

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure lapsed or withdrawn
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	
Subject 3.70.11 Natural disasters, Solidarity Fund	
Geographical area United Kingdom	

Key players	
European Parliament	
Council of the European Union European Commission	Commission DG <u>Regional and Urban Policy</u>
European Economic and Social Committee European Committee of the Regions	Commissioner FERREIRA Elisa

Key events			
04/09/2019	Legislative proposal published	COM(2019)0399	Summary
16/09/2019	Committee referral announced in Parliament, 1st reading		
21/10/2019	Vote in committee, 1st reading		
21/10/2019	Committee report tabled for plenary, 1st reading	A9-0020/2019	Summary
24/10/2019	Results of vote in Parliament		
24/10/2019	Decision by Parliament, 1st reading	T9-0045/2019	Summary
24/10/2019	Matter referred back to the committee responsible		
23/04/2021	Proposal withdrawn by Commission		

Technical information	
Procedure reference	2019/0183(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)

Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the EU TFEU 175-p3
Other legal basis	Rules of Procedure EP 159
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	REGI/9/01212

Documentation gateway

Legislative proposal	COM(2019)0399	04/09/2019	EC	Summary
Economic and Social Committee: opinion, report	CES4040/2019	25/09/2019	ESC	
Committee report tabled for plenary, 1st reading/single reading	A9-0020/2019	21/10/2019	EP	Summary
Text adopted by Parliament, partial vote at 1st reading/single reading	T9-0045/2019	24/10/2019	EP	Summary

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

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.

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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.

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

The Committee on Regional Development adopted the report by Younous OMARJEE (GUE/NGL, FR) on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2012/2002 in order to provide 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.

As a reminder, the Commission has proposed to amend the Regulation on the European Union Solidarity Fund in order to add Brexit to the circumstances justifying the disbursement of the Fund (the Fund currently covers only natural disasters).

The committee recommended that the European Parliament's position, adopted at first reading under the ordinary legislative procedure, should amend the Commission's proposal as follows:

Under the proposal, the Fund could also be triggered at the request of a Member State when that Member State faces a heavy financial burden resulting directly from the United Kingdom's withdrawal from the Union without agreement.

Members specified that the assistance shall be used to mitigate serious financial burden, inflicted or to be inflicted on the Member States in preparation for, or as a direct consequence of, the withdrawal of the United Kingdom from the Union without an agreement.

The available appropriations for this goal shall be limited to 30 % of the maximum available amount for the Fund intervention for the years 2019 and 2020. Such assistance shall cover a part of the additional public expenditure incurred exclusively between 1 January 2019 and 31 December 2020 in preparation for, or as a consequence of, a withdrawal without an agreement.

A Member State shall be eligible to apply for assistance under this Article, if the financial burden it has suffered is estimated to be either over EUR 750 million (EUR 1.5 billion according to the proposal) in 2011 prices, or more than 0.15 % of its GNI. Such assistance may be used, for example, to provide support to businesses and workers affected by the withdrawal without an agreement.

The responsible national authorities of a Member State may submit a single application to the Commission for a financial contribution from the Fund by 30 June 2020 at the latest. The Commission shall develop, by 31 December 2019, guidelines on how to effectively access and implement the Fund.

Assistance from the Fund shall be awarded to the Member States meeting the eligibility criteria, at a rate of up to 10 % (as opposed to 5%) of the inflicted financial burden, and within the limits of the budget available.

The Commission, on the one hand, and the European Parliament and the Council, on the other hand, shall endeavour to minimise the time taken to mobilise the Fund and shall commit to proposing, in as short a time as possible, a purpose-made instrument to tackle such emergency.

Expenditure eligible for financing under the European Globalisation Adjustment Fund shall not be financed under this Regulation.

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

The European Parliament adopted by 511 votes to 64, with 66 abstentions, amendments to the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2012/2002 in order to provide 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.

The matter was referred back to the committee responsible for inter-institutional negotiations.

As a reminder, the Commission has proposed to amend the Regulation on the European Union Solidarity Fund in order to add Brexit to the

circumstances justifying the disbursement of the Fund (the Fund currently covers only natural disasters).

The main amendments adopted in plenary concern the following points:

Objective

Parliament considered that the amendment of Regulation (EC) No 2012/2002 shall aim to support public expenditure related to Brexit in order to mitigate the economic and social consequences of the United Kingdom's withdrawal from the Union without agreement. The assistance shall be used to mitigate serious financial burden, inflicted or to be inflicted on the Member States in preparation for, or as a direct consequence of, the withdrawal of the United Kingdom from the Union without an agreement.

Scope and eligibility

Parliament stated that the available appropriations for this goal shall be limited to 30 % of the maximum available amount for the Fund intervention for the years 2019 and 2020. Such assistance shall cover a part of the additional public expenditure incurred exclusively between 1 January 2019 and 31 December 2020 in preparation for, or as a consequence of, a withdrawal without an agreement.

A Member State shall be eligible to apply for assistance under this Article, if the financial burden it has suffered is estimated to be either over EUR 750 million (EUR 1.5 billion according to the proposal) in 2011 prices, or more than 0.15 % of its GNI. Such assistance may be used, for example, to provide support to businesses and workers affected by the withdrawal without an agreement. Expenditure eligible for financing under the European Globalisation Adjustment Fund shall not be financed under this Regulation.

Procedure

The responsible national authorities of a Member State may submit a single application to the Commission for a financial contribution from the Fund by 30 June 2020 at the latest. The Commission shall develop, by 31 December 2019, guidelines on how to effectively access and implement the Fund.

After 30 June 2020, the Commission shall assess on the basis of the information, for all applications received, whether the conditions for mobilising the Fund are met in each case and shall determine the amounts of any possible financial contribution from the Fund within the limits of the financial resources available.

Assistance from the Fund shall be awarded to the Member States meeting the eligibility criteria, at a rate of up to 10 % (as opposed to 5%) of the inflicted financial burden, and within the limits of the budget available.

Ad hoc instrument

The Commission, on the one hand, and the European Parliament and the Council, on the other hand, shall endeavour to minimise the time taken to mobilise the Fund and shall commit to proposing, in as short a time as possible, a purpose-made instrument to tackle such emergency.