CONTENT

Background and state of play

The EU OCTs are 13 overseas islands under the rules of Denmark, France or the Netherlands (before the UK withdrawal from the EU, there were 25 EU OCTs). OCTs enjoy extensive self-governance. The EU law does not fully apply to them, but the EU Treaties set out the main principles underpinning the association of the OCTs with the EU.


The new rules concern all OCTs, with special arrangements for Greenland. The main change is about budget, as under the previous association decisions (‘Overseas Association Decision’ 2013/755/EU and the ‘Greenland Decision’ 2014/137/EU), the main EU funding source for Greenland was the EU budget, while for other OCTs, it was the European Development Fund (a financial instrument funded by the Member states, but outside the EU budget, that existed until end 2020). Now the actions for all OCTs are funded by the general budget of the EU, with a derogation to the principle of budgetary annuality, meaning that the use of funds may extend over several years. OCTs still benefit from the EU humanitarian aid and are eligible for more EU programmes than in the past.

It is expected that these common rules and source of financing will create synergies between the OCTs, which share a number of similarities: most of them are small islands, not densely populated, and the majority draw most of their revenues from fishing and tourism. They represent 80% of EU biodiversity, and their geographic positions and reliance on natural resources make them particularly vulnerable to climate change. They are remote from the EU mainland and, more generally, from their trading partners.

The new decision encourages regional cooperation with other OCTs, EU outermost regions, third countries or groupings such as the Organisation of African Caribbean and Pacific States (OACPS). It also takes into account the specific circumstances of the various OCTs and promotes progress towards the achievement of the UN sustainable development goals (SDGs) through the preservation and
causes of migration, notably with enhanced efforts on education and employment.

**Stakeholders’ opinion**

OCTA, the Association of the EU OCTs, made its position known in August 2018 in the context of the public consultation organised by the European Commission. OCTA welcomes the option to retain the main features of the cooperation; the integration of OCT funds into the EU general budget; the transfer of EDF flexibilities such as multiannual to the future budget line for OCTs. However, OCTA regrets that the proposal falls short as concerns the ways to address challenges such as climate change. OCTA calculates that, including support expenditures, funds for OCTs would actually decrease by 1.95% and calls for maintaining the current level of funding instead. OCTA would also like that simplified rules for programming, taking into account ‘limited administrative and human resources of the OCTs’, are introduced in the text.

**Legislative process**

*Commission*

In line with its proposal to integrate the EDF into the EU budget, the European Commission has proposed to fund not only Greenland, but also all other Overseas Countries and Territories (OCTs), through the EU budget with €500 million for the period 2021-2027. The proposal for a single decision in replacement of the Overseas Association Decision and the Greenland Decision intends to update and simplify the legal framework, while retaining the main structure of the current association, with special arrangements for Greenland.

The European Economic and Social Committee endorsed the proposal, and the Committee of the regions did not specifically comment on this proposal.

*Council*

On 23 April 2019 the ACP Working party of the Council expressed its support for the proposal. On 13 May 2019 Committee of permanent representatives (COREPER) agreed on the text, however setting aside provisions linked to MFF negotiations - such as the EDF budgetisation - or linked to the pending withdrawal of the UK from the EU (such as the list of concerned OCTs). The decision adopted by the Council was published on the Official Journal of the EU on 7 October 2021, after the European Parliament approved the Council’s draft on 14 September 2021.

*Parliament’s position*

A special adoption procedure is laid down in article 203 of the Treaty on the Functioning of the EU (TFEU): it requires a consultation of the European Parliament before the Council decides by unanimity on the Commission proposal. In the European Parliament, the
Committee on Development (DEVE) is the lead committee; other committees decided not to appoint rapporteurs for opinion. DEVE had a first exchange of views with the Commission and OCTA on 24 September 2018. The rapporteur, Maurice Ponga (EPP), presented his draft report to DEVE on 20 November 2018; the amended report was adopted in DEVE on 13 December 2018. Parliament endorsed DEVE’s report and adopted resolution P8-TA(2019)0053 on 31 January 2019 which calls for:

- reinforcing the focus on climate change and sustainable management of natural resources;
- strengthening social and human rights, such as gender equality and education;
- a stronger political dialogue between OCTs, linked Member States and the EU should be put in place;
- OCTs being formally included in the EU dialogue with their neighbouring countries;
- programming and monitoring rules taking into account the limited administrative resources of the OCTs, especially the least developed ones.

Members highlighted the need to reinforce OCTs’ resilience and competitiveness by increasing the proposed budget for 2021-2027 to €669 million. They expect a more transparent breakdown of funds between the 13 concerned OCTs.

In its 27 February 2019 response to the EP resolution, the Commission reserved its position, while considering the proposed amount of €500 million was ‘reasonable’ due to the departure of the UK-linked OCTs. Parliament approved the Council’s draft on 14 September 2021.

References:

- EP Legislative Observatory, Procedure file on the Association of the overseas countries and territories with the EU including EU/Greenland/Denmark relations 2021–2027, 2018/0244(CNS)
- Council of the European Union, Council Decision (EU) 2021/1764 of 5 October 2021 on the Association of the Overseas Countries and Territories with the European Union including relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other (Decision on the Overseas Association, including Greenland)
- European Commission, Overseas Countries and Territories web page
- European Economic and Social Committee, Opinion, Overseas Association Decision, CES4576/2018

Further reading:

- European Parliament, EPRS, How the EU budget is spent: EU cooperation with Greenland, Briefing, April 2019
• European Parliament, EPRS, *A new association of the Overseas Countries and Territories (including Greenland) with the European Union*, Briefing, February 2019
• European Parliament, EPRS, *Tax evasion, money laundering and tax transparency in the EU Overseas Countries and Territories*, Ex-Post Impact Assessment Study, April 2017
• European Parliament, EXPO, *Greenland: The Challenge of Managing a Key Geostrategic Territory*, In-Depth Analysis, March 2014

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