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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN
CENTRAL BANK, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE,
THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESTMENT
BANK**

**Finalising preparations for the withdrawal of the United Kingdom from the European
Union on 1 November 2019**

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1. INTRODUCTION

On 29 March 2017, the United Kingdom notified its intention to withdraw from the European Union invoking the procedure in Article 50 of the Treaty on European Union (TEU). On 11 April 2019, following a request by the United Kingdom, the European Council (Article 50) agreed¹ to extend further the period provided for in Article 50(3) TEU until 31 October 2019. Unless the United Kingdom ratifies the Withdrawal Agreement² by 31 October 2019 or requests a third extension to which the European Council (Article 50) agrees by unanimity, the United Kingdom will be a third country as of 1 November 2019 without an agreement to ensure an orderly withdrawal.

From the outset of the negotiations, the Commission has been of the clear view that an orderly withdrawal of the United Kingdom from the European Union on the basis of the Withdrawal Agreement is the best outcome. As the Commission has consistently stressed, a withdrawal without an agreement will cause significant disruption both in the United Kingdom and in the EU27. Contingency measures can only mitigate the most significant disruptions of a withdrawal without an agreement.

The deadline of 31 October 2019 is only eight weeks away. The short time remaining and the political situation in the United Kingdom have increased the risk that the United Kingdom will withdraw on that date without an agreement. In line with the approach that the European Council (Article 50) has emphasised throughout the process, all actors must continue to prepare for all possible outcomes. All actors should therefore now make any necessary final adjustments to their plans in relation to a withdrawal without an agreement on 1 November 2019. They should not rely on the assumption that a third extension will be requested by the United Kingdom and that it will be agreed by the European Council (Article 50) ahead of 31 October.

¹ European Council Decision (EU) 2019/584, OJ L 101, 11.4.2019, p. 1. The Decision also provides that if the United Kingdom ratifies the Withdrawal Agreement before 31 October, withdrawal will take place on the first day of the month following the completion of the ratification procedure. The European Council had previously decided a first extension on 22 March 2019 (European Council Decision (EU) 2019/476, OJ L 80I, 22.3.2019, p. 1), following a request by the United Kingdom.

² Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, OJ, C 144I, 25.4.2019, p. 1.

2. CITIZENS' RIGHTS

The Commission has consistently made clear that protecting EU citizens in the United Kingdom, as well as UK citizens in the European Union is a priority. As stated in the fifth Brexit Preparedness Communication of 12 June 2019³, the EU27 Member States have put in place national contingency measures to ensure that UK nationals and their non-EU family members can remain legally resident in the immediate period after a withdrawal without an agreement. The Commission has worked with the EU27 Member States to ensure coherence in the overall approach, while recognising that flexibility at national level is needed. The Commission provides an updated overview of all national contingency measures on residence rights on its Brexit Preparedness webpages⁴.

EU citizens residing in the United Kingdom can find information on their residence rights in the United Kingdom on the UK Government's website⁵. In addition to the efforts of Member State diplomatic representations in the United Kingdom, the Commission Representation Offices in the United Kingdom and the relevant services in Brussels will continue to monitor closely the steps taken by the United Kingdom with respect to the continued residence of Union citizens in the United Kingdom. They will provide information and expertise to interested citizens in that regard.

While citizens' social security entitlements in relation to the United Kingdom before the withdrawal are protected by the relevant contingency Regulation⁶, some Member States are also putting in place unilateral contingency measures at national level for the period after withdrawal. These measures complement the protection of social security entitlements ensured at EU level, for instance by applying the principle of aggregation to periods of work, insurance and residence in the United Kingdom after the withdrawal or by further protecting social security entitlements for these citizens after the withdrawal. The Commission provides an updated overview of all national contingency measures in the area of social security entitlements on its Brexit Preparedness webpages⁷.

3. FINALISATION OF PREPARATIONS IN SELECTED SECTORS

In each of its five previous Brexit Preparedness Communications⁸, the Commission has urged stakeholders to prepare. It will continue to reach out to all stakeholders to provide information and advice. Member States and private entities including associations and chambers of commerce should also continue to provide information to help citizens and businesses to finalise their preparations, including through the many fora established specifically with this aim.

