

Gibraltar, the EU and a question of priorities: a litt...

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I wrote a [blog yesterday that touched on the subject of Gibraltar](#). My reason was to comment on what I considered to be the inappropriate priorities of William Hague when discussing Brexit. It [was reported](#) that he thought it likely that Spain would exploit its claim to Gibraltar when negotiating the debacle that Brexit represents. My opinion was, in summary, that given there are so many other vastly more important issues to worry about than Gibraltar when undertaking these negotiations then this seemed to be a wholly inappropriate prioritisation representing a world view from a long gone era. I mentioned in support of my case the fact that Gibraltar has no real strategic relevance left to the UK and that it is a tax haven.

I stress, this article was essentially about Hague and not Gibraltar as such, but it certainly provoked a reaction.

First it was claimed Gibraltar has military significance. This was easily dismissed. When the [RAF can't be bothered to keep a plane there](#) any more and say the base only has strategic significance to support British sovereignty over Gibraltar I think we can safely say that there is of little wider significance.

Then it was claimed that Gibraltar is not a tax haven. This is nonsense: it offers special tax regimes to induce relocation of businesses solely for tax reasons. I mentioned gaming as an example and this is unambiguously true. I also referred to the deliberate supply of secrecy that the Gibraltar government provides to those incorporating companies in its jurisdiction and that this is now widely agreed to be a key tax haven identifier and a major boost to those wishing to evade their legal obligations elsewhere. The Tax Justice Network Financial Secrecy Index makes the case. Much abuse about this flowed, but it always does from tax havens: the volume of invective is, perhaps, one of the surest indicators that the claim that a place is a tax haven is justified.

Both issues missed the major points though. The first of these relates back to Hague's priority ranking. He may think Gibraltar is important, but I don't. When the UK is leaving the EU; when the Union faces its demise; when Ireland faces its greatest economic, social and political crisis for a century; when the UK economy is starting to suffer what

will almost certainly be the greatest self imposed economic disaster imposed on the British economy ever and when the strain to our international relations will be quite phenomenal on all fronts then to suggest that Gibraltar is a priority is absurd. That was the fundamental point I was making.

The secondary one was that the arrogance of all the UK tax havens who now want to assert their Britishness, their right to self determination, and simultaneously the duty of the U.K. to both listen to and take heed of their concerns is quite staggering, in my opinion. I offered varying logic depending upon the position of the commentator.

If the claim was that Gibraltar was British and so must be heard then I pointed out that in a British context they are less than half a parliamentary constituency and so carry about as much sway as any other constituency might, which is none at all.

Alternatively, if the claim made was that Gibraltar has a right self determination my suggestion is very clear: go and find a partner other than the UK or Spain right now to make sure you keep a border open. The U.K. can no longer help here, and will be enormously harmful to Gibraltar when a hard border with Spain is imposed, so Gibraltar needs another EU state to adopt it, but I realise not Spain. Then Gibraltar may keep the EU ties it wants.

And if the claim was Britishness? There I despair. When the very essence of Britishness may be disappearing this just shows a complete lack of understanding of awareness of what is happening in the UK. To somehow think in that case that Gibraltarian Britishness is a priority right now is, to bring me back to my opening remarks, really rather arrogant and naive at one and the same time.

As a matter of fact Brexit is very bad news for all the UK's tax havens. To be polite, the convenient cover the UK has been able to provide for the abuse they have and still do facilitate will be lost. So too will their passports change status. And there is no guarantee at all that the UK post Brexit will need them when it could, if it wanted (although heaven forbid) be a tax haven in its own right without needing these places as satellite offices.

The one thing Gibraltar will not have in all this then is continuity of its current arrangement based upon an anachronistic old settlement updated by the UK's admission to the EU. It seems, however, that Gibraltar thinks its world can continue uninterrupted and that the UK will put itself on the line for them. It's time they smelt the coffee, like the rest of us are.

Let me finally then return to the politics of this which are implicit in what I wrote yesterday. If it turns out that an Overseas Territory tax haven that has no substantial strategic significance is an obstacle to progress in securing a proper deal for the people of the U.K. as a whole if we have to go through with Brexit then my message is very clear. It is that the people of the U.K. come first. Which is why I said we could, and in

that case should, say goodbye to Gibraltar. I have no doubt that is right. I have nothing to apologise for in saying that then. Which, I would also puts me in a better position than Gibraltar, who need to offer some serious apologies for (and reform) their tax haven activities, end their commitment to tax competition and as a result show they want to play a part in an integrated world. Then they might be listened to. Right now, hot air, as evidenced by the volume of comments yesterday, is all they seem to have.

NB: I am very committed today. Comments may take time to moderate.