



Brexit Preparedness seminar on State aid

**Council Working Party
(Article 50 Format)
21 February 2019**

- *Need to prepare for all possible outcomes*
 - European Council (Article 50) conclusions of 13 December 2018
- *Challenges faced by Member States and EU businesses*
 - **Need for infrastructure reinforcement**
 - **Need for SMEs to adapt to new procedures for customs**
 - **Liquidity needs due to abrupt disruption of trade**

- *No-deal Brexit and EU State aid legal framework*
 - **Negative effects of no-deal Brexit can be alleviated under existing State aid rules**
 - **No legislative changes required, but in few fields the application of State aid rules will require taking into account the fact the UK is no longer a Member State**
 - **eligibility for State aid or the amounts of State aid that can be granted may be affected**

Mitigating Brexit consequences via existing State aid rules - Examples

- *Customs procedures and development of new markets*
 - **Enhance SME preparedness (GBER)**
- *Acute liquidity problems*
 - **Safety net for SMEs (R&R)**
- *Access to finance measures (no aid/de minimis)*
- *Change in existing business and business diversification*
 - **Support for urgent investment needs for SME (GBER)**
- *Airports and ports*
 - **Support for infrastructure adaptations (no aid/GBER)**

Changes to practical application of State aid rules

1/2

- *Impact on beneficiaries and Member States*
 - **Operation of national aid schemes affected by Brexit?**
 - **possible non-eligibility for aid with immediate consequences!**
 - National tonnage tax schemes
 - Seafarer schemes
- } EEA flag requirements
- **are you using UK financial intermediaries for fund-based aid schemes (e.g. risk finance)?**

Changes to practical application of State aid rules

2/2

- *Impact on Member States only*
 - **European Territorial Cooperation projects (GBER Art. 14(15) & 20)**
 - non-eligibility of UK regions in bilateral projects
 - less aid for existing multilateral ETC projects involving the UK
 - **Research and development projects (GBER Art. 25(6) & RDI GL)**
 - less aid for new bilateral projects involving the UK
 - **Air/maritime links remote areas and EEA country (GBER Art. 51)**
 - non-eligibility of connections with the UK for social aid
 - **Aid schemes for audiovisual works (GBER Art. 54(7) & Cinema GL)**
 - less aid for new bilateral co-production with the UK



Next steps

- *COMP*
 - Ready to engage with Member States affected by a no-deal Brexit and explore pragmatic and efficient support solutions, in line with EU State aid law
- *Member States*
 - Invited to come forward quickly and with concrete proposals