³ COM(2019) 276 final.

⁴ https://ec.europa.eu/info/files/overview-table-residence-rights-uk-nationals-eu27-member-states_en.

⁵ <https://www.gov.uk/eusetledstatus>.

⁶ Regulation (EU) 2019/500 of the European Parliament and of the Council of 25 March 2019 establishing contingency measures in the field of social security coordination following the withdrawal of the United Kingdom from the Union, OJ L 85I, 27.3.2019, p. 35.

⁷ https://ec.europa.eu/info/files/overview-national-measures-area-social-security-coordination_en.

⁸ 19.7.2018: COM(2018) 556 final/2; 13.11.2018: COM(2018) 880 final; 19.12.2018: COM(2018) 890 final; 10.4.2019: COM (2019) 195 final; 12.06.2019: COM(2019) 276 final.

To help businesses verify their state of preparedness and identify the actions still needed to finalise their preparations in view of a withdrawal without an agreement on 1 November 2019, the Commission has made available on its Brexit Preparedness webpages a 'Brexit preparedness checklist'⁹. The Commission has also published sector-specific stakeholder notices on a variety of issues¹⁰. Similar tools have been prepared at national level and by various business associations. All economic operators are invited to make use of tools of this type.

This section focuses on selected areas in which continued and particular vigilance is needed in the coming months.

3.1. Border formalities and trade

All sectors that trade with the United Kingdom, both in goods and in services, will be affected by the withdrawal. As regards trade in goods in particular, economic operators need to prepare for important consequences in the fields of customs formalities, indirect taxation and, where applicable, sanitary and phytosanitary controls as of 1 November 2019, if the United Kingdom withdraws from the Union without an agreement. These consequences include, among others, the application of customs formalities. Declarations will have to be lodged and customs authorities may require guarantees for potential or existing customs debts. Prohibitions or restrictions may also apply to some goods entering or leaving the EU from or to the United Kingdom, which means that import or export licences might be required.

From 1 November 2019, UK goods entering the EU will also be subject to customs duties¹¹ and EU goods may be subject to UK customs duties. The average EU tariffs are around 2.7% for non-agricultural products imported into the Union and 8.1% for agricultural products¹². For example, dairy products are taxed on average at 44.8%, meat at 17.8%, fish at 11.4%, clothes at 11.5%, and cars at 10%¹³. EU27 economic operators should assess their supply chains and ensure that their business plans factor in the application of these customs duties. Member States will also charge Value Added Tax at importation of goods entering the EU from the United Kingdom.

In order to minimise as much as possible the disruption to trade in goods crossing the border from the first day after withdrawal, traders, hauliers and shippers from across Europe who intend to move goods to and from the United Kingdom need to be ready to fulfil all the required formalities. They need to make these preparations regardless of where they are based. This is not only an issue for those that are based in regions neighbouring the United Kingdom or that have high volumes of trade with the United Kingdom.

All parties involved in the supply chain need to be aware of their responsibilities for the fulfilment of all the required formalities and should ensure that the required documentation

⁹ <https://ec.europa.eu/info/files/brexit-preparedness-checklist>.

¹⁰ https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en.

¹¹ The tariffs applicable to goods brought from the United Kingdom to the customs territory of the Union from the withdrawal date will be the same as those for goods originating from third countries with which the EU does not have any preferential trade agreements. The applicable tariffs can be found in the TARIC database (https://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en).

¹² https://www.wto.org/english/res_e/booksp_e/tariff_profiles19_e.pdf.

¹³ Source: WTO World Tariff profile 2019.

and certifications are in order. Preparing for the relevant formalities might take time and involve contacts with the relevant authorities on both sides of the border. The transport of goods under the common transit procedure will reduce the formalities at the border crossing¹⁴. Given the possible disruption at the borders at the time of withdrawal, traders, hauliers and shippers should verify the situation of their preferred trade route and take appropriate action.

Exports of goods originating in the EU must fulfil the necessary requirements to benefit from trade preferences granted under Trade Agreements¹⁵. Materials, parts and components originating in the United Kingdom and incorporated in goods manufactured in the EU will not qualify as originating in the EU. Operators must therefore adapt their supply chains and ensure that the exported goods and all documents and formalities are in conformity with the rules of origin requirements under the relevant Trade Agreements.

