn to £1.65bn between 2011 and 2015, and the government of Gibraltar has maintained a budget surplus throughout the recent economic slowdown that has affected much of the developed world. Gibraltar's EU membership provides passporting rights in banking, investment services, insurance, insurance mediation and reinsurance across all 30 EU and European Economic Area countries and access to a market of 500 million people.

Gibraltar offers a competitive low tax rate within the EU. This, together with the fact that there is no tax on dividends, interest and royalties, no VAT and no capital

gains tax makes it a very favourable jurisdiction in which to do business. It has become a catalyst for the development of the wider region.

The Chief Minister of Gibraltar, Fabian Picardo, reported in the 2013 Budget that Gibraltar has GDP growth touching 7.8 per cent per annum, is ranked in the top 20 in global terms of GDP growth and is placed in the top 10 ranking in terms of GDP per capita. Financial services

Gibraltar's insurance industry has expanded from just 12 licensed insurers in 1993 to 56 licensed insurers writing new business today. In 2011, the total gross premium income that was written by insurance companies in Gibraltar was £3.2bn, and these companies held assets worth over £7.5bn. Gibraltar motor insurers currently write 10 per cent of the total UK motor market.

There are 16 banks and building societies currently licensed in Gibraltar, employing more than 500 people. They range from large global institutions to specialist private and investment banks and building societies. They are able to provide a full

breadth of solutions to their clients' needs in all areas of banking.

Almost 100 experienced investor funds have been established in Gibraltar since the Financial Services (Experienced Investor Funds) Regulations 2005 came into effect in August 2005. The government introduced new Financial Services (Experienced Investor Fund) Regulations in 2012, which allow large funds to use reputable and substantial administrators based in jurisdictions of equivalent standing to Gibraltar.

## Tax information exchange agreements

In line with the government of Gibraltar's commitment to transparency and effective exchange of information, Gibraltar has to date negotiated and signed 26 tax information exchange agreements with OECD and EU member states. Gibraltar is on the G20-instigated OECD "white list", and is negotiating or concluding similar agreements with several other countries.

Gibraltar's Financial Services Commission (FSC) is an independent statutory corporate body established by Gibraltar's



Gibraltarian coins: distinct but still British

parliament. The FSC is responsible for the licensing and regulation of all financial services activity in Gibraltar. This includes banking, insurance, investment services and trust and company management. Further information can be found at [www.fsc.gi](http://www.fsc.gi). The government of Gibraltar takes regulation and compliance very seriously, whether it is complying with all EU directive obligations, the highest standards of regulation in financial services or online gaming. Gibraltar is one of very few EU jurisdictions to have no overdue transpositions of EU directives, despite Gibraltar's size and lesser resources compared with most other EU jurisdictions. Gibraltar has committed to enter the US Foreign Account Tax Compliance Act and to enter into similar arrangements with the UK in accordance with the same timescale.

### Maritime services

Gibraltar forms the eastern shore of a bay that has been of commercial importance from mankind's earliest days. The Phoenicians recognised the advantages of its protective geographical features and founded

the colony of Melcarthos on the north shore during the ninth century BC. Shipping and port services are significant contributors to the economy. Each year, 71,000 vessels pass through the Strait of Gibraltar. Today, the shipping industry accounts for around 25 per cent of Gibraltar's economy. Bunkering, a shipping term for ship-to-ship transfer of fuel, remains a long-standing and prominent sector.

Gibraltar is the largest bunkering port in the Mediterranean and one of the largest in the world, providing over 4.5 million tons of fuel to vessels each year. The Gibraltar Ship Registry (GSR) is a member of the Category I Red Ensign Group of the UK and UK dependency registers. The advantages of registering a Gibraltar ship in Gibraltar are many, not least fiscal: membership of the Red Ensign Group; the GSR is also an EU Member States' Register and its vessels are entitled to full EU cabotage privileges. The Gibraltar Yacht Registry is a reliable register of yachts, independent of the commercial registrations. Forming part of the Gibraltar Maritime Administration, the high-quality registry offers a professional, efficient and

cost-effective service, and is an ideal choice for yacht owners who want the confidence of belonging to a British Register and flying the Red Ensign

### E-Gibraltar

The government of Gibraltar has been developing strategies to create a dynamic setting through which businesses can trade electronically, supported by a faster and more reliable framework of communications, infrastructure and legislation in order to assist the growth of electronic trade. Since manufacturing, packaging, delivery and fulfilment, as well as other physical activities, can be outsourced to different countries, the use of Gibraltar as a sound location for e-business activities is by no means limited to electronically downloadable goods, services or transactions.

E-gaming is a vibrant sector of the economy that has helped to bring prosperity to Gibraltar. E-gaming accounts for around 20 per cent of GDP. Gibraltar is regarded as the most important jurisdiction in internet gaming worldwide, the "Silicon Valley" of online gaming and 60 per cent of the UK's remote gaming business takes place from Gibraltar. E-gaming is tightly regulated and Gibraltar standards are recognised worldwide, covering money-laundering, technical and security standards, as well as the controls required to ensure player protection. Gibraltar will continue a selective approach to licensing, with a high bar to entry.

