

# EU/Faroe Islands Agreement: participation of the Faroe Islands in Union programmes

2022/0045(NLE) - 24/02/2022 - Preparatory document

**PURPOSE:** to conclude the Agreement between the European Union, of the one part, and the Government of the Faroe Islands, of the other part, on the participation of the Faroe Islands in Union programmes.

**PROPOSED ACT:** Council Decision.

**ROLE OF THE EUROPEAN PARLIAMENT:** Council may adopt the act only if Parliament has given its consent to the act.

**BACKGROUND:** the Faroe Islands became formally associated to the Seventh Framework Programme (FP7) in 2010, and a range of European projects attest to the active involvement of Faroese researchers and institutes in areas such as environment, oceanology, climate change, ecosystems and fisheries management.

The Faroese association to Horizon 2020 as of 2014 gave researchers, research institutes and enterprises in the Faroe Islands full access to Union funding and collaborative activities for research and innovation on an equal footing with entities from Member States and other third countries that were also associated to Horizon 2020.

The Union programme Horizon Europe - the Framework Programme for Research and Innovation (2021-2027) is open to the association of third countries and territories which fulfil jointly the criteria specified therein.

By letter of 14 May 2020, the Faroes Islands expressed their formal interest to become associated to the Horizon Europe Programme.

On 13 July 2021, the Council authorised the opening of negotiations on behalf of the European Union for the conclusion of an Agreement between the European Union, of the one part, and the Faroe Islands, of the other part, on the general principles for the participation of the Faroe Islands in Union programmes and the association of the Faroe Islands to the Horizon Europe - the Framework Programme for Research and Innovation (2021-2027).

The negotiations with the Faroe Islands have been successfully concluded and the Agreement was initialled on 8 October 2021.

**CONTENT:** the Commission proposes that the Council conclude, on behalf of the European Union, **the Agreement between the European Union, of the one part, and the Government of the Faroe Islands, of the other part, concerning the participation of the Faroe Islands in Union programmes.**

The agreement annexed to this proposal for a Council decision is composed of two parts, notably the 'umbrella agreement' on the general principles for the participation of the Faroe Islands in Union Programmes and a Protocol on the association of the Faroe Islands to Horizon Europe – the Framework Programme for Research and Innovation (2021-2027) ('the Horizon Europe Protocol') in line with the negotiating directives which the Commission obtained from the Council.

**The ‘umbrella agreement’ comprehensively regulates the conditions of association of the Faroe Islands applicable across all EU programmes.** It governs the terms and conditions for participation in EU programmes, modalities for establishing participation in (association to) any given Union programme and the involvement of Faroe Islands in the governance of the Union Programmes or activities.

It contains: (i) detailed rules for the establishment of the financial contribution of the Faroe Islands to the Union Programmes, including, where applicable, an automatic correction mechanism; (ii) comprehensive rules for the protection of EU financial interests, including powers which the Commission, European Court of Auditors, OLAF and EPPO exercise to that end; (iii) rules on enforcement of Commission decisions on recovery and judgments of the Court of Justice of the European Union on the territory of the Faroe Islands.

It also establishes institutional structures, i.e. a Joint Committee tasked with *inter alia* monitoring of the implementation of the Agreement and examining how to improve and develop the cooperation under the Agreement.

The ‘umbrella agreement’ is meant to create a lasting **legal framework** for cooperation between the Union and the Faroe Islands in relation to EU programmes. It is expected to remain in force for several Multi-annual Financial Frameworks of the EU.

Eventual Protocols on association of the Faroe Islands to each specific Union programme could be added to this ‘umbrella agreement’ in the future.

The first such Protocol on Horizon Europe association exceptionally will not be adopted by the Joint Committee but was negotiated in parallel to the ‘umbrella agreement’ as its integral part and is expected to be concluded and enter into force together with the ‘umbrella agreement’.

Regarding the programme-specific terms and conditions providing for the association of the Faroe Islands to the Horizon Europe, they provide **for association to all parts of the Programme**, except for the specific programme on defence research established by Regulation (EU) 2021/697. This participation has been assessed as beneficial to both parties, with a particular value-added in thematic areas such as **environment, health and food, as well as ocean research.**

The proposed new agreement sets out fair and balanced conditions concerning the financial contribution of the Faroe Islands to the Horizon Europe Programme. Lastly, it includes a reciprocity clause, ensuring that researchers and legal entities established in the Union have as far as possible access to participate to the Faroese research and innovation programmes that are equivalent to the Horizon Europe, in accordance with the conditions laid down in the domestic legislation of the Faroe Islands.