

## UK-EU Gibraltar Trade and Mobility Agreement - 434/2025

### What it means for Gibraltar

On Wednesday, 11 June, the UK and EU announced a political agreement as to the future relationship between Gibraltar and the EU. The full Treaty text is expected to be finalised in Autumn 2025 but here's what we know so far:

- a clause agreed by all sides which makes it explicitly clear that the final Treaty does not impact sovereignty
- a fluid border between Gibraltar and Spain, without checks on people crossing
- dual border control checks for arrivals at Gibraltar airport, carried out by Gibraltar and Spanish officials. Immigration and law and order in Gibraltar will remain the exclusive responsibility of Gibraltar's authorities. Spanish officials will be responsible for ensuring the integrity of the Schengen Area, in a model similar to French police operating in London's St Pancras station
- a bespoke goods and customs model for products entering Gibraltar across its land border, avoiding the need for onerous checks
- full operational autonomy of the UK's military facilities in Gibraltar, which play a vital role in protecting regional security and important trade routes
- the opportunity for flights to operate from Gibraltar airport to EU destinations, increasing Gibraltar's connectivity to the continent and improving its prosperity

There has been much speculation as to whether Gibraltar would be required to establish a VAT regime under the Treaty, leading many businesses to hope for a rate similar to Andorra (around 4.5%), if any. Following a recent interview, the Chief Minister has clarified that a VAT regime would not be implemented. Rather, that Gibraltar's import duty is to be harmonised with the EU's VAT rates, effectively creating a transaction tax on goods. He also stated that the rate for this transaction tax will "*never be lower than the lowest place in the EU*" leading many to speculate that the rate is likely to be around 17% (being the lowest VAT rate currently in the EU). Rates on services would remain unaffected (i.e. VAT free).

The Chief Minister has been clear to stress that the Treaty will not in any way compromise British sovereignty over Gibraltar, stating in a recent article that "*Just like today, only Gibraltar will decide who enters Gibraltar*". Also, that once the Treaty is implemented, Gibraltar residents (regardless of nationality) will be able to enter and travel throughout Schengen using the Gibraltar residence cards without requiring a visa and without having their passports stamped.

The opposition party, the Gibraltar Social Democrats, have cautiously welcomed the political agreement but made clear that judgment would ultimately need to be reserved until the Treaty text is published.

The announcement that a deal has been reached has been received with widespread optimism in Gibraltar but, as ever, the devil will be in the detail of the text. We look forward to this next step and helping business and the community navigate the frameworks as they evolve over the next few months

TSN are sponsoring the Brexit Townhall held by the Gibraltar Federation of Small Businesses to discuss what we know, the challenges and opportunities on **17 June 2025** and it all kicks off at 5:40pm. To find out more about the event and its key speakers, [check the event!](#)