### Tourism and transport

Every year, millions of visitors come to Gibraltar by air, land and sea, meaning that tourism accounts for around 30 per cent of Gibraltar's GDP. Total visitor arrivals in Gibraltar reached 12 million in 2011. Gibraltar has been described as having a British work ethic with a Mediterranean lifestyle. The region's warm and sunny climate has undoubtedly played a major part in attracting businesses to the Rock, and the opportunity to pursue outdoor sports such as sailing and golf are compelling too. A new airport opened in 2012, with daily flights to an increasing number of UK destinations.

Gibraltar's expertise in financial services, e-gaming and maritime services, together with its Mediterranean lifestyle, make it a very attractive commercial domicile, and one that is expected to grow and prosper over the coming years.

# Prosperity from going it alone

by William Dartmouth MEP

Gibraltar has high employment, a strong economy running a surplus when everywhere else seems to be suffering, and is self-sufficient. The author, a Ukip MEP, would like its neighbours to be more accommodating

Since 2010 I have had the privilege and honour to represent Gibraltar in the European Parliament in Brussels as part of the SW England constituency. During that time I have taken a close and keen interest in its welfare and security. Most recently I was on the Rock for its National Day celebrated annually on 10 September.

It is 300 years since Gibraltar became a British colony and it is now a British Overseas Territory.

It is interesting to note that most of the Gibraltarians I have met do not look at the 1713 Treaty of Utrecht as their surety, but at later treaties confirming its relations with the UK such as the Treaty of Seville in 1729 in which the Treaty of Utrecht's provisions banning residence for Muslims and Jews from Gibraltar, mostly traders. This measure was inserted at the insistence of the Spanish authorities and subsequently was removed. British Gibraltar has always been welcoming and open to business from wherever it may originate.

Key to Gibraltar's success has been the stability of parliamentary democracy, running its own internal affairs, which is backed by Britain internationally. Its legal system is based on English law.

The English language dominates and the standard of education is high. Gibraltar is thus one of the world's most favoured

places to do business. All this despite being one of the world's smallest countries, just 6.5 square miles in size with around 29,500 people living there, though no doubt its balmy Mediterranean climate has helped.

The Gibraltarian people have shown steadfastness, courage and determination to run their own affairs as they see fit. They have demonstrated that overwhelmingly at the ballot box in two referendums. Where else in the free world would we find such high turnouts, close to the whole voting population, as well as unanimity?

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GDP per capita is  
staggeringly high and the  
budget is in surplus

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That determination and certainty of purpose has applied equally to doing business. GDP per capita is staggeringly high, currently about number 17 in the world, unemployment is minimal, and the government is running a record budget surplus. It is very attractive to overseas investors.

At one time, Gibraltar relied heavily on the British armed forces, especially the Royal Navy, for its income. Today, that is no longer the case. Military income has been largely replaced with a wide range of busi-

ness interests from tourism, to financial services, shipping, telecommunications, e-commerce and e-gaming. This is a self-sufficient 21st-century economy. It is a great credit to the government and people of Gibraltar.

Furthermore, Gibraltar provides work for many Spanish people from just across the border in Cadiz province, which forms part of Andalusia. How tragic, therefore, that the Spanish government is rejecting the hand that helps to feed it and is sniping at the freedoms, jobs and income Gibraltar offers. Andalusia, and Cadiz in particular, is one of the most depressed parts of Europe with entrenched unemployment now at about 35 per cent. That should provide an abundance of workers for Gibraltar's vibrant economy.

One of Gibraltar's proudest boasts is that the British territory, alone among the countries of the European Union, is 100 per cent compliant with all relevant laws, including of course banking and financial transparency rules. It is also listed as fully compliant by the OECD, ensuring that it is a good, legal and entirely safe place to do business. It is also great fun.

It is more than time that the Spanish government saw sense and stopped its trivial sneering at the small British territory in order to distract the rest of the world from Spain's serious internal problems.

# Working with the fauna, flora and geology on the Rock



by John Cortes MP

Gibraltar, with its fascinating, ancient past, is moving towards a strong and confident future

There was one precise moment, some six million years ago, when some movement or other of the earth's crust caused a break in a natural dam that created one of the planet's biggest ever cascades, as the Atlantic broke into the basin that was to fill up to become the Mediterranean, just a few kilometres south from where I'm writing these lines. The Strait of Gibraltar had begun.

For anyone interested in the natural environment, Gibraltar's geographical location is ideal. At the extreme southern end of the Iberian Peninsula, mere kilometres from

Africa, overlooking the Herculean Straits, themselves a passageway for migratory whales and dolphins, turtles and tuna, it is a focus for tens of thousand of migratory birds of many species.

Its cliffs and hillsides are home to unique species of plants and invertebrates, with more than 600 species of plants and 700 species of beetles so far recorded: an impressive expression of biodiversity. This is all to be found in a small area - a peninsula of just around seven square kilometres.

