

2019 EU budget: Council adopts contingency measures for a no-deal Brexit

The Council today adopted contingency measures on the implementation and financing of the 2019 EU budget in the event of a no-deal Brexit.

The aim of the measures is to mitigate the impact of a no-deal scenario for funding in a wide range of areas such as research and agriculture.

They will enable the EU to continue making payments to UK beneficiaries for contracts signed and decisions made before the withdrawal date, as long as the UK continues paying its contribution agreed in the EU budget for 2019.

The European Parliament gave its consent to this contingency framework on 17 April 2019.

A no-deal scenario does not affect the basic principle that the EU27 and the UK should honour the financial commitments they have both made together. The measures agreed today will help ensure this. They will benefit UK individuals and entities, and avoid possible disruptions to other beneficiaries of EU funding.

Mika Lintilä, Minister for Finance of Finland, which currently holds the Council presidency

Under the agreed contingency framework, the UK would have to confirm in writing that it will contribute to the financing of the 2019 EU budget as adopted. It would also have to accept the necessary controls and audits for the EU programmes and actions, and make the first payment to the EU budget for the period after its withdrawal. Only if these conditions are met would the eligibility for financing by the EU budget in 2019 of the UK and UK-entities be maintained.

As the UK makes its contribution for the entire year of 2019, the UK and UK entities would also be eligible in 2019 for the purposes of conditions set in any calls, tenders, contests or other procedures which may lead to financing from the EU budget, except in specific cases related to security and to the loss of the UK's membership of the European Investment Bank.

In addition, the contingency measures would allow for the continued financing of beneficiaries in EU member states where their eligibility depends on the UK's membership of the EU, provided that the relevant legal contracts and decisions have been signed or adopted before the UK's withdrawal.

This contingency framework would cease to apply if the UK discontinues the payments or where significant deficiencies have been observed in the

execution of the controls and audits.

It is without prejudice to an agreement to be negotiated in a no-deal scenario on a financial settlement between the EU and the UK, which would have to cover the entirety of mutual obligations resulting from the UK's EU membership.

The measures agreed today are intended to keep the relative shares of the EU27 member states in financing the 2019 EU budget unaffected.

Background

Since the UK notified its intention to withdraw from the EU, the EU has consistently stated that both the EU and the UK should respect the financial obligations resulting from the whole period of the UK's membership in the EU. This principle was recalled in the European Council (Article 50) guidelines of 29 April 2017 for the Brexit negotiations and reflected in the draft withdrawal agreement agreed by the 27 member states and the UK government in November 2018. The absence of a withdrawal agreement at the withdrawal date would not affect that guiding principle.

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