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INFORMATION NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council

Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL in order to allow for the continuation of the territorial cooperation programmes PEACE IV (Ireland-United Kingdom) and United Kingdom-Ireland (Ireland-Northern Ireland-Scotland) in the context of the withdrawal of the United Kingdom from the European Union
- Outcome of the European Parliament's first reading,
(Strasbourg, 11 to 14 March 2019)

I. INTRODUCTION

The rapporteur, Iskra MIHAYLOVA (ALDE, BG), presented a report on behalf of the Committee on Regional Development, aiming at taking over the Commission proposal for a Regulation of the European Parliament and of the Council in order to allow for the continuation of the territorial cooperation programmes PEACE IV (Ireland-United Kingdom) and United Kingdom-Ireland (Ireland-Northern Ireland-Scotland) in the context of the withdrawal of the United Kingdom from the European Union.

II. VOTE

The Parliament adopted its first-reading position on 13 March 2019 by taking over the Commission proposal. This position is contained in its legislative resolution as set out in the Annex hereto.

On 30 January 2019, the Permanent Representatives Committee had approved the Commission's proposal without amendments. The Council should therefore be in a position to approve the European Parliament's position. The legislative act would then be adopted in the wording which corresponds to the European Parliament's position.

Continuation of the territorial cooperation programmes PEACE IV (Ireland-United Kingdom) and United Kingdom-Ireland (Ireland-Northern Ireland-Scotland) in the context of the UK's withdrawal from the EU *I**

European Parliament legislative resolution of 13 March 2019 on the proposal for a regulation of the European Parliament and of the Council in order to allow for the continuation of the territorial cooperation programmes PEACE IV (Ireland-United Kingdom) and United Kingdom-Ireland (Ireland-Northern Ireland-Scotland) in the context of the withdrawal of the United Kingdom from the European Union (COM(2018)0892 – C8-0512/2018 – 2018/0432(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2018)0892),
 - having regard to Article 294(2) and Article 178 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0512/2018),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 20 February 2019¹,
 - after consulting the Committee of the Regions,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development (A8-0021/2019),
1. Adopts its position at first reading hereinafter set out;

¹ Not yet published in the Official Journal.

2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Position of the European Parliament adopted at first reading on 13 March 2019 with a view to the adoption of Regulation (EU) 2019/... of the European Parliament and of the Council in order to allow for the continuation of the territorial cooperation programmes PEACE IV (Ireland-United Kingdom) and United Kingdom-Ireland (Ireland-Northern Ireland-Scotland) in the context of the withdrawal of the United Kingdom from the Union

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty of the Functioning of the European Union, and in particular, Article 178 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee²,

After consulting the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure³,

² Opinion of 20 February 2019 (not yet published in the Official Journal).

³ Position of the European Parliament of 13 March 2019.

Whereas:

- (1) On 29 March 2017, the United Kingdom submitted the notification of its intention to withdraw from the Union pursuant to Article 50 of the Treaty on European Union (TEU). The Treaties will cease to apply to the United Kingdom from the date of entry into force of a withdrawal agreement or, failing that, two years after that notification, namely from 30 March 2019, unless the European Council, in agreement with the United Kingdom, unanimously decides to extend that period.
- (2) The withdrawal will occur during the programming period 2014-2020 in which the United Kingdom is participating in fifteen cooperation programmes under the European territorial cooperation goal. Two of those programmes, namely PEACE IV (Ireland-United Kingdom) and United Kingdom-Ireland (Ireland-Northern Ireland-Scotland) (jointly referred to as the ‘cooperation programmes’), are programmes involving Northern Ireland and support peace and reconciliation and North-South cooperation under the Northern Ireland Peace Agreement (the "Good Friday Agreement") that the Union intends to continue even if the United Kingdom withdraws from the Union without a withdrawal agreement having entered into force by the date the Treaties cease to apply to the United Kingdom pursuant to Article 50(3) TEU. Therefore, this Regulation should be limited to those cooperation programmes.

- (3) The cooperation programmes are in particular governed by Regulations (EU) No 1299/2013⁴, (EU) No 1303/2013⁵ and (EU, Euratom) 2018/1046⁶ of the European Parliament and of the Council. This Regulation should lay down provisions in order to allow, following the United Kingdom's withdrawal from the Union, for the continuation of the cooperation programmes in accordance with those Regulations .
- (4) As regards the cooperation programmes, the managing authority is located in the Special EU Programmes Body ('SEUPB') set up under the Agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland establishing Implementation Bodies signed on 8 March 1999. As the cooperation programmes involve Northern Ireland, they should continue with the necessary complementing provisions.