The Commission has prepared a number of notices and detailed guidance documents in the field of customs, origin, Value Added Tax and excises that can all be found online¹⁶. Short e-learning courses on the consequences of Brexit in the customs and taxation fields and practical introduction fiches on essential customs concepts are also available online¹⁷.

In its fifth Brexit Preparedness Communication of 12 June 2019¹⁸, the Commission underlined that the first phase of the communication campaign already showed that some businesses had taken action, but efforts have to continue in all Member States until the withdrawal date. The Commission will now intensify its multi-lingual communication campaign¹⁹, launched on 18 February 2019, to reach out to EU businesses and for which all information is publically available²⁰.

On their side, Member States, and in particular those that are the main entry and exit points for the European Union's trade with the United Kingdom, have made significant investments in terms of human resources and infrastructure, both physical (including Border Inspection Posts) and technological, to facilitate the circulation of goods at their borders with the United Kingdom. In addition, those Member States have engaged and will continue to engage in the coming months in information and communication campaigns explaining to all actors concerned all required formalities both as regards customs²¹ and sanitary and phytosanitary

¹⁴ https://ec.europa.eu/taxation_customs/business/customs-procedures/what-is-customs-transit/common-union-transit_en.

¹⁵ See also the Commission stakeholder notice on this subject: <https://ec.europa.eu/info/files/preferential-rules-origin>.

¹⁶ https://ec.europa.eu/taxation_customs/uk_withdrawal_en#heading_2.

¹⁷ https://ec.europa.eu/taxation_customs/eu-training/general-overview_en.

¹⁸ COM(2019) 276 final.

¹⁹ https://ec.europa.eu/taxation_customs/uk_withdrawal_en#.

²⁰ https://ec.europa.eu/taxation_customs/uk_withdrawal_en#heading_4.

²¹ For example, Brexit-dedicated information on customs formalities are available for Belgium at: https://finance.belgium.be/en/customs_excises/enterprises/brexit; for France at: <http://douane.gouv.fr/articles/c957-entreprises-preparez-vous-au-brexit>; and for the Netherlands at: <https://www.getreadyforbrexit.eu/en>.

In addition, information for users of UK ports and Eurotunnel can be found at: <https://www.gov.uk/government/publications/communications-pack-roll-on-roll-off-ports-and-eurotunnel-in-the-event-of-a-no-deal-eu-exit/information-for-users-of-roll-on-roll-off-ports-and-eurotunnel-in-a-no-deal-scenario>.

controls²². Traders, hauliers and shippers are invited to acquaint themselves with the relevant formalities, and the workflows and the technological infrastructure in use on their intended trade route²³.

3.2. Medicinal products, medical devices and chemical substances

While preparations for the United Kingdom's withdrawal in the areas of medicinal products, medical devices and chemical substances accelerated at the end of March and in early April 2019, a significant final effort is still needed²⁴. The Commission together with the European Medicines Agency, the Heads of Medicines Agencies network, the Competent Authorities on Medical Devices network and the European Chemicals Agency continues to reach out to stakeholders to remind them of the need to prepare ahead of 31 October 2019. It remains the case that unless medicinal products, medical devices and chemical substances are brought into compliance with EU rules, they cannot be placed on the EU market after that date. The Commission considers that the ongoing extension of the period provided for in Article 50(3) TEU provides sufficient time to achieve this and does not plan to adopt any further contingency measures.

Medicinal products

Human and veterinary medicinal products are either centrally authorised by the Commission or authorised nationally by Member States. Both categories of medicinal products are affected by the withdrawal of the United Kingdom. As outlined in the fifth Brexit Preparedness Communication of 12 June 2019²⁵, the European Medicines Agency was already close to ensuring regulatory compliance for almost all centrally authorised products in April 2019, while further work was needed for products authorised at national level. Significant progress has been made since then, with more than 80% of nationally authorised products well on track to be in regulatory compliance by 31 October 2019. This progress was achieved in part due to a temporary exemption providing companies with time until the end of 2019 to transfer their batch testing facilities from the United Kingdom to the EU27. While these developments are positive, industry is strongly encouraged to ensure that all concerned authorised products are in full regulatory compliance by 31 October 2019 and that the transfer of their batch testing facilities is completed by 31 December 2019, in order to ensure that the relevant products can continue to be placed on the EU market. Furthermore, in view of the particular challenges faced by smaller Member States that relied heavily on UK marketing authorisations in the past, industry has a responsibility to work with those Member States to ensure that medicinal products remain available to them.

