



Brexit: European Commission implements “no-deal” Contingency Action Plan in specific sectors

Brussels, 19 December 2018

The United Kingdom will leave the European Union in 100 days' time.

Given the continued uncertainty in the UK surrounding the ratification of the Withdrawal Agreement, as agreed between the EU and the UK on 25 November 2018 – and last week's call by the [European Council \(Article 50\)](#) to intensify preparedness work at all levels and for all outcomes – the European Commission has today started implementing its “no deal” Contingency Action Plan. This delivers on the Commission's commitment to adopt all necessary “no deal” proposals by the end of the year, as outlined in [its second preparedness Communication](#) of 13 November 2018.

Today's [package](#) includes 14 measures in a limited number of areas where a “no-deal” scenario would create major disruption for citizens and businesses in the EU27. These areas include financial services, air transport, customs, and climate policy, amongst others.

The Commission considers it essential and urgent to adopt these measures today to ensure that the necessary contingency measures can enter into application on 30 March 2019 in order to limit the most significant damage caused by a “no-deal” scenario in these areas.

These measures will not – and cannot – mitigate the overall impact of a “no-deal” scenario, nor do they in any way compensate for the lack of stakeholder preparedness or replicate the full benefits of EU membership or the terms of any transition period, as provided for in the Withdrawal Agreement. They are limited to specific areas where it is absolutely necessary to protect the vital interests of the EU and where preparedness measures on their own are not sufficient. As a rule, they will be temporary in nature, limited in scope and adopted unilaterally by the EU. They take into account discussions with Member States and are in addition to the preparedness measures that have already been taken, as set out in the two previous preparedness Communications.

The Commission will continue to implement its Contingency Action Plan in the weeks to come and will monitor the need for additional action, as well as continue to support Member States in their preparedness work.

Putting citizens' rights first: right to stay and social security coordination

The Commission has consistently put citizens first throughout these negotiations and throughout its “no-deal” preparedness and contingency work. Today's Communication invites Member States to take a generous approach to the rights of UK citizens in the EU, provided that this approach is reciprocated by the UK.

In particular, Member States should take measures to ensure that UK citizens legally residing in the EU on the date of withdrawal will continue to be considered legal residents. Member States should adopt a pragmatic approach to granting temporary residence status. It is recalled that the Commission has already adopted a proposal for a Regulation which exempts UK nationals from visa requirements, provided that all EU citizens are equally exempt from UK visa requirements.

As regards social security coordination, the Commission considers it necessary that Member States take all possible steps to ensure legal certainty and to protect the rights acquired by EU27 citizens and UK nationals who exercised their right to free movement before 30 March 2019.

Sector-specific regulation

Financial services

After a thorough examination of the risks linked to a no deal scenario in the financial sector, the Commission has found that only a limited number of contingency measures is necessary to safeguard financial stability in the EU27.

The Commission has therefore adopted today the following acts:

- A temporary and conditional equivalence decision for a fixed, limited period of 12 months to ensure that there will be no immediate disruption in the central clearing of derivatives.

- A temporary and conditional equivalence decision for a fixed, limited period of 24 months to ensure that there will be no disruption in central depositaries services for EU operators currently using UK operators.
- Two Delegated Regulations facilitating novation, for a fixed period of 12 months, of certain over-the-counter derivatives contracts, where a contract is transferred from a UK to an EU27 counterparty.

Transport

The Commission has today adopted two measures that will avoid full interruption of air traffic between the EU and the UK in the event of no deal. These measures will only ensure basic connectivity and in no means replicate the significant advantages of membership of the Single European Sky. This is subject to the UK conferring equivalent rights to EU air carriers, as well as the UK ensuring conditions of fair competition.

- A proposal for a Regulation to ensure temporarily (for 12 months) the provision of certain air services between the UK and the EU.
- A proposal for a Regulation to extend temporarily (for 9 months) the validity of certain aviation safety licences.

The Commission has also adopted a proposal for a Regulation to allow UK operators to temporarily (nine months) carry goods into the EU, provided the UK confers equivalent rights to EU road haulage operators and subject to fair competition conditions.

Customs and the export of goods

In a no deal scenario, all relevant EU legislation on the importation and exportation of goods will apply to goods moving between the EU and the UK. The Commission has today adopted the following technical measures:

- A Delegated Regulation to include the seas surrounding the UK in the provisions on time-limits within which entry summary declarations and pre-departure declarations have to be lodged prior to leaving or entering the Union's customs territory.
- A proposal for a Regulation to add the UK to the list of countries for which a general authorisation to export dual use items is valid throughout the EU.

