



Council of the European Union
General Secretariat

Brussels, 15 September 2025

**DOCUMENT PARTIALLY ACCESSIBLE
TO THE PUBLIC (05.02.2026)**

WK 11320/2025 INIT

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WORKING DOCUMENT

From: EEAS
To: Working Party on the European Free Trade Association (EFTA)

Subject: Background on EU - Faroe Islands relations

EEAS(2025)1000
Limited

EUROPEAN EXTERNAL ACTION SERVICE



EEAS.POL.EURCA.WEST.1

Working document of the European External Action Service

of 12/09/2025

EEAS Reference	EEAS(2025)1000
To	EFTA Council Working Party
Distribution Marking	Limited
Title / Subject	Background on EU - Faroe Islands relations – September 2025
Reference previous document	EEAS(2024)315

EEAS(2025)1000

Limited

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CONTACT POINT:

[REDACTED]



The Faroe Islands: overview¹

The Faroe Islands (55.042 inhabitants) are part of the Kingdom of Denmark, but enjoy considerable autonomy. Citizens of the Faroe Islands have Danish passport (either a special green Faroe Islands–Denmark passport, or a red Danish EU passport). Faroe Islands use the Danish krone as its currency, although there is a local krona variation that exchanges 1:1. King Frederik X is the Head of State of the three parts of the Danish Kingdom (Denmark, Greenland and the Faroe Islands).

The Faroe Islands' autonomy and participation in international affairs is based on the Kingdom of Denmark's constitution, the Home Rule Act (1948), the Assumption Act (2005) and the Foreign Policy Act (2005), which establish the domestic competence to legislate and govern independently in a wide range of areas (trade relations, customs, taxation and economic policy, business regulation, management of fisheries and other natural resources, energy and the environment, the labour market, social security, emergency preparedness, education, research and culture, natural mineral resources). The Foreign Policy Act (FPA) specifies that the Government of the Faroes may negotiate and conclude agreements under international law with foreign states and international organisations, including administrative agreements, which relate entirely to subject matters under the jurisdiction of the Authorities of the Faroes. The Assumption Act specifies that further competencies can be devolved to the Faroe Islands, while matters regarding defence, security and foreign policy fall under the exclusive competence of the Kingdom of Denmark.

The Faroe Islands are highly dependent on the sea and its resources, with fish products representing 93 % of total exports. Their extended Exclusive Economic Zone (EEZ) includes a special shared zone between the Faroes and the UK, which is south of the border of the Faroese EEZ.

Judicial and penal system

The police, penal, judicial system is Danish competence, but the Faroe Islands can take exemptions from Danish laws, which also have to pass through the Faroese parliament before being implemented.

Court system²

The Faroe Islands City Court acts as part of Denmark's court system, processing general and criminal cases.

¹ The "country fiche" in Annex includes key facts and figures.

² <https://domstol.dk/fo/faeroerne/om-retten-paa-faeroerne/organisation/>

EEAS(2025)1000

Limited

Appeals are processed in higher courts in Denmark – though district high courts (Eastern High Court) regularly travel to the Faroe Islands to process cases. The highest court is the Supreme Court (in Denmark).

The Court is divided into seven chambers: civil Justice Division, Court of bailiffs, bankruptcy court, accounting and notarial office as well as criminal law and Faroe Islands Accident Insurance Council.

Correctional system³

The Faroese correctional facility is a repurposed marine station (Mjörkadalur) that acts as both a detention centre and a prison with a maximum capacity of 14 people – 5 spots for custody and 9 for serving time. The average occupancy in 2020 was at 78 per cent and around 91.2 per cent in 2021. Mjörkadalur is only suited for offenders with sentences under 1.5 years. People with longer sentences are placed in Danish prisons.

Since 1 July 2024, home incarceration has been possible for offenders, sentenced to less than 6 months.

The Prime Ministers of Denmark and the Faroe Islands signed a declaration of intent to build a new prison by 2029, which will be based við Áir⁴.

Police⁵

The police and employees are subject to both the Danish and Faroese political systems and legislation. The Faroese police selects applicants for police training who are then trained in Denmark. After graduation, they serve in the Faroe Islands.

The Faroe Islands is a single police district covering the 29 municipalities, divided into three police districts: North, Central and South. The main station is located in central district in Tórshavn.

Defence and security⁶

Denmark, the Faroe Islands and Greenland cooperate on security, defence and foreign policy issues, as these are Danish competency and cannot be devolved to the Faroe Islands (or Greenland). In 1949, The Kingdom of Denmark joined the North Atlantic Treaty Organization (NATO) without expressing reservations on behalf of the Faroes and Greenland. The coalition paper for the current government, states that decisions on the security and defence of the Faroe Islands must be based on the fact that the Faroe Islands belong to the Western world and must cooperate with the NATO⁷. Defence vessels and aircrafts of NATO allies have become more commonplace in Faroese waters and aerospace the

³ <https://kriminalforsorgen.dk/steder/torshavn-arrest/> and <http://tilfar.lms.fo/logir/alit/2021.10%20Afrapportering%20fra%20den%20f%C3%A6r%C3%B8sk-danske%20arbejdsgruppe%20om%20forbedring%20af%20de%20f%C3%A6r%C3%B8ske%20varet%C3%A6gts-%20og%20afsoningsforhold..pdf>

⁴ <https://www.lmr.fo/fo/kunning/tidindi/nyggja-fongslid-verdur-vid-air>

⁵ <https://politi.dk/politikredse/faeroeernes-politi>

⁶ <https://www.kas.de/documents/272774/272823/The+Faroe+Islands%2C+Foreign+Policy+and+Security.pdf/a87b368b-3c75-312d-a63b-7f551b0ea2d8?version=1.0&t=1647252196847>

<https://www.rigsombudsmanden.fo/media/12074/beretning-2022.pdf> <https://www.forsvaret.dk/en/organisation/joint-arctic-command/about-us/>

<https://www.vorn.fo/english/about-mrcc>

⁷ <https://www.rigsombudsmanden.fo/media/11872/koalitionsaftalen-dec-2022-oversaettelse-rigsombudsmanden-paa-faeroerne.pdf>

EEAS(2025)1000

Limited

past years. In May 2025, NATO's annual advanced anti-submarine warfare exercise, Dynamic Mongoose, took place in Faroese waters for a fourth consecutive year.