²² For example, Brexit-dedicated information on sanitary and phytosanitary controls are available for Belgium at: <http://www.favv-afsca.fgov.be/brexit/>; for France at: <https://agriculture.gouv.fr/le-brexit-et-les-contrôles-sanitaires-et-phytosanitaires> and for the Netherlands at: <https://www.nvwa.nl/onderwerpen/brexit/>.

²³ See, for example, information on the 'smart border' developed by French Customs (available at <http://www.douane.gouv.fr/articles/a16171-the-smart-border>); on the Dutch Port Community System (available at <https://www.portbase.com/en/>); and on the systems in use at the Belgian ports of Zeebrugge (available at <https://rxseaport.eu/en/>) and Antwerp (available at <https://www.nxtport.com/>).

²⁴ The figures for products that still need to be brought into regulatory compliance cited below are prudent estimates that do not take into account that several of these products may not require any Brexit preparedness action for commercial reasons unknown to the Commission. For example some products may only be commercialised in the United Kingdom, no longer be on the market or in the process of being replaced by another product.

²⁵ COM(2019) 276 final.

Medical devices

Data from UK notified bodies indicate that the transfer to EU27 notified bodies of certificates of medical devices that are placed on the EU27 market is well underway and for the vast majority of devices on track to be completed by 31 October 2019. The Brexit task force of the Competent Authorities on Medical Devices network in close association with the Commission is mapping the progress of the remaining certificates based on the feedback from a survey carried out over the summer 2019 with concerned manufacturers and notified bodies. The results indicate that there are still manufacturers that have not taken all the measures needed in order to transfer to an EU27 notified body. Remaining manufacturers and UK notified bodies are strongly encouraged to ensure that the transfer of all relevant certificates and the necessary adaptations of product labels are completed by the withdrawal date so that manufacturers can continue to place their products on the EU market thereafter. The Commission and the Competent Authorities on Medical Devices network will continue to monitor the evolution of the situation in September and October.

Chemical substances

In the area of chemical substances, only 52% of concerned REACH²⁶ registrants had transferred their registrations to the EU27 by mid-August 2019. The European Chemicals Agency opened a ‘Brexit window’ in REACH-IT allowing registrants to take the necessary steps to transfer their REACH registration ahead of the withdrawal date. The Brexit window will remain open until 31 October 2019. As regards REACH authorisations, UK authorisation holders, UK applicants for authorisation and UK downstream users that supply substances or mixtures in the EU27 as part of existing supply chains are urged to take the necessary steps to ensure regulatory compliance for their EU27 downstream users. In turn, EU27 downstream users of UK registrants, UK authorisation holders, UK applicants for authorisations and UK downstream users are advised to verify with their suppliers that the relevant products will be in regulatory compliance by 31 October 2019 and take measures of their own as appropriate, making use of available guidance²⁷. Regulatory compliance is critical to continue placing chemicals on the EU market from the withdrawal date.

3.3. Financial services

In the area of financial services, the Commission strongly encourages insurance firms and other financial service operators that have not yet done so to finalise their preparatory measures by 31 October 2019.

On 19 December 2018, the Commission adopted a limited number of contingency measures, including two time-limited equivalence decisions, to allow EU27 operators to transfer their contractual relationships to service providers that are allowed to carry out their activities within the EU27. The first of these two decisions allows the European Securities and Markets Authority to recognise temporarily central counterparties currently established in the United Kingdom, allowing them to continue providing services in the Union. It expires on 30 March

²⁶ Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC, OJ L 396, 30.12.2006, p. 1.

²⁷ https://ec.europa.eu/info/brexit/brexit-preparedness/preparedness-notices_en#envgrow; and <https://echa.europa.eu/uk-withdrawal-from-the-eu>.

