

The United Kingdom Overseas Territories and the European Union: Benefits and Prospects

Part I – EU Benefits to the United Kingdom Overseas Territories



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Report by:
Dr Peter Clegg
Senior Lecturer in Politics
University of the West of England, Bristol

Executive Summary

There are 14 United Kingdom Overseas Territories (UKOTs) spread across the globe, of which nine are directly associated with the European Union (EU) via the Overseas Association Decision (OAD) adopted by the EU in 2013. These are Anguilla, Bermuda, British Virgin Islands (BVI), Cayman Islands, Falkland Islands, Montserrat, Pitcairn, St Helena and Turks and Caicos Islands. Ascension and Tristan da Cunha fall under St Helena in the OAD. Historically the most important relationship the UKOTs have had is with the United Kingdom (UK), but over the last fifteen years links with the EU have grown.

The UKOTs benefit currently from economic and environmental cooperation with the EU, as well as development assistance and policy dialogue. Practical aspects of cooperation are welcomed by the UKOTs. For example, free access to the EU market has been very beneficial to Falkland Islands and Tristan da Cunha, with respect to fisheries and agricultural exports; Bermuda's financial services industry with its focus on insurance is aided by its close links with the EU, both in terms of it being a large market, but also as the EU recognises Bermuda's regulatory system as equivalent to its own; while all Territories gain from free movement across the EU, which facilitates business links and educational opportunities.

Funding from the EU is also having a positive impact on the UKOTs, amounting to at least €80 million between 2014-2020. Recent and ongoing projects are focusing on supporting their economies, and helping the Territories to address environmental challenges such as climate change, disaster preparedness and the conservation of their biodiversity – 90% of the biodiversity in the UK is located in the UKOTs.

Beyond the policy benefits, the deepening institutional links between the UKOTs and the EU, particularly via the European Commission, have been supported by the Territories, providing as they do more direct access to EU policy makers. In addition, the growing cooperation between the UKOTs and Dutch, French and Danish territories in the Overseas Countries and Territories Association (OCTA) has brought real gains, including greater political visibility of the territories in Brussels and a higher international profile.

Politically, there is also a view that the EU reinforces the self-determination of the UKOTs, particularly where a territory is the subject of a territorial dispute between the UK and other states, for example Falkland Islands.

It is clear therefore that the UKOTs benefit in several important ways from their relationship with the EU, and many of these will be placed at serious risk if the UK decides to leave the EU.

Acronyms

ACP	African, Caribbean, and Pacific
BVI	British Virgin Islands
CARIFORUM	Caribbean Forum
DEVCO	Directorate-General for International Cooperation and Development – Europe Aid
EDF	European Development Fund
EIB	European Investment Bank
EU	European Union
OAD	Overseas Association Decision
OCTs	Overseas Countries and Territories
OCTA	Overseas Countries and Territories Association
ORs	Outermost Regions (of the EU)
PWP	Partnership Working Party
SMEs	Small and Medium Size Enterprises
UKOTs	United Kingdom Overseas Territories
UKOTA	United Kingdom Overseas Territories Association

Introduction

1. The Political Council of the United Kingdom Overseas Territories Association (UKOTA) at its annual meeting in November 2015 mandated the Association to commission a report on the relationship between the United Kingdom Overseas Territories (UKOTs) and the European Union (EU) in the context of the impending United Kingdom (UK) referendum on EU membership that takes place on Thursday 23rd June 2016. UKOTA commissioned the report to be prepared in two parts. This document, Part I, highlights the benefits of the EU to the UKOTs. Part II will consider the prospects for the relationship once the referendum has been held.

2. The overall aim of the report is not to force the UKOTs onto the campaign agenda (thus Gibraltar, whose government is in favour of the UK remaining in the EU¹ and whose population is eligible to vote, is excluded from the report), but to demonstrate the value of the EU to the UKOTs and the prospects for their future relationship with the EU pending the referendum outcome.