Following a parliamentary resolution in 2004, Denmark and the Faroe Islands signed the Fámjin declaration in 2005⁸. It states that the Faroe Islands should be consulted on, and can participate in, foreign- and security policy matters and negotiations of direct relevance to the Faroes. The declaration commits Danish support to Faroese efforts in obtaining associated membership of international organisations where legally possible.

In 2021, a formal security, defence and foreign policy forum was established between the heads of governments in Denmark, Faroe Islands and Greenland⁹.

The Danish defence is responsible for the Kingdom of Denmark's security. No armed forces are in the Faroe Islands, and Faroese people are not conscripted. A joint operational territorial command (Joint Arctic Command, JAC) of the Danish Defence operates in Greenland and the Faroes Islands, and staffed with personnel from all services in the Royal Danish Armed Forces (Navy, Airforce, Special Forces and Army). The JAC employs civilians from Denmark, Greenland the Faroe Islands.

The JAC's main task is surveillance, assertion of sovereignty and military defence of Greenland and the Faroe Islands. Other key tasks are Maritime Pollution Prevention, fishery inspection, Search & Rescue, hydrographical surveys and support to governmental science missions, and the civil society.

JAC Faroe Islands is staffed with five military personnel and one civilian, with year-round capabilities made available from the navy and the air force.

The Faroe Islands took on the competence for search and rescue (SAR) in 2002, and have had their own maritime authority (VØRN/The Faroe Islands Fisheries Inspection) for SAR since. The Maritime Rescue Coordination Center (MRCC) coordinates SAR efforts in cooperation with JAC and national helicopters. Faroe Islands have bilateral agreements on SAR with the UK and Iceland.

On 9 June 2022, the Ministry of Defence entered into an agreement with the Government of the Faroe Islands to establish a surveillance radar installation in the Faroe Islands.

International relations

The Faroe Islands have representation missions in Copenhagen, Brussels, Reykjavik, London, Moscow¹⁰, Beijing, Tel-Aviv and Washington, established in cooperation with the Danish Ministry of Foreign Affairs. Diplomatic status is granted to the Faroese Heads of Mission, who are the formal representatives of the government in relation to the authorities of the host countries/international organisations and local institutions.

The Faroe Islands are a full member of the North Atlantic Marine Mammal Commission (NAMMCO) and associated member of four UN specialized agencies – the International Maritime Organisation

⁸ <https://english.stm.dk/media/10521/f%C3%A1mjin-erkl%C3%A6ringen-af-29-marts-2005.pdf>

⁹ <https://www.stm.dk/presse/pressemeddelelser/kommissorium-for-udenrigs-sikkerheds-og-forsvarspolitisk-kontaktudvalg-er-underskrevet/>

¹⁰ Limited activities since the war against Ukraine, and is currently run from Faroe Islands.

(IMO), the Food and Agriculture Organisation (FAO), and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and World Health Organisation (WHO).

The Faroe Islands take active part in the regional fisheries management organisations as part of delegation of “The Kingdom of Denmark in respect of the Faroe Islands and Greenland” (with Faroese and Greenlandic representatives), covering the Northwest Atlantic Fisheries Organization (NAFO), North East Atlantic Fisheries Commission (NEAFC) and North Atlantic Salmon Conservation Organization (NASCO), in conjunction with Greenland, as well as the South Pacific Regional Fisheries Management Organisation (SPRFMO). The Faroe Islands participate in the Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR) via the Danish delegation.

The Kingdom of Denmark is a founding member of the Arctic Council (1996) and of the Barents Euro Arctic Council (1993). At the Arctic Council, the Kingdom of Denmark is represented by all three parts in a joint delegation, and jointly assumed the 2-year Chairship in May 2025 with the following constellation: Chair of the Senior Arctic Officials: Greenland; Deputy Chair of the Senior Arctic Officials: Faroe Islands; Senior Arctic Official: Denmark. The Faroe Islands are active in the Nordic Council, Nordic Council of Ministers and participate in the West Nordic Council (Parliamentary co-operation with Greenland and Iceland). After having observer status since 2005, the Faroe Islands are full members of the Nordic Research Board (NordForsk - a joint Nordic research funding organisation working under the Nordic Council of Ministers with responsibility for Nordic cooperation in research), formally since 1 January 2023

In the UN, NATO, OECD and the WTO, the Faroe Islands are represented by the Kingdom of Denmark. On 10 September 2025, the Faroe Islands’ Prime Minister signalled the intention to submit an application to become independent members of the WTO. It followed the Danish Supreme Court’s assessment that the Faroe Islands (as an independent customs territory) could pursue independent membership of WTO, without it being inconsistent with the Faroe Island’s constitutional status – pending approval from Denmark’s government. The WTO permits non-sovereign states to become members¹¹.

The Faroe Islands are covered by a long range of UN conventions. Regarding conventions on human rights the Faroe Islands are reporting jointly with Denmark and Greenland on: (1)International Covenant on Civil and Political Rights, (2)International Covenant on Economic, Social and Cultural Rights, (3)Convention on the Elimination of All Forms of Discrimination against Women, (4)International Convention on the Elimination of All Forms of Racial Discrimination, (5)Convention on the Rights of the Child, (6)Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, (7)Convention on the Rights of Persons with Disabilities. In addition the Faroe Islands take part in the Universal Periodical Review.

The Faroe Islands is a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes and OECD’s Inclusive Framework on Base Erosion and Profit Shifting (BEPS). The Faroe Islands also participates in the Council of Europe/OECD Convention on Mutual Administrative Assistance in tax matters, which has been extended to the Faroe Islands by the Kingdom of Denmark.