2020. The second one temporarily allows UK central securities depositories to continue providing notary and central maintenance services to operators in the Union. It expires on 30 March 2021. Additionally, the Commission adopted two Delegated Regulations to allow EU27 operators with outstanding non-cleared derivative contracts to replace UK counterparties with EU counterparties within 12 months of the United Kingdom's withdrawal, without losing the prudential treatment that these contracts currently enjoy. The Commission's assessment is that firms have largely prepared for a withdrawal without an agreement, including by novating their outstanding contracts to replace UK counterparties, and that they now have to finalise their preparations in the timeframe given by these contingency measures. The Commission therefore does not consider that the adoption of additional contingency measures is necessary. It will continue to assess the situation in the markets after the withdrawal date and decide on the appropriate course of action on the basis of the EU legislation in force at the relevant point in time, taking into account in particular the framework introduced in the European Market Infrastructure Regulation with regard to the requirements for the recognition of third-country central counterparties.

3.4. Fisheries

In addition to the contingency legislation (see section 3.2), in the area of fisheries, the Commission has continued its consultations with Member States on a coordinated approach to prepare for a scenario in which EU vessels would no longer be granted access to UK waters. There is a shared commitment to cooperate and coordinate closely in that case, including through a common framework to monitor changes or distortions in fishing activities in EU waters. This work will intensify in the coming period and the Commission stands ready to facilitate further analysis and discussions. On 18 July 2019, the Commission services also published a new questions and answers document on the consequences for fishing activities in the event of a withdrawal without an agreement²⁸. In addition to the topics of access to waters (and control of that access) and fishing opportunities, the document provides practical information on a range of specific topics such as sanitary controls and customs. Member State authorities and fishing associations are invited to circulate this information widely.

4. TECHNICAL ADJUSTMENT OF CONTINGENCY MEASURES AND ADOPTION OF OTHER PREVIOUSLY ANNOUNCED ACTS

As stated in the fifth Brexit Preparedness Communication of 12 June 2019²⁹, the Commission has screened all the EU-level measures adopted to prepare for the United Kingdom's withdrawal, and has concluded that these legislative and non-legislative EU acts continue to meet their intended objectives. There is therefore no need to amend them on substance. On the other hand, in view of the new timetable resulting from the current extension, some targeted technical adjustments in specific sectors are necessary. These are explained in the following sections.

As regards the non-legislative contingency acts adopted by the Commission in the area of the EU sanitary legislation in view of the previous withdrawal date of 12 April 2019, which have become moot due to the extension of the period provided for in Article 50(3) TEU, the Commission will re-evaluate the situation close to the withdrawal date and, provided that the

²⁸ https://ec.europa.eu/info/sites/info/files/fisheries-qanda_en.pdf.

²⁹ COM(2019) 276 final.

United Kingdom continues to provide the necessary assurances, will re-adopt the measures, so as to ensure that they apply from 1 November 2019.

4.1. Transport

In the area of transport, contingency measures were put in place to maintain essential transport connections for the most affected modes of transport: aviation, rail, and transport by road for passengers and freight.

In line with the principles underlying all contingency measures, the contingency Regulations allowing continued connectivity are unilateral, limited in scope and apply for limited periods of time. The Regulation ensuring basic road freight and road passenger connectivity³⁰ was adopted shortly after a first short extension of the time period referred to in Article 50(3) TEU, until 12 April 2019, with a fixed end date of application of 31 December 2019, also in view of possible arrangements for basic connectivity to be made in the context of the multilateral quota system of the European Conference of Ministers of Transport (ECMT). For similar reasons, the period of application of the Regulation ensuring basic connectivity by air³¹ was aligned to the end of the International Air Transport Association (IATA) winter season 2019/2020 and it will thus expire on 30 March 2020.

If the United Kingdom withdraws from the European Union without an agreement on 1 November 2019, the period of application of Regulation (EU) 2019/501 would therefore be limited to two months, and that of Regulation (EU) 2019/502 to less than half of the initially envisaged period.

