

The Gibraltar-Spain Border Deal: The Last Piece of the EU Exit Jigsaw?

Written by Peter Clegg

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<https://www.e-ir.info/2025/06/23/the-gibraltar-spain-border-deal-the-last-piece-of-the-eu-exit-jigsaw/>

PETER CLEGG, JUN 23 2025

Brexit has had numerous consequences, many of which were scarcely discussed in the lead-up to the 2016 referendum. The British Overseas Territories (BOTs) were not exempt from the repercussions following the decision to leave the European Union (EU). All BOTs maintained a formal relationship with the EU through the 2013 Overseas Association Decision, which provided a range of benefits—including economic and environmental cooperation, development assistance, policy dialogue, and the free movement of goods, services, and people. For Gibraltar, the end of free movement raised concerns about the future of its open border with Spain. Interim measures were introduced to maintain a 'fluid' border when the UK formally exited the EU in 2020. However, without a comprehensive agreement, there remained a real risk that the border would become much harder—especially with the EU's upcoming implementation of the new Entry/Exit System (EES).

Indeed, there were signs that managing the border was becoming increasingly difficult. For instance, Spanish authorities began to intensify checks on people crossing the border, resulting in long delays and queues. Approximately 15,000 people commute daily from Spain to Gibraltar for work, comprising over half of Gibraltar's workforce. Additionally, waste disposal in Gibraltar was becoming more problematic, as much of it is transported across the border. Many older Gibraltarians recall the border closure between 1969 and 1982, a decision made by General Franco. Although Gibraltarians demonstrated flexibility and resilience in adapting to the closure, it caused significant short- to medium-term economic hardship and separated families and friends. Spanish workers also suffered during this period. The desire to protect the economies of both Gibraltar and Spain was therefore a key factor in the push to secure a post-Brexit agreement.

Negotiations that began under the UK Conservative Government were protracted, with key obstacles including the precise role of Spanish officials conducting Schengen checks in Gibraltar and the status of Gibraltar Airport, which also serves as an RAF base. However, on 11 June 2025, an agreement was reached on the core aspects of a future treaty. The overarching goal is to enhance prosperity across the Gibraltar–Spain region by removing physical barriers and checks on people and goods, while safeguarding the Schengen Area, the EU Single Market, and the Customs Union. The hope is that the deal will provide legal certainty, stimulate economic growth, and strengthen cooperation between Gibraltar and Spain.

More specifically, the agreement includes the following commitments: First, joint border checks at Gibraltar's port and airport will replace controls at the Gibraltar–La Línea crossing, easing daily travel. Spain will conduct Schengen checks, while Gibraltar will maintain UK checks. One outcome of this will be that UK nationals visiting Gibraltar will be counted as part of the time-limited allowance (90 days) for short stays in the Schengen area. Second, a customs union between Gibraltar and the EU will eliminate goods checks and ensure tax alignment—particularly on tobacco—to prevent market distortions and support regional development. Third, guarantees on fair competition in areas such as labour, the environment, anti-money laundering, transport, and social security. The agreement also establishes a financial mechanism to support training, employment, and regional cohesion.

On announcing the agreement, UK Foreign Secretary David Lammy said: "Alongside the Government of Gibraltar,

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we have reached an agreement which protects British sovereignty, supports Gibraltar's economy and allows businesses to plan for the long-term once again". He also took a swipe at the previous Conservative government: "This government inherited a situation from the last government which put Gibraltar's economy and way of life under threat. Today's breakthrough delivers a practical solution after years of uncertainty". Gibraltar's Chief Minister, Fabio Picardo, who played a central role in the negotiations, also welcomed the deal. While José Manuel Albares, the Spanish foreign affairs minister, said it would bring down "the last wall" on the continent.

To her credit, Conservative Shadow Home Secretary, Priti Patel, did not dismiss the deal, but reserved judgement until full details were available. However, others on the right went to their usual default position. Former Tory Home Secretary Suella Braverman said: "We are absolutely furious about this deal. It's another unbelievable and unimaginable betrayal". Reform UK described the agreement as a "total surrender", while Conservative Armed Forces spokesperson Mark Francois declared: "First Chagos, now Gibraltar—and next, probably the Falklands. Labour used to sing The Red Flag—now they just wave a big white one instead".

Previously, I have argued that this narrative—linking decisions about one BOT to others—is misleading and overlooks the important differences between them. Many Brexiteers' opposition to this deal is a classic case of wanting to 'have their cake and eat it.' They voted for Brexit (which Gibraltar strongly opposed), demanded a hard Brexit, yet seem either unable or unwilling to acknowledge and address the problems it has caused. Without a pragmatic border deal, Gibraltar's political and economic position—which the right claims to staunchly defend—would almost certainly have been hurt longer term. Right-wing voices in Spain are also opposed to the agreement, but they feel it concedes too much to the UK and Gibraltar.

Interestingly, this is not the first instance in which a complex border issue has been successfully addressed between the UK and an EU member state. The Sovereign Base Areas (SBAs) of Akrotiri and Dhekelia, located on the southern coast of Cyprus, form a single BOT. These areas were retained by the UK following Cyprus' independence and are home to a non-permanent British population as well as a permanent Cypriot community. Prior to Brexit, the border between the SBAs and the Republic of Cyprus was entirely open. Given the unique characteristics of the territory, it was essential to maintain this openness. To preserve the status quo, a specific Protocol was included in the Withdrawal Agreement negotiated under Prime Minister Boris Johnson. This Protocol ensures the continued application of EU law in key areas such as taxation, goods, agriculture, and fisheries within the SBAs, with enforcement carried out by the Republic of Cyprus.

Although Gibraltar has been described as "the last piece of the EU exit jigsaw," several Brexit-related issues concerning the BOTs remain unresolved and, hopefully, will soon be addressed. Perhaps the most pressing of these involves the Falkland Islands and its fisheries exports to the EU. At the time of Brexit, none of the BOTs were included in the UK-EU Trade and Cooperation Agreement. While only a few BOTs engage in trade with the EU, the Falklands is a notable exception—particularly in its trade with Spain. Over the years, the Falklands has developed strong ties with Spanish fishing fleets and importers. As a result, more than 90% of the fish caught in its waters—primarily Loligo squid and various finfish—are exported to Spain. This industry is vital to the Falklands' economy, contributing around 40% of the government's annual revenue. It is also significant for Spain, which sources over 30% of its imported calamari from the Falklands.

Before Brexit, Falklands fisheries exports entered the EU tariff-free. Now, they are subject to the EU's common external tariff, which ranges from 6 to 18%, amounting to approximately €15 million annually—a substantial burden for a small economy. There is hope that, as part of a broader reset in UK-EU relations, the trade status of the BOTs can be improved. In a recent parliamentary response, David Lammy stated, "we are always seeking to reduce tariff burdens for our overseas territories, and we are in ongoing discussions with the European Union in particular".

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