



# EU file

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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<sup>1</sup>

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

Unless the UK ratifies the Withdrawal Agreement by 31 October 2019 or

requests a third extension to which the European Council (Article 50) agrees by unanimity, **the UK 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 UK from the EU on the basis of the Withdrawal Agreement is the best outcome.

### Citizens' Rights

The Commission has consistently made clear that protecting EU citizens in the UK, as well as UK citizens in the EU is a priority. As stated in the fifth Brexit Preparedness Communication of 12 June 2019, 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. An updated overview of all

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The online toolbox for business entrepreneurs

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[https://ec.europa.eu/info/sites/info/files/com-2019-394-final\\_en.pdf](https://ec.europa.eu/info/sites/info/files/com-2019-394-final_en.pdf)

national contingency measures on residence rights can be found on the Brexit Preparedness webpages<sup>2</sup>.

### **Finalisation of Preparation in Selected Sectors:**

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 a 'Brexit preparedness checklist'<sup>3</sup>.

Some areas like the four mentioned below, require continued and particular vigilance:

#### **1. Border formalities and trade**

All sectors that trade with the UK, both in goods and in services, will be affected by the withdrawal. Economic operators of goods need to prepare for important consequences in the fields of customs formalities, indirect taxation and, where applicable, sanitary and phytosanitary controls. 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 good entering or leaving the EU from or to the UK, which might require import or export licences.

As from 1 November 2019, UK goods entering the EU will also be subject to customs duties and EU goods maybe 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 products. Member States will also charge VAT at importation of goods entering the EU from the UK.

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 and certifications are in order. Exports of goods originating in the EU must fulfil the necessary requirements to benefit from trade preferences granted under Trade Agreements. Notices and detailed guidance documents in the field of customs, origin, VAT and excises can be found on [http://ec.europa.eu/taxation\\_customs/uk\\_withdrawal\\_en#heading\\_2](http://ec.europa.eu/taxation_customs/uk_withdrawal_en#heading_2)

#### **2. Medicinal products, medical devices and chemical substances**

Unless medicinal products, medical devices and chemical substances are brought into compliance with EU rules, it cannot be placed on the EU market after 31 October 2019. Manufacturers and UK notified bodies of medical devices are strongly encouraged to ensure that the transfer of all relevant certificates and the necessary adaptation of product labels are completed by the withdrawal date, so that they can continue placing their products on the EU market thereafter.

In the area of chemical substances, REACH registrants need to transfer their registrations to the EU27 by 31 October 2019. REACH authorisations, UK authorisation holders, UK applicants for authorisation and UK downstream users that supply substances or mixtures in the EU17 as part of existing supply chains are urged to take the necessary steps to ensure regulatory compliance for their EU27 downstream users.

#### **3. Financial services**

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 their activities within the EU27. Additionally, the Commission adopted two Delegated Regulations to allow EU17 operators with outstanding non-cleared derivative contracts to replace UK counterparties with EU counterparties within 12 months of the UK's withdrawal, without losing the prudential treatment that these contracts currently enjoy.

#### **4. Fisheries**

The Commission consulted the Member States on finding a coordinated approach to prepare for a scenario in which EU vessels would no longer be granted access to UK waters. The Commission stands ready to facilitate further analysis and discussions in developing a common framework to monitor distortions in fishing activities in EU waters.

<sup>2</sup> [http://ec.europa.eu/info/files/overview-table-residence-rights-uk-nationals-eu27-member-states\\_en](http://ec.europa.eu/info/files/overview-table-residence-rights-uk-nationals-eu27-member-states_en)

<sup>3</sup> <http://ec.europa.eu/info/files/brexit-preparedness-checklist>

### **Technical Adjustment of Contingency Measures and Adoption of other previously announced Acts**

In view of the new timetable resulting from current extension, some targeted technical adjustments in specific sectors are necessary:

#### **1. Transport**

An extension to the period of application of the contingency Regulation ensuring basic road freight and road passenger connectivity is being proposed until 31 July 2020, for Regulation (EU) 2019/501 and Regulation (EU) 2019/502.

#### **2. Fishing Activities**

An extension to the contingency Regulation on fishing authorisations adopted in March 2019 until the end of 2020 is being proposed by the Commission. 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 UK in its new status as a third country.

#### **3. EU Budget**

The EU has adopted a contingency Regulation for the EU budget that maintains the eligibility of the UK and UK beneficiaries for costs incurred in 2019, provided that the UK 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. Additionally, the Commission has also adopted a proposal that replicates the existing 2019 contingency Regulation for 2020.

#### **4. Contingency financial support**

The Commission has 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. 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. Additionally, 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.

EU and the UK will be under no obligation to levy on each other's products the tariffs applicable to goods from any other member of the WTO without preferential arrangements. EU law will require that all goods entering Ireland from the UK 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).

### **Responding to disruptions in the aftermath of a withdrawal without an agreement**

For the period immediately after a withdrawal without an agreement, the Commission has set up a call centre for Member States administrations, giving them rapid access to the expertise of the Commission services by establishing a direct channel of communication, also for the purpose 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 on freephone 00 800 6 7 8 9 10 11 from anywhere in the EU.

### **Ireland**

In the absence of the Withdrawal Agreement, the departure of the UK from the EU will lead to two distinct fiscal and regulatory spaces on the island of Ireland. Under international law, from 1 November 2019, both the