¹¹ <https://stm.dk/presse/pressemeddelelser/2025/afgoerelse-fra-6-naevn-anviser-vej-til-faeroesk-medlemskab-af-wto/>

EEAS(2025)1000

Limited

The Faroe Islands is not part of the EU customs territory and not covered by the EU's Free Trade Agreements (FTAs); see below in dedicated section on trade for further detail. The Faroe Islands currently have its own FTAs with the EU, Iceland (the Hoyvík Agreement), Norway, Switzerland and Turkey. In January 2019 the UK and the Faroe Islands signed an FTA which includes provisions on trade in goods (including provisions on preferential tariffs, tariff rate quotas and rules of origin). With regard to trade with the EU, the Faroese authorities are exploring alternatives to the current FTA in order to further enhance and facilitate trade with the EU.

In November 2020, the Faroe Islands and the US signed a [Partnership Declaration](#), providing a framework for increased bilateral cooperation.

Faroe Islands' responses to current international affairs

Response to war on Ukraine

The Faroe Islands immediately condemned the Russian invasion of the Ukraine on 24 February 2022, and have implemented restrictions against Russia. Russia was a significant export market for Faroese fish products prior to February 2022¹². Foreign Minister Sirið Stenberg visited Ukraine and met with Ukraine's President Zelenskyy 15 July 2025, reiterating Faroese support to Ukraine and pledging to donate speed boats to Ukraine's armed forces. 62 % of the 2024 Faroese international development budget was earmarked to Ukraine (DKK 5.7 million / EUR 763.798), and 39% of the humanitarian aid budget (DKK 2.5 million / EUR 335.000).

On 23 March 2023, UNHCR commended the Faroe Islands for the country's commitment to help and protect people fleeing the war in Ukraine, demonstrated by a first contribution to UNHCR's response in 2022 (DKK 1 million; approx. € 134.000), followed up with an increased contribution in 2023 (DKK 7 million; approx. € 940.000), making the Faroe Islands a top donor per capita¹³. In 2024 Faroe Island pledged €1.3 million to support children and youth in Ukraine.

In April 2022, the Parliament approved the Special Act on Displaced Persons from Ukraine, under which up to 200 refugees were granted two-year temporary residence permits with the possibility of extension as well enjoying equal rights with Faroese citizens in terms of health and social services. The capacity was since increased to 250 permits, and extended until 17 March 2026. The Faroe Islands are at capacity with 143 women, 73 children and 34 men granted permits.

Faroe Islands and Russia

The Faroe Islands adopted the first sanctions in response to Russia's war against Ukraine in July 2022. These sanctions were necessarily limited to areas that fall within the legislative and executive powers of the Government of the Faroes. The sanctions are based on a basic act, adopted in May 2022, empowering the Faroese authorities to enforce sanctions against Russia and Belarus, in response to the illegal war against Ukraine. Measures include EU measures on freezing of assets and sectoral sanctions and prohibiting imports from and exports to Russia and Belarus. Further, the list of persons, groups and entities subject to financial sanctions is updated continuously, according to the

¹² The Faroe Islands are not obliged to align with EU sanctions, and had not aligned to the 2014-EU sanctions on Russia related to illegal annexation of Crimea, and Russia had not adopted counter measures vis-à-vis the Faroe Islands (contrary to the case of Norway, Iceland and Denmark/EU).

¹³ <https://www.unhcr.org/neu/96535-unhcr-grateful-to-the-faroe-islands-for-their-support-to-protection-of-displaced-people.html>

EEAS(2025)1000

Limited

EU consolidated list. All sanctions regarding the financial sector applicable in the EU as of July 2023 have been implemented through legislation enacted by the Danish Parliament. Accordingly, transactions and payments for the purchase, delivery etc. of any sanctioned goods or services, the trade of which is not covered by Faroese sanctions, is notwithstanding subject to Danish legislation under the above-mentioned terms.

In July 2023, the existing ban on access to ports concerning vessels flying the flag of Russia was extended to fishing vessels, with the exemption of vessels conducting fisheries according to the bilateral fisheries agreement between the Faroe Islands and Russia¹⁴. Russia initially responded with a warning of potential counter measures¹⁵. The Federal Agency for Fishery (Rosrybolovstvo) recommended the Russian government to ban all import from the Faroe Islands (23 October, 2023) but such a decision has not been taken. In November 2023, the bilateral fisheries agreement was renewed for 2024, and again in December 2024 for 2025. Since 2023, a provision (requested by the UK), has excluded Russian vessels from fishing inside the special shared zone between the UK and Faroe Islands. Faroese vessels have fished in the Barents Sea since the 1930's and Russian vessels have fished in the waters around the Faroes since at least the 1950's. Since 1977, Russia and the Faroe Islands have annually renewed a fisheries agreement, granting Russia rights to fish blue whiting in Faroese water in exchange for Faroese rights to fish cod in the Russian Barents Sea.

On 20 May 2025 the Council imposed restrictive measures, under the dedicated sanctions regime in response to Russia's destabilising actions against the EU and its member states, international organisations and third countries (Russia's hybrid threats), on two fishing companies, Norebo JSC and Murman Sea Food, which are part of a Russia-state sponsored surveillance campaign that have conducted espionage missions and sabotage on critical infrastructure, including undersea cables. The companies own fishing vessels operating in Faroese waters under the bilateral agreement with Russia. The Faroese government tabled a proposal before the Faroese parliament to align with the EU sanctions in late August. The decision has not been taken yet.

Faroese exports to Russia according to the available data from the International Monetary Fund¹⁶:

- 2021: 316 million USD
- 2022: 657 million USD
- 2023: 751 million USD
- 2024: 745 million USD

Israel – Palestine

The Faroese government immediately condemned Hamas' October 7 2023 attack on Israel¹⁷. The government supported the joint statement released by the UK and 31 international partners on the

¹⁴ <https://www.government.fo/en/news/news/extended-port-closure-for-russian-vessels>

¹⁵ Russia's ambassador to Denmark sent a strongly worded letter to Faroese press, saying the "the new situation may require an adequate response from the Russian side", "the restrictions (...) contradict the previous logic of our relations in the field of fisheries", "cooperation with the Faroe Islands on the fisheries matter can only be carried out in the conditions of mutual benefit. The fate of the agreement depends on this. The Russian side will not make unilateral concessions and will not sacrifice the interests of Russian fishermen", "Contacts with the authorities of the Faroe Islands are now minimal". See: <https://www.unhcr.org/neu/96535-unhcr-grateful-to-the-faroe-islands-for-their-support-to-protection-of-displaced-people.html>

¹⁶ <https://data.imf.org/Datasets/IMTS>

¹⁷ <https://x.com/Tinganes/status/1710665389120598145?s=20>

EEAS(2025)1000

Limited

Occupied Palestinian Territories of 21 July 2025¹⁸. Members of the government have stressed that international law and human rights must be respected, while supporting a two-state solution as the way forward to secure lasting peace^{19,20}.

