The Lord Boswell of Aynho
Chairman
European Union Committee
House of Lords
London
SW1A 0PW
United Kingdom

Dear Lord Boswell,

FINAL BREXIT NEGOTIATIONS AND THE OVERSEAS TERRITORIES

It was a pleasure to see you several months ago in May during my visit to London when we discussed various Brexit matters. I thank you for accommodating me on very short notice.

As the United Kingdom (UK) undertakes final negotiations with the European Union (EU) on Brexit, I believe it is important at this stage to share with the Lords EU Select Committee the BVI Government’s views on post-Brexit arrangements for the Overseas Territories (OTs) that will impact the British Virgin Islands (BVI).

The BVI currently benefits from various EU funded programmes aimed at the sustainable development of Overseas Territories. The specific sectors of concentration are climate change, biodiversity (marine and terrestrial), sustainable energy and rehabilitation assistance. We are very pleased that funding for these programmes will be guaranteed by Her Majesty’s Government (HMG) through December 2020 in the event of a ‘no deal’ scenario as set out in HMG’s technical notice published on 12 October 2018 entitled Funding for British Overseas Territories if there’s no Brexit deal). The post-Brexit implementation period and the UK guarantee ensure that funding for the OTs’ participation in current EU programmes is protected. The exception is the European Investment Bank’s (EIB) Overseas Countries and Territories (OCT) Investment Facility that has allowed a number of territories associated with the EU to finance projects at concessionary rates and provide affordable credit to their small and medium-sized enterprises (SMEs).
While we welcome the progress HMG has made in the Brexit negotiations, there are a number of outstanding questions on post-Brexit arrangements in relation to the OTs that we believe must be addressed and clarified, preferably at the upcoming annual UK-OT Joint Ministerial Council in London at beginning of December.

The EU programmes mentioned above from which the BVI and other OTs benefit will conclude by December 2020. The OTs do not have access to other sources of international funding to support their sustainable development and will require direct UK support from 2021 onward. The key pillars of the OTs’ sustainable development are:

1. Climate change (focus on adaptation)
2. Biodiversity (focus on conservation of marine and terrestrial biodiversity)
3. Sustainable energy (focus on energy efficiency and development of renewable energy sources such as solar, wind, wave and geothermal)
4. Waste management (focus on disposal of solid waste and waste water)
5. Private sector (focus on development of the private sector and support for SMEs)

Future UK support for the sustainable development of the OTs in these areas should maintain the EU principle of participation by all OTs in related projects and programmes in order to strengthen their resiliency to the negative effects of climate change, preserve their environments and support their drive to achieve or maintain economic self-sufficiency and diversification. It is important that a new UK programme for the sustainable development of OTs is ready to launch in January 2021 so that the gap between EU and UK support is seamless.

The UK Government should also consider the establishment of an OT Investment Facility of some kind similar to the OCT Investment Facility at the EIB so that OTs do not lose financing and commercial opportunities.

An additional concern is the BVI’s future relationship with the EU. At this stage in Brexit negotiations it is unclear what the OTs future relationship with the EU will be. We do understand that this will largely be determined in the negotiations between the UK and EU after the divorce settlement. Thus in our view the UK should continue to engage and consult the OTs on the terms. We recommend that the UK and OTs maintain the current consultation framework in the form of the UK-OT JMC on Brexit Negotiations to ensure the territories’ priorities and views are considered in the negotiation of the future relationship between the UK and EU.
I would very much welcome if the Lords EU Select Committee can consider the above and assist in securing a response from HMG on these critical issues for the BVI and other OTs.

Should you have availability, I would welcome the opportunity to meet you during my upcoming visit to London from 3-7 December on the occasion of the annual UKOT Joint Ministerial Council. The BVI London Office will follow-up with your good offices on the possibilities.

Lord Boswell I would like to thank you and the Lords EU Committee for all of your support to the OTs on Brexit.

Best regards,

Dr. D. Orlando Smith, OBE
Premier
British Virgin Islands

cc: Ms. Elise Donovan
    Director, BVI House, London