

# Implementation and financing of the general budget of the Union in 2020 in relation to the withdrawal of the United Kingdom from the Union

2019/0186(APP) - 07/10/2019 - Legislative proposal

**PURPOSE:** to mitigate 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:** this Council draft is part of the Union preparedness and contingency plan to mitigate the most significant disruptions of a withdrawal of the United Kingdom from the Union without a withdrawal agreement.

The United Kingdom and persons and entities established in the 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.

In case of a withdrawal without a withdrawal agreement, it would be beneficial both for the Union and its Member States and for the United Kingdom, and persons and entities established in the United Kingdom, to provide for the eligibility in 2020 of the United Kingdom and beneficiaries established in the United Kingdom to receive Union funds and for the participation of the United Kingdom in the financing of the budget for 2020. It would also be beneficial if the legal commitments signed and adopted before the date of withdrawal, or in 2019 in application of Regulation (EU, Euratom) 2019/1197, could continue to be executed throughout 2020.

**CONTENT:** the draft Council defines the conditions under which the United Kingdom and persons and entities established in the United Kingdom may continue to be eligible in 2020 with regard to agreements signed with them and decisions adopted with regard to them until the date of withdrawal or, where applicable, in 2019 pursuant to the contingency Regulation ([Council Regulation \(EU, Euratom\) 2019/1197](#)).

The application of the proposed Regulation is subject to the following conditions:

- the United Kingdom has confirmed the commitment in writing to the Commission to continue to pay a contribution calculated on the basis of the estimated own resources from the United Kingdom as set out in the draft budget for 2020 and adjusted to take into account the total amount of payment appropriations set out in the adopted budget for 2020;
- a first instalment has been paid by the United Kingdom;

- the United Kingdom has confirmed the commitment in writing to the Commission to allow audits and controls in full by the Union in compliance with the applicable rules.

As long as the conditions for eligibility of the United Kingdom, and persons and entities established in the United Kingdom continue to be fulfilled, their eligibility should be ensured in 2020 for the purposes of conditions set in calls, tenders, contests or any other procedure which may lead to financing from the Union's budget, with the exception of specific cases relating to security and the loss of the United Kingdom's status as a member of the European Investment Bank, and to provide Union funding to them.

Such Union funding should be limited to eligible expenditure incurred in 2020, except for public procurement contracts signed before the end of 2020 in application of Title VII of the Financial Regulation, which continue to be implemented in accordance with their terms, and except for the United Kingdom agricultural direct payment scheme for the claim year 2020, which should be excluded from eligibility.

The draft regulation also provides for:

- the continued eligibility of the United Kingdom and persons and entities established in the United Kingdom provided that the United Kingdom continues to pay the contribution for 2020 and, where applicable, for 2019 under Regulation (EU, Euratom) 2019/1197 and that controls and audits can be carried out effectively;

- the continuation, in 2020, of the eligibility of actions under which Member States or persons or entities established in Member States receive funds from the Union and which are related to the United Kingdom.

As it lays down measures for the implementation and financing of the Union's budget for 2020, the proposed Regulation should only concern eligibility for the 2020 financial year.