3. Part I focuses on a range of issues, such as trade, climate change, sustainable energy, biodiversity, security, free movement of people, and the institutional links between the UKOTs and the EU from which the UKOTs benefit. However, before the report considers these issues a brief overview of the Territories is provided.

The UK Overseas Territories

4. There are 14 UKOTs spread across the globe (see Figure 1). The number of inhabitants range from 65,000 in Bermuda to around 50 in Pitcairn. The vast majority are economically self-sufficient and have interests in a range of industries (see Table 1). Bermuda, British Virgin Islands (BVI) and Cayman Islands have significant financial centres and are highly successful tourism destinations. The Falkland Islands economy is based on fisheries, tourism, and agriculture, while Tristan da Cunha has a successful lobster fishery. Despite their success the economies are open and vulnerable due to their dependence on a small number of key sectors; and for some their geographical isolation is also a limiting factor.

5. The Territories are well known for their natural environment and associated biodiversity. They are home to many habitats and species not found anywhere else in the world. Indeed it is estimated that 90% of the biodiversity within the UK is located in the Territories. They contain over 500 globally threatened species, and many undisturbed habitats of international significance.

6. For example, Henderson Island (part of the Pitcairn Islands) is the best example in the Pacific of a large raised coral atoll and is an important breeding ground for seabirds. Also, in March 2015 the UK government set up the largest, continuous marine reserve in the world in waters around the islands. Ascension is home to many endemic species and has globally important populations of seabirds and turtles; while Cayman Islands has 25 endemic species of plants and reptiles, and over 200 species of birds.

