Association of the overseas countries and territories with the European Union ("Overseas Association Decision")

2012/0195(CNS) - 16/07/2012 - Legislative proposal

PURPOSE: to modernise the Council Decision on the association of the overseas countries and territories (OCT) with the European Union in order to promote the social and economic development of the OCTs and to establish closer economic relations between the latter and the EU.

PROPOSED ACT: Council Decision.

BACKGROUND: OCTs have been associated to the European Union since the entry into force in 1958 of the Treaty of Rome. Since the adoption in 2001 of the current Overseas Association Decision, the regional and international environments in which OCTs operate has changed considerably. New political priorities have emerged at European and international level, (such as environment, climate change, sustainable management of natural resources) as well as change in global trade patterns.

The OCTs continue to face economic and social problems and/or struggle to found their economies on a sustainable basis.

- The main challenge that OCTs face consists in putting their economies and societies on a sustainable development path by increasing their competitiveness, reducing their vulnerability, increasing environmental resilience, and cooperating with their neighbours and integrating in the regional and/or world economies, where this is possible.

- For the Union, the challenge resides in supporting the OCTs with the accomplishment of these goals and of the purpose of the association, via a framework that is adapted to OCT needs, realities, particularities and diversity. Coherence with the Europe 2020 strategy should be sought as far as its smart growth and sustainable priorities are concerned, promoting support to research, innovation as well as to information and communication technologies (ICT) and sustainable growth capacities as catalysts for socioeconomic development.

IMPACT ASSESSMENT: **three policy options** were examined in detail:

- ***Policy option 1:*** status quo - renewal of the current Overseas Association Decision without any changes;

- ***Policy option 2:*** modernisation of the Overseas Association Decision and alignment with EU policy framework;

- ***Policy option 3:*** several partnership agreements concluded entailing a diversification of EU-OCT relations.

Policy option 2 was chosen, since it would:

- enhance an EU-OCT cooperation based on the mutual interests the stakeholders identified throughout the consultation process;

- promote a more efficient cooperation through a more focus and coordinated action between the Union, the OCTs and their Member States;

- support the OCTs to address sensitive issues undermining their sustainable development, such as climate change, which they cannot tackle alone;

- offer to the OCTs a modernised trade regime with the Union that would 1) entail improved rules and origins and 2) guarantee a treatment for trade in services and establishment that would not be less favourable than the one given by the Union to other third partners, which is not the case under the current framework;

- better reflect the notion of mutual interests than it is currently the case;

- allow the integration of Union policy agenda priorities in the relations between the Union and the OCTs and enhance the EU added value as a global partner in emerging global issues.

LEGAL BASIS: Article 203 of the Treaty on the Functioning of the EU.

CONTENT : the **objectives** of the proposal for a Council decision on the association of the overseas countries and territories with the European Union consist of:

- supporting the promotion of EU values and standards in the wider world;

- establishing a more reciprocal relationship between EU and OCTs based on mutual interests;

- enhancing OCTs' competitiveness;

- strengthening OCTs' resilience and reduce their economic and environmental vulnerabilities;

- promoting cooperation of OCTs with third partners;

- integrating EU policy agenda priorities;

- taking into account changes in global trade patterns and EU trade agreements with third partners.

These objectives will be attained particularly through promoting and supporting:

- the economic and social development of the OCTs ;

- the OCTs' capacities to define and implement policies, strategies, action plans and measures in the areas chosen for cooperation between the parties;

- coordinated cooperation in the field of environment, climate change and disaster risk reduction, in support of the OCTs' sustainable development;

- sustainable resource use and resource efficiency;

- a process decoupling economic growth from environmental degradation;

- excellence and industrial competitiveness within OCTs, through cooperation between the European Union and OCTs in the field of science, technology, including information and communication technologies, research and innovation;

- the provision of high quality education and decent work in the OCTs and regions where they are located;

- the strengthening of OCTs' capacity for surveillance, detection and response to outbreaks of communicable diseases;

- the preservation of the cultural diversity and identity of OCTs;

- effective integration in the regional and world economies and the development of trade in goods and services;

- OCT capacities to formulate and implement policies necessary for the development of their trade in goods and services;

- creating a favourable investment climate to support their social and economic development;

- the OCTs' export and trading capacities.

The approach towards cooperation with the OCTs contained in the Commission's legislative proposal respects the principles of partnership, complementarity and subsidiarity. It proposes that the Union financial assistance to OCTs be based on **programming documents,** for which the competent OCT authorities and the Commission would be jointly responsible and which would define the cooperation strategies between the Union and the OCTs. These cooperation strategies would be based on the development objectives, strategies and priorities adopted by the competent OCT authorities. Activities would be decided upon in **close consultation** between the Commission, the OCTs and their Member States, in full respect of the respective institutional, legal and financial powers of each of the partners.

Without prejudice to the Commission's powers, the **OCT authorities would have primary responsibility** for implementing the operations agreed upon under the cooperation strategy.

The Commission would be responsible for establishing the general rules and conditions regarding these programmes and projects.

BUDGETARY IMPLICATIONS: in the Commission Communication on "Preparation of the multiannual financial framework regarding the financing of Union cooperation for African, Caribbean and Pacific States and Overseas Countries and Territories for the 2014-2020 period (11th European Development Fund)", an amount of EUR 343.4 million is envisaged for cooperation with the OCTs.

This amount shall be allocated according to a Council Decision to be taken before 31 December 2013 for implementing the Association with the OCTs, of which EUR 338.4 million to finance territorial and regional programmes, and EUR 5 million in the form of an allocation to the EIB to finance interest subsidies and technical assistance in accordance with the Overseas Association Decision.