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

2019/0031(APP) - 04/04/2019 - Legislative proposal

PURPOSE: to minimise the negative effects of the United Kingdom's withdrawal on the Union budget and on the implementation of Union policies.

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: the United Kingdom and persons and entities established in United Kingdom are participating in a number of Union programmes or actions on the basis of the United Kingdom's membership in the Union. The participation takes place on the basis of agreements with the United Kingdom or persons or entities established in the United Kingdom or decisions in favour of the United Kingdom or persons or entities established in the United Kingdom which constitute legal commitments.

After withdrawal, the UK will no longer be member of the European Union; the Treaties and the secondary legislation will not be applicable to the United Kingdom. The United Kingdom or entities established in the United Kingdom will cease to be eligible to receive funding under those Union programmes, unless relevant provisions for participation of third countries are included in the legal acts of EU spending programmes.

It is therefore necessary to establish rules on relations between the European Union, on the one hand, and the United Kingdom and its beneficiaries, on the other hand, with regard to the financing and implementation of the general budget of the Union in 2019.

CONTENT: the proposed emergency framework lays down rules on relations between the European 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 the absence of a withdrawal agreement. The purpose of this proposal is to avoid, or at least minimise, any unnecessary disruption for beneficiaries of EU spending programmes and other actions at the time of withdrawal, also with the expectation that this will facilitate a financial settlement between the Union and the United Kingdom.

The Council's draft lays down conditions under which the United Kingdom and persons and entities established in the United Kingdom could continue to be eligible in 2019 with regard to the agreements signed with them and the decisions adopted with regard to them until the date on which the Treaties cease to apply to and in the United Kingdom ('date of withdrawal').

The conditions would be that the United Kingdom has:

- confirmed the commitment in writing to the Commission to continue to pay a contribution to the budget in 2019 calculated on the basis of the estimated own resources from the United Kingdom as set out in the budget for 2019 as definitively adopted, that a first instalment has been paid by the United Kingdom;

- made its first payment to the Union budget for the period after its withdrawal by 13 May 2019;

- confirmed the commitment in writing to the Commission to allow audits and controls in full by the Union in compliance with the applicable rules. In view of the need for certainty, it is appropriate to limit the time for the fulfilment of the conditions.

In order to ensure that the proposed Regulation has a beneficial effect for all Member States, it is intended to deduct a specific amount from the amount of the United Kingdom's contribution to be entered in the general budget of the Union. This specific amount should benefit Member States, which would otherwise be disadvantaged as a result of the adoption of the Regulation, as specified in the specific practical arrangements establishing the distribution of payments due and charging the Commission with the disbursement of the specific amount.

As long as the conditions for eligibility of the United Kingdom and persons and entities established in the United Kingdom under this Regulation continue to be fulfilled, it is also appropriate to provide for their eligibility, in 2019, for the purposes of conditions set in calls, tenders, contests or any other procedure which may lead to financing from the Union's budget. These should be limited to eligible expenditure incurred in 2019, with the exception of certain public contracts signed before the end of 2019 and the United Kingdom direct payment scheme for farmers for the 2019 application year.