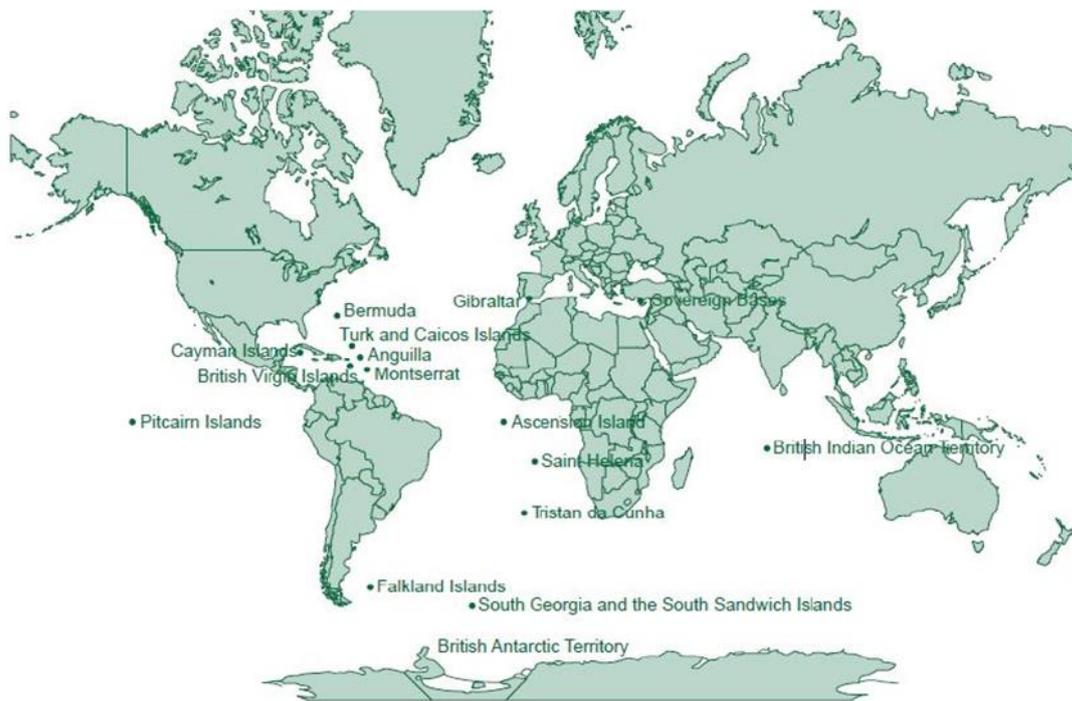


Figure 1 – The United Kingdom Overseas Territories²

Territory	Population	GDP per capita (US\$)	Key industries	UK budgetary aid
Anguilla	16,318	20,000	Tourism, construction, financial services	No
Bermuda	65,091	85,747	Financial services, tourism	No
British Virgin Islands	29,537	32,111	Financial services, tourism	No
Cayman Islands	58,238	59,657	Financial services, tourism	No
Falkland Islands	2,562	92,675	Fisheries, agriculture, tourism	No
Montserrat	4,922	11,896	Construction, tourism, agriculture	Yes
Pitcairn	54	N/A	Subsistence fishing, horticulture, and sale of handicrafts	Yes
St Helena, Ascension & Tristan da Cunha	5,134	6,799	Tourism, coffee, stamp sales	Yes
Turks & Caicos Islands	33,740	22,245	Tourism, construction, financial services	No

Table 1 – Key statistics for the UKOTs³

Overview of the UKOT-EU Relationship

7. The UKOTs have ties with the EU under the banner of Overseas Countries and Territories (OCTs). The OCTs are not part of the EU and thus are not directly subject to EU law (see Article 355(2) of the Treaty on the Functioning of the EU), but they do have associate status – under Part IV of the Treaty. The key articles within Part IV are Articles 198 to 203, which set out the underlying basis of the relationship, focusing on the promotion of economic and social development; the establishment of close economic relations between the OCTs and the EU; the importance of non-discrimination in economic matters; and the right to free movement of OCT workers.⁴

8. Links between the UKOTs and the EU were established in 1973 on the UK's accession (to the European Economic Community), although the OCTs more generally were referenced in the original Treaty of Rome (Treaty Establishing the European Economic Community) in 1957. Until recently agreements between the OCTs and the EU were mainly 'light' versions of the arrangements with the African, Caribbean and Pacific (ACP) group of countries.⁵ In addition, the administering powers, rather than the OCTs, led negotiations with the EU. However, more recently, the OCTs have gained a stronger voice within the Union.

9. One outcome has been a new agreement – Council Decision 2013/755/EU on the Association of the Overseas Countries and Territories with the EU ('Overseas Association Decision', OAD), adopted on 25 November 2013.⁶ The agreement aims to modernise the relationship between the OCTs and the EU, 'moving beyond development cooperation and focusing on a reciprocal relationship based on mutual interests'.⁷ The agreement was warmly welcomed by the UKOTs.⁸

10. The key provisions of the OAD (which are considered in more detail below) include establishing closer economic relations between the OCTs and the EU; enhancing OCTs' competitiveness; strengthening OCTs' resilience and reducing their vulnerability; and creating more reciprocal relations between the OCTs and the EU based on mutual interests and shared values.

11. There are also several financial instruments linked to the new OAD. Total EU bilateral funding for the UKOTs via the 11th European Development Fund (EDF, 2014–20) is €76.8 million (see Table 2); a sizable increase on the 10th EDF (€62.7 million). Regional funding has also been raised by €60 million.⁹ In addition, there is funding from the European Investment Bank (EIB) and from the EU's general budget, e.g. via its horizontal programmes for sectors such as research, the environment, education, and innovation and competitiveness.

12. The OCTs themselves are considered strategic assets to the EU in terms of their biodiversity and geographical location as outposts of the Union in the Caribbean, Pacific, Atlantic, Indian Ocean, and Arctic.

Territory	Indicative allocation 11th EDF-OCT (in million EUR)
Anguilla	14.0
Bermuda*	0
British Virgin Islands*	0
Cayman Islands*	0
Falkland Islands**	5.9
Montserrat	18.4
Pitcairn	2.4
St Helena, Ascension, and Tristan da Cunha	21.5
Turks and Caicos Islands	14.6
Regional***	100.0
Reserve B***	21.5
EIB Investment Facility***	5.0

Table 2 – Financial assistance promised under the 11th EDF¹⁰

Regional is a general fund for regional development.