While in recent months international attention has been focused mainly on Gibraltar's relationship with Spain, ironically,

some allege, rekindled by the laying of an artificial reef intended precisely to improve biodiversity, what may have gone relatively unnoticed is the commitment that Her Majesty's Government of Gibraltar has not only to protect and enhance the natural environment, but to take a leading role in wider environmental issues and work towards a green economy and a carbon-neutral community.

This was one of the key commitments of the Gibraltar Socialist Labour Party/Liberal Alliance that came to power just under two years ago after close on 16 years in opposition. ▶



The black kite: regularly migrates over the Rock to winter in North Africa

► So strong is this “green” commitment, that it went beyond our shores and attracted the attention of America’s former vice-president, Al Gore. He joined together with one of Barack Obama’s environmental team and 2012 campaign managers, Juan Verde, and both became key speakers in a major environmental conference and trade fair held in Gibraltar less than a year after the current government came into office.

One of the biggest challenges, aside from the restoration of marine habitats, overexploited and damaged in the recent past, is the replacing of three aged diesel power plants with state-of-the-art alternatives including renewable energy sources. Renewable technologies are welcome in Gibraltar, and the government is currently engaging with established and new providers and facilitating the opportunity of developing these on the Rock.

Gibraltar is changing. It has taken off on a huge leap from what some would describe as a 1980s time-warp into the second decade of the 21st century. The government is putting the management of waste and sewage plants out to tender, with environ-

mental considerations and non-polluting technology being the top criteria for selection; recycling is being increased (would you believe cardboard and plastic could not be recycled in Gibraltar until the present government introduced it in De-

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### Our ecological commitment attracted the attention of Al Gore

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cember 2012?); the government fleet of vehicles, including public transport, is being replaced with hybrid and electric technology; and there are financial incentives to import “green” products.

The government has introduced a green procurement policy, which follows EU Green Public Procurement policy, with weighting in the tender process being increased for environmental performance; The plan includes LEDs and solar-powered lights replacing other lighting devices in public areas, with financial incentives by way of soft loans to private estates to intro-

duce these. Solar thermal installations are being placed in public buildings, including hospitals, and photovoltaic arrays to allow solar power rather than the more carbon-negative alternatives are in the planning stages – on rooftops and other built-up sites – in order to protect green areas.

Land is a commodity in short supply in Gibraltar, but amazingly, development and the environment are progressing hand in hand, not least thanks to the new, open and public planning process. This has resulted in new housing, car parking, luxury flats, sewage treatment and waste disposal works, and a power station, progressing at the same time as an expansion of protected natural areas, growth of beaches, enhanced visitor facilities in the Upper Rock Nature Reserve, and a new, wooded city park with fountains and bandstand adjacent to the town centre. And Gibraltar’s social needs are being met – a new hospital ward was planned and opened within three months of the election, and new homes and a day centre for dementia and the frail elderly are under construction.

In addition, government support for



A greater flamingo flies towards the Rock

conservation and research into natural history and heritage are taking Gibraltar to the forefront of many academic disciplines. The famous Barbary macaques, apart from being a major tourist attraction, form part of an ecological research project which is among the most extensive on non-human primates. Spectacular bird migration too, attracts researchers as well as tourists. Archaeology and palaeontological research are regularly presenting new discoveries on the human history and notably on the ecology of the Neanderthals.

Monitoring in caves is providing new information on the history of the earth's climate and on ancient landscapes. And the government in Gibraltar is supporting the 2015 United Kingdom bid for designation of the Gorham's Cave complex, carved into the sea cliffs on the secluded south-eastern coast of the Rock, as a Unesco World Heritage Site. Interest from universities, museums and other academic institutions around the world is significant, and is being encouraged.

On the legislative side, all current European directives have been transposed into

Gibraltar law – another achievement of the present administration – and this of course includes all the environmental ones. In addition, the use of ISO14001 and Eco-Management and Audit Scheme standards are being encouraged, and increasingly the

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### Gibraltar will establish green awards for businesses

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public sector is requiring these types of qualifications in the tender process. These all provide a number of important safeguards, by ensuring good environmental quality for residents and visitors and ensuring the highest standards from businesses, in matters environmental – as well as in matters financial.

Much of the Gibraltar government's environmental programme is set out in a brief, but punchy and comprehensive Environmental Action and Management Plan. This sets clear targets and commits the government to engage with the private sector

through the Gibraltar Federation of Small Businesses and the Chamber of Commerce. The idea is to encourage them to showcase their application of green practices and products, and provide for the establishment of a green business network, and green business certification, standards and awards.

Gibraltar is vibrant in its environmental surge, and ready to welcome investors including those who either bring green technology, green services, or have sound green credentials.

The Rock has a status and an image that far exceeds what one might expect from its physical size, though not from its imposing geology. Coupled with a hugely pleasant environment, a diversity of activity – in which solid academic standing meets considerable commercial success – and with a unique history and a social resilience that have seen it survive sieges in four successive centuries, the jurisdiction looks to the future with confidence and with growing regional importance. As it has been since prehistory, it is the perfect setting – for so many things

**“My Government and the  
British people stand with you.  
Our relationship is solid and sure.”**

*Rt. Hon David Cameron MP,  
Gibraltar Day address, 2013*