In cooperation with Red Cross Faroe Islands, the Faroese government committed DKK 800.000 (€107.255) in humanitarian aid to areas affected by the conflict (Israel DKK 400.000, Palestine DKK 400.000) in 2023²¹. In 2025, a further DKK 800.000 (€107.255) was donated to humanitarian aid in Gaza²².

National politics and elections

Elections take place every four years to the Faroese Parliament (Løgtingið – 33 seats). Latest elections took place on 8 December 2022 (voter turn-out 88.1 %), with the sitting government losing its majority- (six parties are represented in the parliament). A new government was formed on 22 December 2022, led by PM Aksel V. Johannesen, with the support of a new majority of 18 seats, composed of the three parties previously in the opposition: Javnaðarflokkurin - Social Democrats – 9 seats (+2); Tjóðveldi (Republicans – 6 seats – same; Framsókn – Liberal Party - 3 seats (+1). The Government vowed to take greater responsibility in global matters; work towards obtaining further competencies in international cooperation; that all decisions about security and defence would be based on the joint security in the Arctic and the North Atlantic treaty; and that it would prioritise trade agreements and improved access for the Faroese business sector to the EU market.

At local level, the Faroe Islands are divided into 30 municipalities run by publicly elected councils, with taxation powers of their own.

The Faroe Islands elect two members of the Danish parliament (total 179 members, of whom two are elected from the Faroe Islands and two from Greenland).

Finances

In September 2024, credit rating firm Moody's affirmed that the Faroes retained its Aa2 long-term issuer rating (the third-highest on Moody's 21-level country risk rating scale). Moody's highlighted the narrow economy and demand for increased investments as the population grows as challenges to address.

The 2025 budget projects a DKK 120 m (€16 m) deficit²³. The Faroe Islands are projected to report a budget deficit every year until 2030, with the Faroese Economic Council recommending the government to implement a fiscal policy framework to ensure political decision-making aligns with clear fiscal goals for the next 5 to 10 years – including structural reforms such as reducing the number of municipalities and small institutions/administrations as well as increasing the retirement age. The Ministry of Finance is preparing a financial framework to address the long-term sustainability of the economy²⁴.

¹⁸ <https://www.uvmr.fo/fo/kunning/tidindi/frabodan-vidvikjandi-stoeduni-i-israel-og-gasa-1>

¹⁹ <https://www.uvmr.fo/fo/kunning/tidindi/frabodan-vidvikjandi-stoeduni-i-israel-og-gasa>

²⁰ <https://www.government.fo/en/news/news/the-prime-ministers-new-years-speech>

²¹ <https://redcross.fo/neydhjalp/>

²² <https://redcross.fo/800-000-kr-til-neydhjalp-i-gaza/>

²³ <https://kvf.fo/greinar/2024/12/17/figgjarlogin-samtykt>

²⁴ <https://www.fmr.fo/fo/kunning/tidindi/atoek-og-regluverk-tryggja-betri-haldfoeri>

EEAS(2025)1000

Limited

Sensitivities

The Faroe Islands legislation gives rise to some sensitivities that have drawn attention in international fora:

- **Abortion:** Faroese legislation only allows abortion under three circumstances (pregnancy harmful or fatal to the mother, high risk for birth defects, or a pregnancy borne out of rape). The government presented a bill to liberalise abortion regulations, which was narrowly rejected by the parliament (15 votes for, 15 against, 0 abstentions). Polls had suggested popular support for the liberalisation of existing laws, which haven't been updated since 1956. On 1st April 2021, CEDAW published its findings on Denmark, including the self-governing territories of Greenland and the Faroe Islands, and explicitly recommends to *“remove punitive measures for women seeking abortion and consider amending the abortion law in the Faroe Islands to ensure equal access to safe legal abortion and post-abortion services for Faroese women as in Denmark and Greenland”*²⁵.
- **Whaling and dolphin hunting:** The Faroe Islands have practised non-commercial hunt of (long-finned) **pilot whales** for centuries. Official records date back to 1584, and evidence of regulation to 1298²⁶. Local regulations stipulate that whales can only be driven into authorised whaling bays, and killed by certified people in compliance with Faroese animal welfare and whaling legislation. Faroese legislation also allows capturing of **white sided dolphins**, which sometimes are part of the school of pilot whales driven to shore. In 2021, a killing of white sided dolphins attracted a significant amount of attention and became subject of several European Parliament questions, with the EU also releasing a statement on the International Whaling Commission (IWC) website²⁷. The Faroese government later set a temporary catch limit of 500 annual white-sided dolphins for 2022 and 2023. Since 2024, the catch limit follows NAMMCO recommendations on sustainable hunt. Based on scientific data, the government estimates that *“(...) an annual catch of around 825 white-sided dolphins would be well within sustainable limits”*²⁸. In the latest update to the NAMMCO website (January 2025), the Faroe Islands have not established a quota (up until 2024).

Relations with the EU

The EU treaties do not apply to the Faroe Islands, as the Faroes decided to remain outside when Denmark entered the EC in 1973. The Faroes are not part of the EU's customs territory or the European Economic Area (EEA), and are not included in the list of the EU's OCTs (Overseas Countries and Territories).