Reserve B is for humanitarian support and disaster relief.

EIB Investment Facility is offered by the European Investment Bank. It supports projects promoting the development of the private sector and commercially-run public enterprise. Investments in the infrastructure sector and the financial sector promoting private sector development are a priority.

* Territory does not receive funds under this resource envelope due to its high GDP per capita, but benefits from the other sources of funding, including thematic and regional allocations and technical cooperation facility funds.

** Despite its high GDP per capita, the Falkland Islands receives an additional allocation as it is unable to access regional funding due to its remoteness.

*** Funding available for all OCTs.

13. In recent years the EU has become an increasingly important actor in relation to the UKOTs, and has the potential to become even more valuable. Among other things, a significant volume of some UKOTs external trade is with the EU and thus depends on free access; the financial support provided by the EU assists the Territories in a range of key areas, including economic capacity building and climate change adaptation and mitigation, and sustainable energy development; the free movement of UKOT populations across the Schengen area is an important benefit, and the institutional relationship both with the EU itself and with fellow OCTs (via OCTA) are valuable avenues of influence and cooperation.

Benefiting from the EU Market

14. Part Three of the OAD considers trade and trade related cooperation. The key provisions focus on free access for OCT goods entering the EU; flexible rules of origin; improving the market access of OCT services and investments; cooperation in the area of financial services; and raising trade capacity in the OCTs. The OAD extended the trade benefits available to OCTs, building on past agreements which had gradually improved their access to the EU market. These changes were also important as they corrected an erosion that had taken place in the competitive position of OCTs vis-à-vis the EU market. The EU has signed recently free-trade agreements with Colombia, Costa Rica, Mexico, South Africa and the Central American Common Market, as well as a new agreement with ACP states and thus the OCTs had seen a reduction in their margin of preference.

15. With respect to UKOT exports into the EU market, for Falkland Islands, total sales of locally produced fish, meat, and other agricultural products into the EU are valued at around £180 million per year, making the EU the largest single market for Falkland Islands' products globally. It is estimated that over 70% of the Falkland Islands' GDP is dependent upon access to the European market. Further the fishing industry benefits from various provisions under Title II of the 2013 Overseas Association Decision (Definition of the Concept of Originating Products).¹¹ The industry uses fleets from other countries – notably Spain, and without the safeguards in the OAD allowing fleets registered in, or flying the flag of, a Member State to operate in OCT industries the Falkland Islands would find it difficult to export its fish to the EU. Indeed, the Falkland Islands Government suggested recently that 'any material change that results in less beneficial import/export access could be potentially catastrophic for the Falkland Islands economy and people'.¹²

16. For Tristan da Cunha the EU market is increasingly important for its high quality and sustainably sourced lobster. After many years of negotiation, the first Tristan da Cunha lobster was imported into the EU in November 2014. For the single operator fishery on Tristan access to the EU market is beneficial because it is a relatively high returning market and competing demands for its lobster across Member States helps to push up prices. Access to the EU market also promotes the trading image of Tristan more generally. Therefore there are clear advantages for Tristan in having a trading relationship with the EU.

17. Cooperation in the area of financial services is another important component of the OCT-EU trade relationship. First, the EU market is a major one particularly for Bermuda, with its focus on insurance. Service sector imports from Bermuda to the EU amounted to €21.7 billion in 2014 according to the European Commission. In addition, Bermuda benefits from the EU's recognition that the standard of the island's insurance regulation is equivalent to its own. Second, within the institutional structures highlighted previously the OCTs are able to discuss financial services and tax issues and initiatives with the EU before they are implemented. BVI is the Co-Chair of the OCT/EU Financial Services Partnership Working Party (PWP), which brings together technical experts from the OCTs and EU to discuss issues of mutual concern. This platform is important for mutual understanding and to make sure that the interests of the OCTs are taken into account by the EU in its decision making.