⁴ Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (OJ L 347, 20.12.2013, p. 259).

⁵ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

⁶ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

- (5) For the purposes of the continuation of the cooperation programmes, it should be clarified that, without prejudice to Article 20(2) and (3) of Regulation (EU) No 1299/2013, they may cover the participating regions in the United Kingdom, which should be equivalent to NUTS level 3 regions.
- (6) For the purposes of the continuation of the cooperation programmes with financing from the Union general budget, an administrative agreement should be concluded between the Commission and the authorities of the United Kingdom with effect as from the date on which the Treaties cease to apply to the United Kingdom to allow for the necessary controls and audits of the cooperation programmes. If such controls and audits cannot be carried out, the Commission should have the possibility to interrupt payment deadlines, suspend payments and apply financial corrections, as laid down in Articles 83, 142, 144 and 145 of Regulation (EU) No 1303/2013.
- (7) In accordance with Article 76 of Regulation (EU) No 1303/2013, the Commission implementing decisions approving the PEACE IV (Ireland-United Kingdom) programme of 30 November 2015 and the Interreg VA programme of 12 February 2015 are to continue to constitute a financing decision within the meaning of Regulation (EU, Euratom) 2018/1046 and hence a legal commitment within the meaning of Regulation (EU, Euratom) 2018/1046. The United Kingdom remains liable for its financial obligations assumed as a Member State which relate to these legal commitments of the Union.

- (8) The United Kingdom will cease to be, from the date that the Treaties cease to apply to it, part of the Union part of the programme area within the meaning of Article 20(1) of Regulation (EU) No 1299/2013. Therefore, the provisions of that Regulation on the eligibility of operations depending on location should be adapted.
- (9) Since the objective of this Regulation, namely to allow, following the United Kingdom's withdrawal from the Union, for the continuation of the cooperation programmes, cannot be sufficiently achieved by the Member States but can rather, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve this objective.
- (10) In order to allow for the prompt application of the measures provided for in this Regulation, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*. This Regulation should only apply in a situation where no withdrawal agreement concluded with the United Kingdom in accordance with Article 50(2) TEU has entered into force by the date the Treaties cease to apply to the United Kingdom pursuant to Article 50(3) TEU,

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter and scope

1. This Regulation lays down provisions to address the consequences of the withdrawal of the United Kingdom from the Union in a situation where no withdrawal agreement concluded with the United Kingdom in accordance with Article 50(2) TEU has entered into force by the date on which the Treaties cease to apply to the United Kingdom pursuant to Article 50(3) TEU, and with regard to the continuation of the following two cooperation programmes covered by Regulation (EU) No 1299/2013 with the participation of the United Kingdom (jointly referred to as the ‘cooperation programmes’):

- (1) PEACE IV (Ireland-United Kingdom);
- (2) United Kingdom-Ireland (Ireland-Northern Ireland-Scotland).

2. Regulation (EU) No 1299/2013 shall continue to apply to the cooperation programmes subject to this Regulation.

Article 2

Geographical coverage

Without prejudice to Article 20(2) and (3) of Regulation (EU) No 1299/2013, the cooperation programmes may cover the participating regions in the United Kingdom, which shall be equivalent to NUTS level 3 regions.

Article 3

Programme authorities

By way of derogation from Article 21(1) of Regulation (EU) No 1299/2013:

- the Special EU Programmes Body (SEUPB) hosting the managing authority and the certifying authority of the cooperation programmes shall continue to exercise its functions;
- the Department of Finance of Northern Ireland shall remain the audit authority of the cooperation programmes.

Article 4

Commission competences regarding controls

The application of the rules regarding the controls and audit of the cooperation programmes shall be agreed between the Commission and the authorities of the United Kingdom. The controls and audits shall cover the entire period of the cooperation programmes.

If the necessary controls and audit of the cooperation programmes cannot be executed in all regions concerned, this shall be considered to constitute a serious deficiency in the management and control system for the purposes of measures as laid down in Articles 83, 142, 144 and 145 of Regulation (EU) No 1303/2013.

Article 5

Eligibility of operations depending on location

The ceiling set out in point (b) of Article 20(2) of Regulation (EU) No 1299/2013 shall not apply to the cooperation programmes.

Article 6

Entry into force and application

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

It shall apply from the day following that on which the Treaties cease to apply to the United Kingdom pursuant to Article 50(3) TEU.

However, this Regulation shall not apply if a withdrawal agreement concluded with the United Kingdom in accordance with Article 50(2) TEU has entered into force by the date referred to in the second paragraph of this Article.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at,

For the European Parliament

For the Council

The President

The President