The Faroese legislation is compliant with the legislation of the Nordic countries (which are all either EU Member States or EEA Member States) and of the EU in a range of areas. In general, Faroese company law and business standards are based on legislation in other Nordic countries and the EU. Some examples of Faroese legislation which is based on EU's: legislation on data protection; legislation on financial institutions ensuring cross-border comparability; legislation on business of

²⁵ <https://www.ohchr.org/en/press-releases/2021/04/un-womens-rights-committee-issues-findings-denmark>

²⁶ It is estimated that pilot whales exist in abundance, and have been designated as “Least Concern” on the ICUN Red List of Threatened Species, <https://www.iucnredlist.org/species/9250/50356171>

²⁷ <https://archive.iwc.int/pages/view.php?ref=19399&k=>

²⁸ <https://www.government.fo/en/news/news/fisheries-ministry-to-set-annual-limit-on-dolphin-catches/#:~:text=The%20latest%20scientific%20estimate%20for,be%20well%20within%20sustainable%20limits.>

EEAS(2025)1000

Limited

insurance; legislation on the prevention of money laundering; legislation regarding food safety and veterinary matters.

In the Council, the **EFTA Working Party**, which visited the Faroe Islands during the Slovenian Presidency of the Council of the European Union (2021), is debriefed on issues related to the Faroe Islands, and usually is consulted by COM line DGs on matter under their responsibility. The EEAS briefs the Group when relevant.

Finally, para 68 of the “EP resolution on the Arctic” (October 2021) “*calls for increased visibility of the EU in the Arctic and for the EU to establish an enhanced political dialogue on bilateral cooperation with the Faroe Islands and Greenland and to consider, together with the Danish authorities, the possibility of the establishment of EU offices in Greenland and the Faroe Islands*”.

While fully respecting Denmark’s and the Faroe Islands’ respective competences, the EU and the Faroes signed a **Memorandum of Understanding on enhanced cooperation** in March 2024, during Commission President Ursula von der Leyen’s visit to the Faroe Islands²⁹. Since the Faroe Islands are not a subject of international law, the Memorandum of Understanding was concluded in accordance with the domestic rules of the Kingdom of Denmark, empowering the Government of the Faroe Islands to do so.

EU-Faroe Islands agreements

The EU and Faroes have existing bilateral cooperation on:

- Fisheries: Agreement on fisheries between the European Economic Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part³⁰.
- Trade: Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part and Protocol on veterinary matters supplementing the Agreement between the European Community, of the one part, and the Government of Denmark and the Home Government of the Faroe Islands, of the other part³¹.
- Participation in Union Programmes / Horizon Europe: 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 programmes³², which incorporates a Protocol on the Association of the Faroe Islands to Horizon Europe – the Framework Programme for Research and Innovation (2021-2027).

EU-Faroe Islands sectorial cooperation

- Fisheries

²⁹ <https://www.eeas.europa.eu/sites/default/files/documents/2024/20240321%20Signed%20MoU.pdf>

³⁰ [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:21977A0315\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:21977A0315(01)&from=EN)

³¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A01997A0222%2801%29-20210901>

³² OJ L 154, 7.6.2022

EEAS(2025)1000

Limited

The EU-Faroes fisheries agreement was concluded in 1977 and entered into force in 1980. It provides the basis for the annual exchange of fishing quotas between the Faroes Islands and the EU, and for establishing reciprocal fishing access to each other's waters. This agreement enables parties to each year hold consultations on the fisheries arrangements for the following year. The outcome of the consultations is contained in so-called "Agreed Records of fisheries consultations".

While the agreement is still in force, since 2021 (post-UK withdrawal) it has been dormant given that there was not sufficient interest from both Parties to maintain the usual fisheries arrangements. In fact, traditionally, the access of Faroe vessels to EU waters has been concentrated in the UK EEZ area.

In the early 2010's there has been some friction concerning fishing quotas, in relation to (Atlanto Scandian) herring and mackerel. This led to the EU prohibiting any introduction into its territory of herring caught by the Faroese. Vessels were also prohibited from using EU ports. In 2014, this dispute was resolved when a mackerel sharing arrangement was reached between the EU, Norway and the Faroes, and the Faroese authorities reduced their annual national catch limits.

Regarding mackerel, the 2014-2020 sharing arrangement is no longer in place since 2020, partly due to Norway's and Faroe Islands' lack of access to UK waters. Both Faroe Islands and Norway increased their mackerel quota by 55% for 2021, 2022 and 2023. These actions have been strongly criticised by the EU. In 2025, the Faroes reduced its quota, but the end result is still slightly above the 2020 share.

EU engagement with the Faroe Islands is currently limited to multilateral fora. The main concerns in this regard are:

- Challenges to reach comprehensive sharing arrangements at Coastal States' level on key/economically relevant fish stocks: mackerel, blue whiting and Atlanto-Scandian herring (ASH), with the resulting overfishing. . The Faroe Islands moved their mackerel and herring quotas up and down in recent years. The current quotas are higher than those initially set during past sharing arrangements. The EU and the UK did not increase their quotas.
- The Faroe Islands do not recognise EU's status as a coastal State for ASH. This position resulted in tensions between the Faroe Islands, Norway, and Russia on the one hand and the European Union on the other.
- In the North East Atlantic Fisheries Commission (NEAFC), the Faroe Islands, within the delegation of "Denmark on behalf of the Faroe Islands and Greenland" (DFG) have taken decisions that impact negatively the EU fisheries interests, such as the ban on collecting bags used by the EU fleets in the Barents Sea, of management measures for pelagic stocks.
- Because of difference of approach and positions on control of fisheries, there is no level playing field in the North East Atlantic for industry. This is an issue that has also impact on the cooperation between parties.

The EU-Faroe Islands Memorandum of Understanding on Enhanced Cooperation³³ refers to:

³³ Memorandum of Understanding on Enhanced Cooperation between the European Union and the Government of the Faroe Islands, Doc. 16519/23, 07.12.2023

EEAS(2025)1000

Limited

“3. Fisheries – The Participants, recognising the importance of sustainable fishing of stocks of common interest, intend to strengthen their cooperation in the bilateral, regional and multilateral context.”