18. A final issue is the development of new export openings into the EU market. A number of the UKOTs are highly dependent on a small number of industries, and this increases their vulnerability. Thus several are investigating ways in which they can diversify their economies. For instance, BVI is exploring the commercial expansion of its fisheries industry, with the EU as a potential export market.

Strengthening and Diversifying the UKOT Economies

19. Trade facilitation is of course an important factor in encouraging the growth of local UKOT economies, but funding through the EDF is also focused on this area both bilaterally and under regional funds. There is particular emphasis on supporting macroeconomic stability, facilitating economic diversification, and encouraging the growth of Small and Medium Enterprises (SMEs).

20. Under the 10th EDF (2008-13) €11.7 million was allocated to Anguilla to assist the government in implementing its medium-term economic strategy, which focused on improving macroeconomic stability, stimulating sustainable and diversified economic growth, and enhancing social development and social protection. Also under the 10th EDF Falkland Islands received €4.13 million as budget support. This fed into 'The Islands Plan, 2014-2018', with the objective of diversifying the economy, particularly in relation to decreasing reliance on the fisheries industry.¹³ In Tristan da Cunha meanwhile EU funding has supported new water and electrical networks, and some small harbour repairs.

21. In Pitcairn the EU is funding two related infrastructure projects: the building of a jetty at Tedside, on the North Western side of the Island, and upgrading the road linking Tedside to Adamstown (the capital). It is hoped that once completed tenders will be able to more easily transport cruise ship passengers to the island, and so the number of cruise ship visitors will increase. This should have a benefit for guest houses and the selling of crafts and curios, and in turn potentially reduce Pitcairn's dependency on UK budgetary aid. The proposed projects for the 11th EDF continue to build on the chosen sector of tourism to further improve the services to support the industry.

22. In terms of regional funds, again under the 10th EDF, the 'Strengthening the Development of Small and Medium Enterprises of the Overseas Countries and Territories in the Caribbean Region' programme managed by BVI as Deputy Regional Authorising Officer is a notable example. The overall objective is to contribute to the economic diversification and prosperity of the OCTs by improving the competitiveness of SMEs in the Territories. All Caribbean UKOTs participate. The €15 million programme has three specific objectives, with work ongoing:

- To strengthen the capacity of the Governments of the British and Dutch OCTs to service the business sector.
- To improve the capacity of Business Service Organisations to engage in public-private policy and administrative reform dialogue with Governments and provide services to their constituency of SMEs.
- To promote stronger collaboration, trade and investment relations amongst EU, CARIFORUM¹⁴ and the Caribbean OCTs.

Supporting Climate Change Mitigation and Sustainable Energy

23. As was noted earlier the UKOTs have a tremendous amount of biodiversity, over which their governments are actively seeking to strengthen management and conservation. The UKOTs are also most vulnerable to the impacts of climate change; the Intergovernmental Panel on Climate Change has stated that the Territories are 'virtually certain to experience the most severe impacts,' to which they must adapt.¹⁵ Associated with this, and to help facilitate more sustainable development, is the Territories' desire to reduce their dependency on fossil fuels as their primary source of energy, and adopt more renewable methods of energy production.

24. Part Two of the OAD focuses on sustainable development, and Chapter 1 considers 'Environmental Issues, climate change, and disaster risk reduction'. The Decision details a number of priorities, including: ensuring the conservation, restoration and sustainable use of biological (including marine) diversity; assisting the adaptation and mitigation of climate change in the OCTs, supporting the OCTs in becoming less dependent on fossil fuels, and helping the OCTs to reduce their vulnerability to natural disasters. There are a wide range of programmes and initiatives in place to help meet these priorities.

