

# UK-EU AGREEMENT IN RESPECT OF GIBRALTAR

## **Summary**

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## OVERVIEW

1. The United Kingdom (the “UK”) and the European Union (the “EU”) have negotiated a landmark treaty (the “Agreement”) that secures a secure, stable and enduring relationship between the EU and Gibraltar. The Government of Gibraltar has formed an integral part of the UK’s negotiating team at every stage of these negotiations and has given its full support to this Agreement.
2. Following the UK’s departure from the EU, Gibraltar was not covered by the UK-EU Trade and Cooperation Agreement, leaving residents and businesses facing an uncertain future. Gibraltar’s unique geographic and economic position meant that a bespoke arrangement was needed - one that would enable the thousands who cross the Gibraltar-Spain land border each day to continue to do so.
3. This new Agreement provides a practical and lasting solution. It ensures a fluid border for people and goods between Gibraltar and the EU, strengthens cooperation with the EU and Spain and protects British sovereignty - including the operational autonomy of the UK’s military base.
4. Throughout the negotiations, this Government has been steadfastly committed to the ‘double lock’: the UK will never enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another State against their freely and democratically expressed wishes. And we will never enter into a process of sovereignty negotiations with which Gibraltar is not content. The Agreement makes absolutely clear that nothing in the Agreement or any supplementing arrangements shall affect sovereignty.
5. The UK and EU are working together to ensure the Treaty can be brought into effect as soon as possible and provide certainty for the people and economy of Gibraltar. In this context we are publishing the draft Treaty alongside the EU while legal teams complete the final legal review and translation of the text. This is to ensure that all the Parliaments with an interest have access to it on the same timeline. The final version of the Treaty will be laid in the UK Parliament for scrutiny before ratification in accordance with the Constitutional Reform and Governance Act 2010.
6. The Government will continue to work closely with the Government of Gibraltar, the EU and Spain as we advance towards the signature, ratification and implementation of this Treaty.

## **PART ONE — Common and Institutional Provisions**

7. Part One of the Agreement defines the overall purpose of establishing a mutually cooperative relationship between Gibraltar and the EU that promotes shared prosperity for Gibraltar and the surrounding region in Spain. It recognises shared values on the principles of democracy, the rule of law, and respect for human rights, as well as commitment to fight against climate change and cooperate on counterterrorism.
8. Article 2 of the Agreement makes clear that nothing in the Agreement or any supplementing arrangements shall affect sovereignty.
9. There is no direct application of EU law to Gibraltar through the Agreement or enforcement role for the Court of Justice of the European Union in Gibraltar. Part One contains provisions confirming how Gibraltar's domestic legal system will incorporate EU law where alignment is required and confirms it will be enforced by Gibraltar's own authorities and courts.
10. This Part also contains provisions covering the protection of personal data to enable the free flow of data across all sectors between Gibraltar and the EU, without the need for a data 'adequacy' decision for Gibraltar, in return for Gibraltar's continued alignment with key EU data protection rules.
11. In addition, the Agreement creates the governance structures needed to manage and oversee cooperation. It establishes a Cooperation Council, supported by three Specialised Committees, to supervise implementation, facilitate dialogue, and adopt decisions where the Agreement provides for them.

## **PART TWO — Circulation of Persons**

12. The Agreement establishes a new system for the movement of persons, designed to remove all routine immigration checks and physical barriers at the land border while maintaining stability and security across Gibraltar and the Schengen Area. Gibraltar will remain outside both Schengen and the EU, but Schengen border rules will apply at its external border under a tailored arrangement between the UK and EU. The Agreement provides that all

necessary immigration checks will take place at Gibraltar's airport – and if needed, the port – rather than at the land border. This will ensure that people cleared at the airport will be able to travel freely between Gibraltar, Spain and the wider Schengen Area, meaning an end to often lengthy queues for business, workers and visitors crossing the land border. Separate arrangements in this Part ensure that relevant military personnel are exempt from Schengen border checks.

13. The operation of border crossing points, the sequencing of checks by Gibraltar and Spain, the use of automated systems, and the arrangements for second-line checks are also further defined.
14. The Agreement includes provisions on visa-free travel, residence rights for persons resident in Gibraltar, and coordinated procedures for the approval of new or renewed residence permits. These provisions will ensure that residence permits that will allow access to the Schengen area are granted in line with key provisions of EU law designed to protect public safety and security.
15. In the area of security and cooperation the Agreement provides for enhanced law enforcement cooperation to address shared threats, based on arrangements agreed between the UK and the EU in the TCA and expanded where needed.
16. The Agreement also creates mechanisms for evaluation, monitoring and, where required, temporary suspension of obligations in cases of serious non-compliance or security threats.

## **PART THREE — Economy and Trade**

17. Part Three of the Agreement establishes a comprehensive framework for economic and trade cooperation that supports open and fair competition, sustainable development and fluid movement of goods across the land border as well as containing important provisions on transport.
18. The Agreement establishes a bespoke customs model between Gibraltar and the EU, removing tariffs, duties and quotas on goods moving between them. It delivers enhancements to Gibraltar's existing indirect taxation system that brings certain rates closer to those in the EU, without adopting VAT or any form of sales tax. To achieve fluid movement across the border operationally,

the majority of goods destined for Gibraltar will be cleared by EU customs offices in Spain so they can enter Gibraltar without further checks. Separate bespoke arrangements in this Part ensure the continued movement of military goods to Gibraltar.

19. The Agreement also includes provisions on labour standards, taxation and sustainability, environmental protection, climate commitments and state aid control. Under this framework, Gibraltar will maintain high standards, for example, by establishing an independent state aid regime, while maintaining regulatory flexibility. In addition, the Agreement contains an aviation chapter that will provide new economic opportunities for the region by enabling flights between Gibraltar and the EU, which have, for the most part, been suspended for decades. A joint venture company will be established between Gibraltar and Spain to select, through regular public tender, and supervise the commercial company in charge of day to day management of the Airport. Gibraltar will incorporate a small number of EU civil aviation rules into its domestic regime. The RAF base at the airfield is not in scope of the Agreement.

20. In addition to aviation, there are chapters covering maritime and road transport services between Gibraltar and the EU.

## **PART FOUR — Frontier Workers**

21. The Agreement defines the rights of workers who live in one territory and work in the other, ensuring they continue to benefit from clarity, certainty and fair treatment. It provides mechanisms for social security coordination so that contributions, entitlements and benefits can be administered without disruption.

22. These provisions mean that cross-border workers enjoy a secure framework for employment, supporting the integrated labour market between Gibraltar and the surrounding region.

## **PART FIVE — Financial Provisions**

23. The Agreement establishes a financial mechanism to promote cohesion between Gibraltar and the surrounding region. The Parties will contribute to this mechanism by funding initiatives such as education and training.

## **PART SIX — Dispute Settlement**

24. The Agreement provides a mechanism for resolving disputes, including a process of consultations between the Parties and referral to an independent arbitration tribunal. It also includes provisions on compliance and proportionate remedies in case there is non-compliance.

## **PART SEVEN — Final Provisions**

25. This Part sets out the necessary legal and administrative provisions for the Agreement's operation, including rules on procedures for review, entry into force and termination. The territorial scope of the Agreement makes clear that it applies to the territory of Gibraltar, and not the wider UK.

## **ANNEXES**

26. There are a range of Annexes, Appendices and Protocols to the Agreement, numbering 43 in total. These supplement the main chapters of the Agreement with further detail regarding how they will function in practice.