

# Financial assistance to Member States to cover serious financial burden inflicted on them following a withdrawal of the United Kingdom from the Union without an agreement

2019/0183(COD) - 04/09/2019 - Legislative proposal

**PURPOSE:** to extend the scope of the European Union Solidarity Fund to cover the significant financial burden that a Brexit without a withdrawal agreement could represent for Member States.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** the United Kingdom has decided to leave the European Union, invoking the procedure set out in Article 50 of the Treaty on European Union (TEU).

Following a request from the United Kingdom, the European Council agreed on 11 April 2019 to further extend the deadline provided for in Article 50(3) of the TEU until 31 October 2019. Unless the United Kingdom ratifies the withdrawal agreement by 31 October 2019 or requests a third extension and it is adopted unanimously by the European Council, the United Kingdom will leave the Union without agreement and become a third country on 1 November 2019.

The EUSF was created in 2002 to support EU Member States and accession countries in situations of major disasters caused by natural events such as floods, storms, earthquakes, volcanic eruptions, forest fires or drought. The Fund can be mobilised upon an application from the concerned country if the disaster event has a dimension justifying intervention at European level.

While it will be a singular event, its disruptive effects and the burden thereof on public finances, directly imputable to the event of a withdrawal without an agreement, could constitute a major disaster and therefore the activation of the “solidarity principle”, which is the core of the EUSF, would be justified in order to mitigate those effects.

**CONTENT:** this proposal aims to amend [Council Regulation \(EC\) No 2012/2002](#) establishing the European Union Solidarity Fund (EUSF) in order to extend its scope to certain types of additional public expenditure caused by the withdrawal of the United Kingdom from the European Union without agreement.

## *Scope and eligibility*

Under the amending Regulation, the notion of 'major disasters' would cover natural disasters as well as situations where serious financial burden is inflicted on a Member State as a direct consequence of the withdrawal of the United Kingdom from the Union without an agreement.

The Commission proposes to take the financial burden on Member States' budgets in order to face the additional needs stemming from and directly linked to a withdrawal without an agreement as the reference to determine eligibility.

Access to the EUSF would be determined by a minimum level of public expenditure related to the withdrawal without agreement set at 0.3% of GNI or EUR 1.5 billion (whichever is lower), at 2011 prices, half the threshold for natural disasters. It is for the Member State to provide evidence for that expenditure and to demonstrate that it is directly imputable to the withdrawal without agreement.

Such assistance may be used, for example, to provide support to businesses affected by the withdrawal without an agreement, including support to State aid measures for those businesses and related interventions; measures to preserve existing employment; and to ensure the functioning of border, customs, sanitary and phytosanitary controls, including additional personnel and infrastructure.

VAT shall not constitute eligible expenditure.

### ***Procedure***

The competent national authorities of a Member State could submit to the Commission, by 30 April 2020 at the latest, a single application for a financial contribution from the Fund. The application should include at least all relevant information on the financial burden borne by that Member State.

Where the Commission concludes that the conditions for granting a financial contribution from the Fund are met, it should without delay submit to the European Parliament and the Council the necessary proposals to trigger the intervention of the Fund and authorise the corresponding appropriations.

When submitting an application for a financial contribution from the Fund to the Commission for serious financial burden caused by the withdrawal of the United Kingdom from the Union without an agreement, a Member State may request the payment of an advance.

The Commission therefore proposes to raise the level of advance payments for individual disasters of all categories to 25% of the expected EUSF contribution, limited to a maximum of EUR 100 million. It also proposes to increase the total level of appropriations for EUSF advances in the annual budget from EUR 50 million to EUR 100 million.

**BUDGETARY IMPLICATIONS:** in order to maintain the availability of the EUSF for major natural disasters, which is its original purpose, the use of the EUSF for the purpose of the present proposal should be limited to a maximum of 50% of its annual available amount in 2019 and 2020.

The maximum annual allocation of the EUSF is EUR 500 million in 2011 prices. In current prices this means EUR 585.8 million for 2019 plus EUR 597.5 million for 2020, i.e. a total of EUR 1 183.3 million. Up to EUR 591.65 million would therefore be available for the purpose of the current proposal.