It is essential, however, that Member States take all the necessary steps to be in a position to apply the Union Customs Code and the relevant rules regarding indirect taxation in relation to the United Kingdom.

EU climate policy

The Commission has today adopted the following acts in the area of EU climate legislation in order to ensure that a "no-deal" scenario does not affect the smooth functioning and the environmental integrity of the Emissions Trading System.

- A Commission Decision to suspend temporarily for the UK the free allocation of emissions allowances, auctioning, and the exchange of international credits with effect from 1 January 2019.
- An Implementing Decision to allow an appropriate annual quota allocation to UK companies for accessing the EU27 market (until 31 December 2020).
- An Implementing Regulation to ensure that the reporting by companies differentiates between the EU market and the UK market to allow a correct allocation of quotas in the future.

PEACE Programme

The Commission has today reiterated its commitment to ensuring the current programmes between the border counties of Ireland and Northern Ireland can continue in all scenarios. Given its importance, the Commission has today made a proposal for a Regulation to continue the PEACE programme in Northern Ireland until the end of 2020, in the event of a no deal scenario. As for the period after 2020, the Commission has already proposed as part of its proposals for the next Multi-annual Financial Framework to continue and strengthen cross-border support for peace and reconciliation in the border counties of Ireland and Northern Ireland.

Other

The Commission has also adopted a Delegated Regulation on the listing of the UK in statistics on the balance of payments, international trade in services and foreign direct investment.

Next steps

The Commission calls on the European Parliament and the Council to ensure the adoption of the proposed legislative acts so that they are in force by 29 March 2019. The Commission also highlights to the European Parliament and the Council that it is important for delegated acts to enter into force as rapidly as possible. For Delegated Acts, the normal scrutiny period by the European Parliament and Council is, as a rule, two to three months (two months for the Delegated Regulation on summary declarations and pre-departure declarations; three months for the Delegated Regulation on the listing of the UK in EU statistics; a maximum of three months for the Delegated Regulations on certain types of contracts, including over-the-counter derivatives. For more information on the minimum timelines for adoption of such legal acts, see [here](#) under Annex 5. Delegated acts can enter into force earlier if the European Parliament and the Council both inform the Commission, before the end of the scrutiny period, that they will not object to the act.

Background

On [14 November 2018](#), the negotiators of the Commission and the United Kingdom agreed on the terms of the Withdrawal Agreement. On 22 November 2018, the Commission approved the completed Withdrawal Agreement. On 25 November 2018, the European Council (Article 50) endorsed the Withdrawal Agreement and invited the Commission, the European Parliament and the Council to take the necessary steps to ensure that the agreement can enter into force on 30 March 2019 to provide for an orderly withdrawal.

On 5 December 2018, the Commission adopted two proposals for Council decisions on the [signature](#) and [conclusion](#) of the Withdrawal Agreement. For the Withdrawal Agreement to enter into force the Council must now authorise the signature of the text on behalf of the Union and the European Parliament must then give its consent before being concluded by the Council. The Withdrawal Agreement will have to be ratified by the United Kingdom, in accordance with its own constitutional requirements.

The ratification of the Withdrawal Agreement continues to be the objective and priority of the Commission. As emphasised in the Commission's first Brexit preparedness Communication of 19 July 2018, irrespective of the scenario envisaged, the United Kingdom's choice to leave the European Union will cause significant disruption.

Stakeholders, as well as national and EU authorities, therefore need to prepare for two possible main scenarios:

- If the Withdrawal Agreement is ratified before 30 March 2019, EU law will cease to apply to and in the UK on 1 January 2021, i.e. after a transition period of 21 months.
- If the Withdrawal Agreement is not ratified before 30 March 2019, there will be no transition period and EU law will cease to apply to and in the UK as of 30 March 2019. This is referred to as the "no deal" or "cliff-edge" scenario.

Over the past year, the Commission has published 78 sector-specific preparedness notices to inform the public about the consequences of the UK's withdrawal in the absence of any Withdrawal Agreement. These are available in all official EU languages. The Commission has also held technical discussions with the EU27 Member States both on general issues of preparedness and on specific sectorial, legal and administrative preparedness steps. The slides used in these technical seminars are available [online](#).

For more information:

[Text of the Communication](#)

[Collection page of texts adopted today](#)

[Questions and Answers](#) on today's Communication

The European Commission's Brexit Preparedness [website](#) (incl. "[Brexit preparedness notices](#)")
[Preparedness slides](#)

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