In order to ensure that these contingency Regulations achieve their objectives as initially defined, including as regards their period of application, and in light of the postponement of the date of the United Kingdom's withdrawal by seven months, the Commission has today adopted a proposal to extend the period of validity of Regulations (EU) 2019/501 and (EU) 2019/502 by the same period of time. It is therefore proposed to extend the period of application of the contingency Regulation ensuring basic road freight and road passenger connectivity until 31 July 2020. Without prejudice to the Union's exclusive competence, Member States should continue to work to increase the number of ECMT permits available for transport to the United Kingdom in the future. It is also proposed to extend the period of application of the contingency Regulation ensuring basic connectivity by air until 24 October 2020, maintaining the alignment with the IATA seasons.

In the area of air transport, contingency Regulation (EU) 2019/502 also includes a specific mechanism for EU airlines to comply with the EU majority ownership and control requirement after the United Kingdom withdraws. National authorities have now finalised the examination of the plans submitted by affected airlines and informed the airlines concerned and the Commission of the positive results of their assessment. The Commission has contacted the responsible national authorities and in some instances signalled doubts on whether the submitted plans would ensure compliance with EU requirements. Affected

³⁰ Regulation (EU) 2019/501 of the European Parliament and of the Council of 25 March 2019 on common rules ensuring basic road freight and road passenger connectivity with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union, OJ L 85I, 27.3.2019, p. 39.

³¹ Regulation (EU) 2019/502 of the European Parliament and of the Council of 25 March 2019 on common rules ensuring basic air connectivity with regard to the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the Union OJ L 85I, 27.3.2019, p. 49.

airlines must ensure full compliance with the EU majority ownership and control requirement at the latest by the end of the period provided for in Regulation (EU) 2019/502. If the application of Regulation (EU) 2019/502 is extended in line with today's proposal, that period will end on 30 April 2020³². It is the responsibility of national authorities to make sure that EU law is complied with and effectively enforced by that date.

While no contingency measure has been adopted for occasional passenger transport by bus, the necessary preparations have been made to ensure connectivity in this area as of the withdrawal date based on an international instrument, the Interbus Agreement³³. The United Kingdom has deposited its instrument of accession to that agreement, to which it will become a party in its own right after withdrawal.

4.2. Fishing activities

Given the risk of a withdrawal without an agreement on 1 November 2019, the importance of fisheries for the economic livelihood of many coastal communities, and in order to ensure sustainable fishing in the relevant waters, it is important to provide for arrangements allowing continued reciprocal fishing access by EU and UK vessels to each other's waters, in accordance with the conditions set out in relevant Council Regulations establishing fishing opportunities, provided that the fishing opportunities set by both parties combined are in line with the sustainable management of the relevant stocks. With this aim, the Commission has today adopted a proposal to extend the contingency Regulation on fishing authorisations adopted in March 2019³⁴ until the end of 2020. This would keep in place a simplified legal framework to allow the European Union to continue to grant authorisations to UK vessels to enter EU waters and to manage authorisation requests by EU vessels entering UK waters, should the conditions on reciprocal access and sustainability be fulfilled. This temporary framework, which provides legal certainty for fishermen and ensures the conservation of the fish stocks, is necessary in the absence of a fisheries agreement with the United Kingdom in its new status as a third country. On this basis, and based on prior coordination with Member States, the Commission stands ready to submit to the United Kingdom the authorisation requests concerning EU vessels immediately after the United Kingdom withdraws from the European Union. The proposal maintains the possibility of quota swaps with the United Kingdom in 2020, whereby the Commission would be able to execute the quota exchanges with the United Kingdom in line with the procedure set out in the proposal.

4.3. EU Budget

In the case of a withdrawal without an agreement, in many cases the United Kingdom and UK beneficiaries will not be able to apply for new funding and will no longer be eligible to receive funding or will face termination of their current participation in EU programmes. Payments would therefore have to be suspended, and could only be made if and when a financial settlement is agreed between the European Union and the United Kingdom. In certain cases, contracts may need to be terminated if they no longer meet the eligibility requirements of the EU programme, or changes will need to be made in order to ensure

³² Article 7(1) of Regulation (EU) 2019/502.

³³ Agreement on the international occasional carriage of passengers by coach and bus (Interbus Agreement), OJ L 321, 26.11.2002, p. 13.