25. An important programme is the BEST (Biodiversity and Ecosystem Services in Territories of European overseas) scheme that aims to support the conservation of biodiversity and sustainable use of ecosystem services including ecosystem-based approaches to climate change adaptation and mitigation. It is part of the European Commission's EU Biodiversity for Life (B4Life) initiative. It is organised through Directorate-General Environment with some financial support provided by the French Development Agency. UKOTs have benefited from this scheme, working in tandem with a range of NGOs. Two examples are provided below.

- *Securing pockets of paradise in the Caribbean – Embedding capacity for invasive alien species (IAS) management in UKOT based organisations.* BVI, Cayman Islands, Montserrat, and Turks and Caicos Islands are participating. The project lead is the Royal Society for the Protection of Birds, with involvement of other agencies such as the National Trust. The funding amounts to €389,540 and the aims of the project are to develop practical IAS management activity in Key Biodiversity Areas, organise targeted public awareness campaigns, promote regional cooperation and implement national actions to embed good protocol and guidelines in IAS strategies.
- *Project TEFRA: Terrestrial ecosystems of the Falklands – a climate change risk assessment.* This project's key objective is to provide the Falkland Islands Government with the ability to better conserve native plants, the habitats they form and the services they provide in the face of a changing climate. The project is using 2020-2080 climate change predictions to model impacts and the results will feed into a large scale risk assessment. The project is costing €256,000 and is being led by Kew Gardens.

26. Funding is also available under the EDF. So for example, a regional envelope for the Caribbean OCTs under the 11th EDF has been agreed, which foresees €40 million for cooperation in the area of sustainable energy and marine biodiversity. Also, through the prior regional envelope of the 10th EDF, the EU is funding a €12 million regional initiative (INTEGRE) which aims to mitigate the impacts of climate change. Pitcairn is part of this scheme. Cayman Islands obtained €550,000 under the 9th EDF for its Blue Iguana Recovery Programme. Funding assisted with construction of a visitor centre, a 'challenge' fund towards protected land purchase, and education and awareness work.

27. In addition, funding is available to assist after the impact of natural disasters. Cayman Islands was allocated €7 million in aid from the 9th EDF for the reconstruction and rehabilitation of houses that were destroyed by Hurricane Ivan in September 2004. Similarly Turks and Caicos Islands received €6.25 million from the 10th EDF following Hurricanes Ike and Hannah in 2008. Twenty-four new homes were built, major repairs were made to 27 homes, and a further seven homes benefited from minor repairs. The works were carried out by local building firms and the project began in 2012 and finished in 2015. Funds have also been provided to improve disaster risk prevention. For instance, over €4 million (under the 9th EDF) was provided by the EU for the building of the Kerney Gomez Doppler Radar, which has improved the surveillance of weather conditions, including hurricanes.

28. As well as providing funding the OCTA-EU institutional links are important. Most of the work of OCTA in the field of Environment and Climate Change is channelled through the PWP on the Environment. It is a useful platform to exchange views of mutual interest and a way to share information. Further, the annual OCT-EU Forums regularly consider issues around climate change, disaster risk reduction, sustainable energy and biodiversity, and is useful in linking the OCTs with broader agendas and agreements. For instance, at the 14th OCT-EU Forum delegates discussed the Paris climate change conference (COP21) held in December 2015 and how they would like to be included in the global climate change agreement.

Maintaining Security

29. The most important issue in regard to security relates to Falkland Islands and Argentina's territorial claim. The Falklands Government believes that the UK's membership of the EU and provisions in the Treaty of Rome and its successors offer the UK and Falkland governments 'considerable certainty and support from EU

member states'.¹⁶ Specifically the Treaties list the OCTs (see Annex II of the Treaty on the Functioning of the EU), thus recognising the status of the Falklands Islands as a UKOT. All Member State signatories of the Treaty are committed in their support of this position. Falkland Islands considers that this is an important extra buffer against Argentina's claim, and that without it Argentina could well take a more aggressive political stance in challenging the status of the Falklands as a UKOT in the knowledge that some EU states would be more supportive of Argentina if they were freed from their EU Treaty commitments.