- Trade

In 1974, following Denmark's accession to the European Communities (EC), an Interim **Trade Agreement** was concluded between the Faroes and the EC. This interim Trade Agreement was replaced in 1991 by a formal agreement on trade between the Faroes and the EEC, which came into effect in 1997. This agreement governs trade in goods, excluding services and investments, between the EU and the Faroes. The EU benefits from tariff free access to the Faroe Islands for almost all its goods, with a few exceptions such as sheep meat and dairy products. Some restrictions exist on the quantities of Faroese goods that can enter the EU market duty free. On fisheries products in particular, the EU grants to Faroese exports duty-free quota-free access for most unprocessed or semi-processed fresh, chilled and frozen seafood and for a few processed, value-added seafood products (some with quotas). The Faroese Government finds the agreement unbalanced, arguing that the balance of trade favours the EU. Globally the Faroe Islands have a small positive balance in trade in goods, and more than 99% of Faroese exports to the EU in value come in duty and quota free. Faroese imports of goods from the EU in 2024 amounted to some 1.2 bn EUR (up from some 1 bn in 2023) amounted to some 0.8 bn EUR (stable over the last years)³⁴.

The Agreement was supplemented in 2001 with a Protocol on Veterinary Matters that eases trade between the parties. Protocols 1 and 4 of the trade agreement were amended on 27 July 2020. These changes resulted in improved access to EU's market for Faroese frozen and preserved brislings or sprats and new opportunities for Faroese fish feed exports to the EU as well as for EU's sheep meat exports to the Faroes.

Following the 19th Joint Committee of the EU-Denmark/Faroe Islands (FO) FTA (Brussels, March 2022), on the main issue of increased market access for Faroese fisheries, both sides agreed to explore whether the issue can be embedded into the ongoing discussions on the wider bilateral relationship.

The EU-Faroe Islands Memorandum of Understanding on Enhanced Cooperation³⁵ states:

“1. [...] As regards trade of fishery products, the Participants acknowledge the importance of balanced trade relations and of sustainability and fisheries management.”

The 20th Joint Committee of the EU-Denmark/Faroe Islands (FO) FTA took place in the Faroe Islands on 19 March 2024. On market access, considering the issues on fisheries management, it was agreed to reconvene in Autumn 2025. [REDACTED]

[REDACTED] A date for the next trade committee meeting is pending. An expected deliverable will be the updated protocol on veterinary matters. The technical work on the protocol is almost complete and it should be able ready for adoption by summer 2026.

- Rules of origin

³⁴ https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/faroe-islands_en

³⁵ Memorandum of Understanding on Enhanced Cooperation between the European Union and the Government of the Faroe Islands, Doc. 16519/23, 07.12.2023.

EEAS(2025)1000

Limited

The Pan-Euro-Mediterranean cumulation and the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (PEM Convention) are of relevance for the Faroe Islands with respect to **rules of origin**. The system of Pan-Euro-Mediterranean cumulation of origin allows for the application of diagonal cumulation between the EU, EFTA States, Türkiye, the states which signed the Barcelona Declaration, the Western Balkans and the Faroe Islands. It is based on a network of Free Trade Agreements having identical origin protocols. Those origin protocols are being replaced by a reference to the PEM Convention.

On 7 December 2023, the PEM Joint Committee, including Faroe Islands, adopted the new modernised rules of origin that aim to increase trade between the EU and neighbouring countries in the PEM region. This new set of rules of origin (revised PEM Convention) entered into force on 1 January 2025.

The Faroe Islands belongs to the group of countries which applied the Transitional rules (based on the revised rules of the Convention) in advance of the adoption and entry into force of the revised Convention. The respective Decision of the Joint Committee as regards the Faroe Islands was adopted already on 23 June 2021 and published on 9 November 2021.

Currently, the Faroe Islands is applying the revised Convention with the EU and Turkey. The process of aligning their protocol on rules of origin with the EFTA states to the revised Convention is ongoing, aiming the end of 2025.

- Research and scientific cooperation

The Faroes formally became an associated country to the EU's seventh framework programme for research and innovation (FP7) in January 2010, and since January 2014, participated as an associated country to **Horizon 2020**, with similar rights and obligations as the EU Member States, including participation as an 'observer' (without voting rights) in the Programme governance structures. Faroese researchers and institutes have been successful in areas such as environment, climate change, ecosystems, and fisheries management. The Faroese contribution 2014-2020 to the budget of Horizon 2020 amounted to €11.6 million, whereas the Programme contribution to Faroese research entities amounted to €4.8 million. 29 grants agreements were signed, with a total of 33 participations and two beneficiaries of the Marie Skłodowska-Curie Actions (MSCA). Under Horizon 2020, the success rate of eligible Faroese applicants was 17%, above the EU average of 15%; and Faroe Islands were, per capita, the most active among all EU Member States and Associated Countries participating in the programme.

In May 2022, the **Agreement on the participation of the Faroe Islands in Union programmes** with the Protocol for the participation of the Faroe Islands in the Horizon Europe Programme was signed, being provisionally applicable. In view of ensuring uninterrupted cooperation between the EU and the Faroe Islands in the field of research, technological development and innovation, and allowing for the participation of the Faroes Islands in the **Horizon Europe Programme** from its start, the Agreement has been applied retroactively from 1 January 2021. After the signature, the Agreement was submitted to the European Parliament for its consent that is awaited. On 18 October 2022, the first Joint Committee Meeting under the agreement associating the Faroes to Horizon Europe took place in Tórshavn. The second Joint Committee Meeting took place in Brussels on 27

EEAS(2025)1000

Limited

November 2023, and the third Joint Committee Meeting was held in Tórshavn on 8 April 2025. The active Faroese participation in Horizon Europe continues: as of August 2025, 20 grants have been signed so far with 28 participations in total and two beneficiaries of the Marie Skłodowska-Curie Actions (MSCA) So far, the Programme's contribution to Faroese research entities amounts to over € 7 million. The success rate of eligible Faroese applicants is 34%, which is well above the EU average of 19%. The top priority areas in the Horizon Europe budget going to the Faroe Islands are in the research areas of food, bio-economy, natural resources, agriculture and environment (Cluster 6 – with EUR 5.4 million EU contribution). For the first time, two Faroese entities are also project coordinators (in Cluster 6).