³⁴ Regulation (EU) 2019/498 of the European Parliament and of the Council of 25 March 2019 amending Regulation (EU) 2017/2403 as regards fishing authorisations for Union fishing vessels in United Kingdom waters and fishing operations of United Kingdom fishing vessels in Union waters OJ L 85I, 27.3.2019, p. 25.

compatibility with the eligibility requirements³⁵. To minimise the disruption created by that outcome, on 9 July 2019, the European Union adopted a contingency Regulation for the EU budget³⁶ that maintains the eligibility of the United Kingdom and UK beneficiaries for costs incurred in 2019, provided that the United Kingdom fulfils a series of conditions, in particular that it pays its share of the EU budget for 2019 before a certain date and allows the necessary audits and controls, including on its territory, as provided for by relevant EU rules. In parallel to this Communication, the Commission is consulting Member State experts, in compliance with the applicable procedures, on a draft delegated regulation adapting the deadlines in the contingency Regulation, in light of the extension of the period provided for in Article 50(3) TEU.

Following the extension of the period provided for in Article 50(3) TEU until 31 October 2019, the measure as it currently stands would cover a period of only two months. For this reason, the Commission has today adopted a proposal that replicates the existing 2019 contingency Regulation for 2020. The United Kingdom and UK beneficiaries would therefore remain eligible to participate in programmes under the EU budget and to receive financing until the end of 2020 if the United Kingdom accepts and fulfils the conditions of the 2019 contingency Regulation, pays its budget contributions for 2020 and allows the required audits and controls to take place.

4.4. Contingency financial support

As announced in the fourth Brexit Preparedness Communication of 10 April 2019³⁷, the Commission has explored how existing programmes and instruments could be used to support the most affected sectors, in particular agriculture and fisheries, regions and national authorities, which will face significant disruptions in spite of their preparations. The purpose of this financial support package is to provide, within the available resources, support to those most affected by a withdrawal without an agreement.

In the agriculture sector, the full spectrum of existing instruments for market support and direct financial support to farmers will be made available to mitigate the worst impact on agri-food markets in a no-deal scenario. National financial support should match EU exceptional market measures, multiplying the impact of the European Union's intervention.

The Commission has today adopted a proposal to extend the scope of the European Solidarity Fund to cover serious financial burden inflicted on Member States directly imputable to a withdrawal without an agreement and that could not be avoided by preparing in advance. This involves support to State aid schemes for businesses, measures to preserve existing employment and ensure the functioning of border, customs and sanitary and phytosanitary controls.

³⁵ For example, holders of European Research Council grants under the Horizon 2020 programme have the possibility to relocate their grant to another country. Guidance on compatibility with the relevant eligibility requirements will be issued.

³⁶ Council Regulation (EU, Euratom) 2019/1197 of 9 July 2019 on measures concerning the implementation and financing of the general budget of the Union in 2019 in relation to the withdrawal of the United Kingdom from the Union, OJ L 189, 15.7.2019, p. 1.

³⁷ COM(2019) 195 final.

Today, the Commission has also adopted a proposal ensuring that the European Globalisation Adjustment Fund is available to support workers made redundant as a consequence of a withdrawal without an agreement, subject to certain conditions.

In addition to the two legislative measures above, other interventions can be put in place without the need to amend legislation. The Commission stands ready to act swiftly if Member States decide to amend their structural and investment funds programmes³⁸ to allocate part of the available resources, within their national envelopes, to deal with challenges caused by a withdrawal without an agreement. The Commission will also act swiftly if Member States want to change the allocation of their national envelopes under the European Maritime and Fisheries Fund. Finally, the Commission stands ready to propose amendments to the agreement between the European Union and the European Investment Fund to allow the use of the programme for the Competitiveness of Small and Medium-Sized Enterprises (COSME) to facilitate access to finance for small and medium-sized enterprises that need to invest to modify their business organisation as a consequence of a withdrawal of the United Kingdom without an agreement, subject to appropriate conditions and budgetary availability.

For more immediate support to affected stakeholders, for example small and medium-sized companies with a significant exposure to the United Kingdom, EU State aid rules offer flexible solutions for national support measures.