Enabling Free Movement of People

30. Free movement within the EU for UKOT citizens with UK nationality is defined within Article 20 of the Treaty on the Functioning of the EU. Article 20(1) states that 'Every person holding the nationality of a Member State shall be a citizen of the Union, and Article 20(2) continues that 'Citizens of the Union shall enjoy the rights and be subject to the duties provided for in the Treaties. The citizenship rights are summarised in Article 20(2) and set out in detail in Articles 21 to 24 of the Treaty. These include 'Every citizen of the Union shall have the right to move and reside freely within the territory of the Member States'.¹⁷

31. Free movement to travel, work and reside in the EU is an important benefit for the UKOTs, most of whose residents are UK citizens. For example, it facilitates the growth of business links. Falkland Islanders often travel to the EU to meet with their business partners who are involved in the fisheries industry or in the Falkland's continuing oil exploration efforts. The opportunity for students to travel to the EU to study, in some cases supported by the EU's Erasmus Student Exchange Programme, is also noteworthy.

32. There are some residents of the UKOTs who do not have UK citizenship but British Overseas Territories Citizenship, which does not grant the right of abode in the UK. In turn people with the latter citizenship do not benefit from the right of free movement as defined in Article 20 of the EU treaty, and as a consequence were not allowed until recently to travel freely across the EU Schengen Area. However, in June 2014 under an agreement negotiated by the UK and EU all British Overseas Territories citizens are now permitted to travel visa free to the EU Schengen Area for a maximum of 90 days. UKOT representatives had been lobbying for this change for several years.

Encouraging Regional Integration

33. For the Caribbean UKOTs in particular the regional approach that the EU is able to facilitate is useful. Along with the five UKOTs, there are a group of independent states associated with the EU via the ACP grouping, and several Outermost Regions (ORs) of the EU. In the OAD (Part One, Article 7) reference is made to promoting the links between them in order to 'improve coordination and synergies between cooperation programmes supported by the different EU financial instruments'. Progress, however, has been slow in bringing the three groups together, but the potential is there. Notwithstanding, one example of closer cooperation was the International Conference on Biodiversity and Climate Change in October 2014, which was hosted by Guadeloupe (an OR of France) and co-organised in partnership with the BVI government. Also, BVI and Guadeloupe have held several meetings involving political leaders and government officials to discuss bilateral and regional cooperation.

Policy Dialogue between OCT-EU-Member States

34. The OCT-EU Forum, which was formally recognised in the 2001 OAD, brings together OCT governments (including the UKOTs), the European Commission and representatives of the Member States. The Forum is held annually and they are held in Brussels and in an OCT alternatively. There have been 14 meetings since the first in 2002.

35. Notably in February 2015, for the first time a European Commissioner, Nevin Mimica, European Commissioner for International Cooperation and Development, attended a Forum in an OCT (BVI) raising the international profile of the UKOTs and other OCTs.

36. At the last Forum in February 2016, a range of issues were discussed including, climate change, sustainable energy, the implementation of 11th EDF programming, and the promotion of research, education and innovation.

37. Tripartite meetings are also held between the Commission, the OCTs and the Member States to which they are linked. These consultations are organised as a rule at least four times a year on the initiative of the Commission or at the request of the OCTs and of the Member States.

38. PWPs are the third form of policy dialogue. These act in an advisory capacity and provide a framework for technical discussions on particular areas of policy. There are currently four active PWPs which include Financial Services (see paragraph 17), Trade, Environment (see paragraph 28), and OCT-EU Relations.

Political Visibility of the UKOTs in Europe

39. Apart from the specific policy dialogue the UKOTs have significant and growing political visibility in the EU. The principal link for the UKOTs, within the context of the EU, is with the European Commission, via its Directorate-General for International Cooperation and Development – EuropeAid (DEVCO). Formerly, there was an OCT Task Force, which was upgraded to an OCT Unit (DEVCO Unit 0.7) in January 2016. The change in status was indicative of the deepening relationship and need to further institutionalise ties between the OCTs and the EU. A key factor in elevating the relationship, and in turn creating the OCT Unit, was the attendance of European Commissioner Mimica at the 13th OCT-EU Forum in the BVI (see paragraph 35).