- Education, youth and sports cooperation

Higher education in the Faroe Islands is mainly undertaken by the University of the Faroe Islands, a public research university granting academic degrees. One Master degree is taught in English, all other study options are taught in Faroese. The Centre of Maritime Studies and Engineering offers four programmes: Ship's Captain, Navigator, Ship's Engineer, and Ship's Mechanic. Relevant in the context of mobility in education, some of the constituent elements of the Bologna Process have already been implemented in the Faroe Islands, but vital elements have still not been implemented (e.g. implementation of the European Standard Guidelines, the implementation of a National Qualification Framework and de facto implementation of internal quality assurance and external evaluation at the University of the Faroe Islands).

In January 2025, Faroe Islands sent a formal letter of request to associate to Erasmus+ (the aim is to be associated as of the start of the next MFF). During her visit to Faroe Islands in March 2024, President von der Leyen explicitly supported a closer participation of Faroe Islands in Erasmus+, in the context of implementation of the EU-Faroe MoU. In order for Faroe Island to be associated to Erasmus+, a Protocol must be added to the EU-Faroe Islands Framework agreement of 2022 through a Council Decision authorising the Joint Committee. Association to Erasmus+ is conditional upon the set-up of an Erasmus+ National agency. Commission services will be actively accompanying and monitoring Faroe Islands' work towards the set up of the National agency.

- Arctic cooperation

In 2022 the Faroe Islands published a policy document called “the Faroe Islands in the Arctic” which was updated in 2024³⁶. It emphasises the urgency to address climate change and putting the people in the Arctic at the forefront in eight focus areas 1) Stability and Security, 2) International Cooperation; 3) Environment, Nature and Climate, 4) Research, Knowledge Advancement and Education, 5) Preparedness and Response, 6) Marine Resources, 7) Economic Opportunities and Sustainable Development, 8) Culture and Society). The EU-FO Memorandum of Understanding highlights the many priorities for the Arctic regions that the EU³⁷ and Faroe Islands share, which provide a platform for cooperation. These include sustainable development, including in infrastructures (with a focus on blue economy sectors), research and innovation, civil protection and safety (particularly at sea), and environmental protection.

³⁶ <https://landstyri.cdn.fo/savn/rqspqfmm/arctic-policy-of-the-faroe-islands-2024.pdf?s=QLOcrrCYmLEDuXePLfm16NTWxSA>

³⁷ <https://www.eeas.europa.eu/sites/default/files/documents/Joint%20Communication%20on%20a%20stronger%20EU%20engagement%20for%20a%20peaceful%2C%20sustainable%20and%20prosperous%20Arctic.pdf>

EEAS(2025)1000

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The University of the Faroe Islands is a member of the Forum for Arctic Research, established by the Danish Ministry of Higher Education and Science. The University hosted the annual Forum for Arctic Research (FAF) meeting in May 2025, followed by an 'Arctic Science in Action' workshop co-hosted by the University of the Faroe Islands' Research & Enterprise Unit and AAU Arctic at Aalborg University. The UArctic Congress 2026 will take place from May 26 to 29, in Tórshavn. The event is hosted by the University of the Faroe Islands, in collaboration with the Ministry of Foreign Affairs, Industry and Trade, and the Faroe Marine Research Institute. 600-900 participants are expected, making this the biggest ever scientific event in the Faroes.

- Energy³⁸

In 2022 and the first half of 2023, over half (52% and 50%, respectively) of electricity generation was based on renewable sources (primarily hydro power and wind power). Oil products provide heating for most households, and drive the transport sector along with the vast fishing fleet. The main power producer and distributor of the Faroe Islands, SEV, has announced its goal of having 100% green electricity production by 2030.

Between 2017 and 2020, carbon emissions in the Faroes have gone up 22%, reaching 1,4 Mt CO₂-eq (including LULUCF). If Faroese ships bunkering abroad are included and foreign ships bunkering in Faroe Islands excluded, in 2023 oil consumption rose 2,5%. Households and vehicles used less oil in 2023 (8% and 4% less, respectively). In the first half of 2023, electricity consumption went up by 7% and sustainable energy production increased 20%, compared to the first half of 2022: wind energy provided 26% (twice as much as in the first half of 2022, going from 28.6 to 57.6 GWh) and hydroelectric power accounted for 23% of the total. Tidal energy has been successfully piloted in 2022.

Following the signature of the Paris Agreement, the government announced an aim for all onshore electricity to be generated from renewable sources by 2030. A 12.5 MWh battery storage system is currently being set up to facilitate the integration of a rising share of wind power in the electricity system. The Faroese electrical grid is not interconnected to neighbouring countries.

- Tax good governance

The Faroe Islands is within the scope of the enhanced dialogue on tax good governance that the EU conducts with 98 third countries in the framework of the EU list of non-cooperative jurisdictions for tax purposes (EU list). This is a Council-led process, ongoing since 2017. As part of it, in-scope jurisdictions, including the Faroe Islands, are continuously assessed on the basis of a set of criteria, which reflect international tax good governance standards, for example the global standards on transparency and exchange of tax information, fair taxation and the minimum standards against Base Erosion and Profit Shifting. Jurisdictions which do not comply with the criteria risk being included in the EU list of non-cooperative jurisdictions for tax purposes³⁹.

The dialogue with the Faroe Islands on tax good governance has so far been positive. The jurisdiction is currently compliant with all criteria. In the context of this existing framework, it is realistically expected that the Faroe Islands will continue its efforts to be aligned with the criteria in the future.

³⁸ [Energy \(faroeislands.fo\)](#) ; [Faroe Islands pledge to curb emissions](#) ; [The Power Supply System - SEV](#) ; [News - SEV](#) ; [One step closer to improved wind energy penetration - SEV](#) ; [2022 - A record year - SEV](#) ; [Orkuverk - SEV](#)

³⁹ <https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/>

EEAS(2025)1000

Limited

The Faroe Islands are among the 172 members of the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) and recently underwent a peer review by the Global Forum regarding the international standard on exchange of tax information request (EOIR). The peer review report, published in July 2023 was positive and concluded that the Faroe Islands have the necessary legal and regulatory framework in place⁴⁰. In November 2024, the Global Forum found the Faroe Islands' legal framework implementing the international standard on automatic exchange of information on financial accounts (AEOI) to be in place⁴¹, while assigning the jurisdiction a partially compliant rating regarding the effectiveness in practice of AEOI.