5. IRELAND

In the absence of the Withdrawal Agreement, the departure of the United Kingdom from the EU will lead to two distinct fiscal and regulatory spaces on the island of Ireland. Under international law, and in particular World Trade Organization rules, from 1 November 2019 both the EU and the United Kingdom will be under an obligation to levy on each other's products the tariffs applicable to goods from any other member of the World Trade Organization without preferential arrangements. In addition, EU law will require that all goods entering Ireland from the United Kingdom be subject to the relevant checks and controls to protect the safety and health of EU citizens, preserve the integrity of the internal market and enforce compliance with fiscal obligations (duties, indirect taxes).

The Commission and Ireland continue working together, in the context of the unique situation on the island of Ireland and their twin objectives of protecting the integrity of the internal market while avoiding a hard border, to identify arrangements both for contingency solutions for the immediate aftermath of a withdrawal without an agreement and for a more stable solution for the period thereafter. The backstop provided for by the Withdrawal Agreement is the only solution identified that safeguards the Good Friday Agreement, ensures compliance with international law obligations and preserves the integrity of the internal market.

6. RESPONDING TO DISRUPTIONS IN THE AFTERMATH OF A WITHDRAWAL WITHOUT AN AGREEMENT

If the United Kingdom withdraws from the European Union without an agreement, many actors are expected to experience disruption, particularly in the first days. The Commission and Member States will remain in close contact to coordinate their response to any issue that

³⁸ European Regional Development fund, European Agricultural Fund for Rural Development, European Social Fund, Cohesion Fund and European Maritime and Fisheries Fund.

might arise and to identify how best to address them. For the period immediately after a withdrawal without an agreement, the Commission has set up a call centre for Member State administrations, giving them rapid access to the expertise of the Commission services by establishing a direct channel of communication, also for the purposes of facilitating the necessary coordination between national authorities. EU citizens, business and other stakeholders can contact their national or local administrations through their usual channels. They can also contact the Europe Direct Call Centre for any questions (Freephone 00 800 6 7 8 9 10 11 from anywhere in the European Union). The Europe Direct Call Centre will have extended hours of operation in the period around the withdrawal.

7. CONCLUSIONS

Whilst the aim of the EU is an orderly withdrawal of the United Kingdom, the Commission reiterates that everyone has to prepare for a possible withdrawal of the United Kingdom without an agreement on 1 November 2019. The Commission continues to call on all stakeholders to finalise their preparations and points in particular to the need for industry to act in sensitive areas such as medicines, medical devices and chemicals. It also urges all EU operators who will be trading with or transporting goods to and from the United Kingdom after the withdrawal to take into account the need for customs and sanitary and phytosanitary checks and procedures as well as the logistical challenges that can be expected in the new legal context around border crossings to and from the United Kingdom.

In parallel to this Communication, the Commission has adopted three legislative proposals to take into account the postponement of the date of withdrawal, by extending, as necessary, the duration of existing contingency measures in the areas of transport and fisheries or providing a framework for 2020 in the context of the EU budget. It has also adopted two further legislative proposals as part of a package allowing for contingency financial support, if necessary. Finally, it has sent for consultation to Member State experts, in line with the applicable procedures, a delegated act adapting the deadlines provided for by the contingency Regulation on the 2019 EU budget³⁹ to the current withdrawal date. The Commission calls on the co-legislators to ensure the swift adoption of the proposed legislative acts so that, where necessary, they are in force by the date of the withdrawal of the United Kingdom.

For the time around the withdrawal date, the Commission will extend the hours of operation of its call centre for citizens and businesses and it will set up a dedicated call centre for Member States authorities to provide expertise and facilitate the necessary coordination between national authorities. The Commission also calls on Member States to step up communication activities that were under way earlier this year and to reach out to national stakeholders and take the necessary measures to be able to respond to any disruption, in particular in the period immediately following a withdrawal without an agreement.

³⁹ Council Regulation (EU, Euratom) 2019/1197 of 9 July 2019 on measures concerning the implementation and financing of the general budget of the Union in 2019 in relation to the withdrawal of the United Kingdom from the Union, OJ L 189, 15.7.2019, p. 1.