



**Parlamentul României
Senat**

Bucharest, 27 November 2019

Courtesy translation

OPINION

of the SENATE OF ROMANIA

on the Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2012/2002 in order to provide financial assistance to Member States to cover serious financial burden inflicted on them following a withdrawal of the United Kingdom from the Union without an agreement

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The Senate of Romania has examined the Proposal for a Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2012/2002 in order to provide financial assistance to Member States to cover serious financial burden inflicted on them following a withdrawal of the United Kingdom from the Union without an agreement, according to the provisions of the Treaty of Lisbon (Protocol no.2).

Taking into account the report of the Committee for European Affairs no. LXII/210/24.10.2019, **the plenum of the Senate**, during its session of 27 November 2019, has decided the following:

1. Notes that:
 - a) The legal basis is Article 175 of the Treaty on the Functioning of the European Union (TFEU).
 - b) The proposed Regulation respects the principle of subsidiarity.
 - c) The proposal respects the principle of proportionality but, in terms of content, some clarifications are needed.
2. Appreciates the intention of the proposal as a concrete expression of real solidarity within the EU, whereby the Member States agree to support each other by providing additional financial resources through the EU budget in cases of emergency, when they cannot handle by themselves a crisis.
3. Expresses its bewilderment over the reasons for choosing the source of funding from the EUSF and not from other funds, suggesting inadequately that Brexit would be a natural disaster and not the result of the decisions of some responsible politicians and of a national referendum.

4. Calls for a better clarification on the applicability of the new provisions in the "no-deal Brexit" case regarding the eligibility of VAT. Thus, the current text of the EUSF Regulation provides in art. 3 paragraph (4) the fact that VAT does not constitute eligible expenditure related to an operation, unless it cannot be recovered under national VAT legislation. Through the new modifications, a new article is added, art. 3b, which provides in par. (2) that "VAT is not eligible expenditure", without specifying that this provision would apply strictly in the case of "no-deal Brexit".
5. Notes that, regarding the value of losses / damages suffered by a Member State in the case of a "no-deal Brexit" scenario, the proposed text of the Regulation is not sufficiently clear as to the types of losses that can be taken into account for establishing the eligibility of a request for assistance from the Fund by reaching a minimum threshold. Thus, both in the memorandum preceding the text proposed by the Commission and in art. 3a paragraph (3) it seems to be a definition of these financial damages („financial burden") as representing additional public expenditure caused by a "no-deal Brexit". Moreover, at art. 3b paragraph (3) it is clearly mentioned that the revenue losses suffered by the Member States as a result of the "no-deal Brexit" cannot constitute eligible expenditure from the EUSF. Considering that at the new proposed art. 4a, which deals with how to submit a request for assistance from the EUSF strictly as a result of "no-deal Brexit", it is mentioned that an application will have to include all the relevant information related to the financial damages, based on which the eligibility threshold would be calculated, it is not clear whether the revenue losses suffered as a result of "no-deal Brexit" can be taken into account in calculating the financial damages, without being subsequently eligible expenditure from the EUSF.
6. Proposes an amendment to the text of the new Regulation to show that the losses of revenue (for example, losses of the State from the reduction of some taxes and duties resulting from the reduction of trade) can be considered part of the financial damage of a Member State, even if they are not eligible for settlement from the EUSF. We have as similarity the principle used so far in the implementation of the EUSF in the case of natural disasters, where the amount of damages includes all the direct losses caused by the disaster, but the assistance from the EUSF can cover only part of the public expenditure incurred as a result of that disaster.
7. Considers that the proposed threshold for the eligibility of a EUSF application, of 0.3% of GNI - about 550 million euros in the case of Romania - is quite high, especially considering that it would represent around 15% of the total trade between Romania and the United Kingdom (based on the fact that in 2017, the total trade was around 4.25 billion euros). Moreover, as a result of some estimating figures, the amount of the impact on the GDP of Romania would be somewhere around 340-350 million euros, including here all the income losses.

President of the Senate



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