Implementation and financing of the general budget of the Union in 2019 in relation to the withdrawal of the United Kingdom from the Union

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PURPOSE: to establish measures concerning the implementation and financing of the general budget of the Union in 2019 in relation to the withdrawal of the United Kingdom from the Union.

PROPOSED ACT: Council Regulation.

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

BACKGROUND: a withdrawal agreement was concluded between the Union and the United Kingdom and endorsed by the European Council (Article 50) on 25 November 2018. However, its ratification in the United Kingdom is uncertain. This proposal is part of a package of emergency measures proposed by the Commission to deal with a possible withdrawal from the European Union without the United Kingdom's agreement.

A no-deal scenario will leave the budgetary relations between the Union and the UK without agreed legal arrangements, until an agreement is eventually reached. Such a legal vacuum would create considerable uncertainty and difficulties for the implementation of the Union’s budget, for all UK beneficiaries and in some cases also for beneficiaries of the other Member States.

In line with the Commission’s overall approach, this proposal is a contingency measure in response to this situation.

The Commission therefor considers it necessary to lay down rules on the relations between the Union on the one hand, and the United Kingdom and its beneficiaries on the other as regards the financing and implementation of the general budget of the Union in 2019. The proposal aims to mitigate the significant impact of a 'no deal' scenario for a large number of sectors receiving EU funding.

CONTENT: the proposed Regulation provides, in the event of a no deal, the possibility to maintain the eligibility to benefit from Union financing for the UK and UK entities under legal commitments entered into before the withdrawal date beyond that date and for a limited time period (until 31 December 2019).

This is subject to the condition that the UK:

- makes a written commitment and continues to contribute to the financing of the budget for 2019 under the terms set in this proposal;

- commits in writing to accept the controls and which cover the entire implementation period of the programmes or the actions.

Furthermore, as the UK would finance the whole budget 2019, and in line with the objective of implementing fully the multiannual financial framework 2014-2020 decided while the UK was a member

of the Union, the UK and UK entities would be eligible in 2019 for the purposes of conditions set in any calls, tenders, contests or any other procedure which may lead to financing from the Union's budget.

This eligibility of the UK and UK entities would only start applying after the conditions laid down in this proposal have been fulfilled, including that the UK has made its first payment to the EU budget for the period after its withdrawal.

The proposal is without prejudice to negotiating an agreement with the UK on a financial settlement covering the entirety of mutual obligations.

BUDGETARY IMPLICATIONS: in a no-deal scenario this proposal would restore the eligibility of the United Kingdom and United Kingdom beneficiaries as long as the United Kingdom continues paying its contribution set in the budget for 2019. Therefore there are no budgetary implications in comparison with the 2019 budget as adopted by the European Parlement in December 2018.