

STATEMENT BY THE GSLP/LIBERAL OPPOSITION 81/2007

6 August 2007

The Opposition note the decision taken by GB Airways to discontinue flights to Madrid from September. As far as the Opposition is concerned, flights between Gibraltar and Spain have a political and a commercial aspect.

At a political level, our position has always been to condemn the decision of the Spanish Government, after they joined the European Union in 1986, to exclude Gibraltar's airport from the European system of which it had been part until then. This exclusion would be maintained unless and until we gave them concessions on having a presence and a role in relation to our airport, on the spurious ground that the land on which the airport is built is disputed territory and that they do not recognise that that land is part of Gibraltar and is under British sovereignty. This is what was the purpose of the 1987 airport deal.

It should be recalled that this exclusion happened under a democratically elected Government in Spain and that even at the time of the closure of the frontier under Franco, initially flights continued between Gibraltar and Madrid. These were discontinued on purely commercial grounds by British Airways and were not stopped on political grounds by the Spanish Government of the day.

The decision of the Spanish Government to announce in Cordoba in September last year that they would permit flights between Gibraltar and Spain simply restored the position that there was under EU law in 1986 and it is what should have happened when EU law was expanded in 1987 and Spain used its veto to exclude Gibraltar.

As a result of this Cordoba understanding, Spain has obtained direct access to our airport from La Linea and the Opposition has supported that this should continue to be the case in future. Clearly, the right to have flights between Gibraltar and Spain, in accordance with EU law, which should have been there all the time, does not automatically mean that a route between Gibraltar and a given city in Spain will prove to be commercially viable any more than it would to any other airport in any other Member State.

There is also a commercial side to the decision by GB Airways. What is clear is that if an airline, that started its existence in Gibraltar, and knows the market better than anyone else, is not able to make a profit on this route, other airlines are even less likely to do so. Moreover, if Madrid, which is the best connected international airport in Spain, cannot provide sufficient volume, presumably other Spanish destinations would again prove less likely to generate traffic for daily flights.

The Opposition notes that GB Airways apparently took the decision to commence operating this route in order to provide political support to the Cordoba agreement. The Opposition considers that it is not up to commercial

entities to take decisions in order to give an impression to the public as to the desirability of political agreements and that what they should concentrate on is the running of their business and making a profit, which is presumably what they are doing now.

One does not know to what extent Iberia was also motivated by a desire also to give support to the political agreement and has taken a decision which is not exclusively based on operating on the route on the basis that it makes money. In the long run, it is obvious that such decisions cannot survive where companies are losing money for their shareholders, unless somebody comes along subsidises the operation, or it is reduced to a smaller, more commercially viable scale.

The loss of the facility cannot be considered to hinder Gibraltar's capacity for economic growth, otherwise the traffic and demand would be there. It would seem therefore that the projections of a boom in air travel and the optimism that the airport could become one of Gibraltar's major industries was based more on wishful thinking than on hard facts.

It would therefore seem premature to undertake major public investment in that area to provide an expansion of the facilities for which there might not be a demand, and which in any case does not follow from the understandings reached in Cordoba which simply provided for the Gibraltar airport terminal to have a corridor linking it to the international frontier with Spain to substitute for the bus service currently provided and which by all reports is very little used.

The Opposition considers that our air links with the UK are in a different category and that there, apart from the commercial viability of the routes, it is in the national interest that flights to the United Kingdom should be maintained and expanded as far as possible.

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