40. The six staff in the OCT Unit coordinate all activities in the sphere of OCT-EU relations. The Unit has the chief responsibility of implementing the legislative and regulatory framework established in accordance with the Treaty provisions dedicated to OCTs. It also leads and coordinates the programming of European aid for all OCTs and plans, coordinates and supervises the Directorate-General's activities and reports on the relations of the EU with the OCTs. Further, the Unit organises and chairs the meetings between the Commission's services, the OCTs and the Member States to which they are linked, and the Commission Inter-Service group on OCTs.

41. The Unit plays an important, pro-active, and supportive role in promoting and often defending the interests of the UKOTs across the entire European Commission. Further, the Unit offers the UKOTs a unique and increasingly well-used avenue of direct engagement and consultation with the Commission across the full-range of policy areas.

42. The contacts with the other institutions are less developed, but are growing. The European Parliament is an important institution within EU policy-making, and thus the UKOTs are trying to strengthen their links with the institution. The Territories have good connections with 20 or so Members of the European

Parliament (MEPs) across the political spectrum to assist them in lobbying and raising issues in the Parliament itself. Further, work is being undertaken to establish a Parliamentary Friendship Group. This would act as a platform for deeper engagement between Members of the European Parliament and London-based United Kingdom Representatives among the UKOTs.

43. As well as the bilateral link with DEVCO, and in order to bolster the voice of the OCTs in Brussels, OCTs linked to the UK, France, Netherlands and Denmark created OCTA in 2002.¹⁸ OCTA is the main vehicle for the UKOTs to make representations to the EU.

44. Among other things, OCTA directly engages the European Commission and European Parliament on behalf of the 22 OCTs listed in the OAD. The Chair of OCTA is the political head of the Association. In this capacity the Chair liaises directly with the European Commission on the organisation of the annual OCT-EU Forum. Montserrat in 2011 and BVI in 2015 chaired the association, while at present three of the nine ExCo members are from the UKOTs.¹⁹ OCTA also facilitates the inclusion and participation of the UKOTs and other OCTs in EU programmes and activities such as EU Energy Week and EU Biodiversity events. The UKOTs are well represented in Brussels via OCTA and maintain a good working relationship with the European Commission.

Conclusion

45. Over the last decade and a half the relationship between the UKOTs and the EU has grown in strength. The relationship is beneficial to the UKOTs in terms of economic and environmental cooperation and development assistance and policy dialogue. UKOTs have access to tens of millions of euros in funding support and enhanced access to the EU market for both goods and services. In terms of making representation in Brussels, the UKOTs have gone from relying heavily on the UK government for access to the EU to developing a stronger and more independent voice in the Union. This is a positive development as it means the EU is more receptive to the views and interests of the UKOTs. The effects of these changes have been seen not only in regard to tangible policy outcomes but also in terms of institutional deepening.

46. Perhaps the most obvious example is the revised OAD agreed in 2013, which provides important new and expanded benefits to the OCTs, particularly in relation to better trade access and more funding in key areas such as the environment and economic diversification. As this report illustrates there are a range of projects that have been undertaken, are being implemented, or are in the pipeline, which are assisting the UKOTs in dealing with their sustainable development and some of their underlying weaknesses and vulnerabilities. There are still constraints that are limiting further progress, such as the often bureaucratic processes followed by the European Commission or the capacity constraints in some UKOTs that hold back their utilisation of funds in the best and most timely ways possible. However, it is clear that the connection between the UKOTs and the EU is a valued one – on both sides – and that there is potential for further growth.

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Gibraltar is not part of the Decision; it is a member of the EU under Article 355(3) but is exempted from certain EU policies.
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