The Faroe Islands is also one of the 147 members of the OECD/G20 Inclusive Framework on BEPS (BEPS IF). In September 2024, the BEPS IF published a peer review of the implementation by the Faroe Islands of the minimum standard on country-by-country reporting (CbCR), noting some progress since 2023, but also several remaining gaps in the legislative and regulatory framework. Several recommendations were addressed to the Faroe Islands.⁴² In March 2025, the Faroe Islands committed to address these issues by the autumn of 2026. This commitment will be recorded at the next update of the EU list in October 2025.

In addition, the Faroe Islands participates in the OECD/Council of Europe Convention on Mutual Administrative Assistance in tax matters, which has been extended to it by the Kingdom of Denmark.

The Faroe Islands is also among the 139 members of the BEPS Inclusive Framework which have joined the OECD/G20 Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy⁴³.

- Food security

The Faroe Islands' agri-food value chains are linked to those of the EU, the Faroes have been a member of the expert group on the European Food Security Crisis preparedness and response Mechanism (EFSCM) since March 2022. In that framework, they followed the exchanges in the expert group preceding the adoption of the Preparedness Union Strategy and the EU Stockpiling Strategy.

The EFSCM is a product of the Commission's commitment to step up its levels of preparedness to inform a common European response to crises, or that threaten to put, food supply and food security in the Union in danger. In November 2021, it adopted a Communication on the Contingency plan for ensuring food supply and food security in times of crisis and set up a group of experts on the European Food Security Crisis preparedness and response Mechanism (EFSCM).

- Digital policy

⁴⁰ https://www.oecd-ilibrary.org/taxation/global-forum-on-transparency-and-exchange-of-information-for-tax-purposes-faroe-islands-2023-second-round_306bc415-en

⁴¹ https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/11/peer-review-of-the-automatic-exchange-of-financial-account-information-2024-update_af50b473/1aa02413-en.pdf

⁴² https://www.oecd.org/en/publications/country-by-country-reporting-compilation-of-2024-peer-review-reports_f3d3f36f-en.html
<https://www.oecd.org/tax/beps/country-by-country-reporting-compilation-of-2023-peer-review-reports-21bd1938-en.htm>

⁴³ <https://www.oecd.org/tax/beps/oecd-g20-inclusive-framework-members-joining-statement-on-two-pillar-solution-to-address-tax-challenges-arising-from-digitalisation-october-2021.pdf>

EEAS(2025)1000

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The Faroe Islands' digital policy is driven by the National Digitalisation Programme, Talgildu Føroyar, aiming to modernise services for citizens, businesses, and the public sector through a national digital infrastructure. Key components include the national digital identity and signature Samleikin, a citizen service portal, and the Heldin X-Road platform for secure data exchange.

EU digital policy initiatives, such as the AI Act, the Digital Markets Act (DMA) and Digital Services Act (DSA), do not directly apply to the Faroe Islands, as it is not an EU member state. However, the several national initiatives e.g. the Faroe Islands' digital infrastructure, particularly its Samleikin e-ID system, is designed to enable cross-border use with other European countries and aligning with EU standards for electronic identification.

Country fiche – Faroe Islands



Political and geographic data

Land Area: 1,396 km²

Exclusive Economic Zone: 274.000 km²

Coastline: 1,369 km

Capital city: Tórshavn

National day: 29 July (Ólavsøka) commemorates Norwegian King Olaf II, who died in battle 1030, and is largely credited with the Christianisation of Norway and, by extension, the Faroe Islands. It has also marked the opening of the parliament for the past 900 years.

Political system: Parliamentary democracy.

Part of the Kingdom of Denmark, the Faroe Islands have the exclusive right to legislate and govern in areas including marine and sub-surface resources, environment, trade, fiscal/industrial relations, taxation/customs, energy, transport, communications, social security, culture, education and research. Under the Foreign Policy Act (2005), the Faroese government concludes international agreements related to matters transferred to Faroese competence. The court system is under the jurisdiction of high courts in Denmark.

Head of State: the King of Denmark

Head of Government: Prime Minister Aksel Vilhelmson Johannesen (since December 2022)

Foreign Minister: Høgni Hoydal (since December 2022) - Deputy Prime Minister

Head of the Mission to the EU: Elisabeth F. Rasmussen (since April 2023)

National legislature: Unicameral Parliament (Løgting) (33 seats - 4-year term). Faroe Islands elect 2 members to the Danish Parliament

Political parties – Government: Javnaðarflokkurin (Social Democrats – 9 seats); Tjóðveldi (Republicans – 6); Framsókn (Liberal Party - 3); **Opposition:** Fólkaflokkurin (People's Party – 6); Sambandsflokkurin (Union Party – 7); Miðflokkurin (Centre Party – 2)

Next elections in December 2026 at the latest

Demographic and social indicators:

Population: 55.042 (male: 28.696; 52%; female: 26.346; 48%) (August 2025)

Population density: 38,1 inh/km²

Population growth rate: 0,6 %

Population groups (2025): Faroese (83,3%), other Danish (8,4%), other Nordic (1,4%), other European (2,7%), other countries (4,1%)

Language: Faroese (Danish is the official second language and is taught in schools at an early age)

Life expectancy at birth: 82,8 years (2024)

Economic data:

GDP: n.a.

GDP/capita: n.a.

Real GDP Growth: n.a.

Inflation: n.a.

Natural resources: Primarily wild caught fish and farmed salmon and different sources for renewable energy.

Unemployment: 1 % (June 2025, Statistics Faroe Islands).

Exports (goods): €2.100 mill (2024¹)

Imports(goods): €1.700 mill (2024²)

Development and Emergency Assistance provided (2024): DKK15,7 mill (€2,1mill³)

Human Development Index: n.a.

Corruption Perception Index: n.a.

Global Freedom Score: n.a.

¹ https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_faroe-islands_en.pdf

² Ibid

³ <https://landsstyri.cdn.fo/savn/yk4hjsku/fra-greiding-loegmans-a-o-lavsoeku-2025.pdf?s=Bt1rEbysnbIVdAbnj8UAOPdBTcg>

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