



*Committee on Budgetary Control
The Chair*

4.2.2021

Mr David McAllister
Chair
Committee on Foreign Affairs
BRUSSELS

Mr Bernd Lange
Chair
Committee on International Trade
BRUSSELS

Subject: Opinion on Decision on the conclusion, on behalf of the Union, of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, and of the Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland concerning security procedures for exchanging and protecting classified information (2020/0382(NLE))

Dear Mr McAllister, dear Mr Lange,

The Committee on Budgetary Control (CONT) decided to submit an opinion in the form of a letter on the above-mentioned subject.

The Committee on Budgetary Control (CONT) calls on the Committee on Foreign Affairs and the Committee on International Trade, as lead committees, to take into account the following considerations and recommendations in the preparation of the European Parliament's decision on the EU-UK Trade and Cooperation Agreement.

On behalf of the CONT Committee, I would be very grateful if you could ensure that the Parliament's decision takes account of the CONT's position and considerations on the above points.

Yours sincerely,

Monika Hohlmeier

SUGGESTIONS

- A. having regard to its opinion of 11 May 2020 on the recommendations on the negotiations for a new partnership with the United Kingdom of Great Britain and Northern Ireland (2020/2023(INI)),
- B. having regard to the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part,

General remarks

1. Welcomes the conclusion on 24 December 2020 of the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part, and of the Agreement between the European Union and the United Kingdom of Great Britain and Northern Ireland concerning security procedures for exchanging and protecting classified information;
2. Expresses its appreciation of the work carried out by Mr Michel Barnier as Head of the Task Force for Relations with the United Kingdom, as well as the entire Task Force, and for the way the negotiations were conducted on the EU-side;
3. Notes that the transition period defined by the Withdrawal Agreement between the EU and the UK ended on 31 December 2020; notes with satisfaction that the Agreement ensured that the disruptive effects for the flow of goods was reduced compared to a situation without an agreement; at the same time underlines that the end of transition period has, nevertheless, led to the reintroduction of border controls, and new bureaucratic procedures, which has had serious effects for economic operators; welcomes that the Agreement preserves the integrity of the single market;
4. Notes that agreement has been reached about the UK continuing to participate, in accordance with the basic acts, in Horizon Europe (excluding the European Innovation Council Fund); the Euratom research and training programme; the Copernicus component of the Space Programme; and ITER (the nuclear fusion project). The UK will also have access to Space Surveillance and Tracking services under the Space Programme;
5. Notes that the UK will make an annual financial contribution in the form of an operational contribution, which will be based on a financing key defined as the ratio of UK GDP at market prices to the GDP of the Union at market prices which can be adjusted retrospectively under certain conditions and that an automatic correction mechanism applies to Horizon Europe; welcomes the introduction of the new participation fee, which is set at 4 % of the annual operational contribution with a phasing in period and is not, in general, subject to retrospective adjustments;
6. Points out that the Parliament should be actively involved in the future development of the Agreement, including through participation in the Parliamentary Partnership Assembly and through close scrutiny and involvement relative to the Commission's participation in the Partnership Council and the high number of Specialised Committees for the future governing of the agreement; the CONT Committee should be quickly and

actively informed and involved in developments relating to its fields of competence;

Protection of the Unions Financial interests

7. Underlines, the importance of ensuring the protection of the Union's Financial Interests in all dimensions and that the UK respects their financial obligations under the Agreement to the full;
8. Welcomes that the Agreement ensures the protection of the EU's financial interests making the relevant EU legal framework applicable including preventive measures against corruption, fraud and any other illegal activities, effective checks and audits, and where irregularities are detected, ensures the recoveries of the amounts paid as well as effective and proportionate administrative sanctions and penalties;
9. Underlines the need to ensure that the implementation of the Agreement and, in line with the provisions of close cooperation between the parties, the right of access of Commission services, the European Court of Auditors, OLAF and EPPO as well as the right of scrutiny of the European Parliament are fully respected; furthermore stresses the importance of the competence of the ECJ in relation to decisions by the Commission;
10. Insist on a powerful EU delegation in the UK, in conformity with the Treaty on European Union, to ease administrative cooperation and exchange of information;
11. Welcomes that the Agreement includes a Protocol on administrative cooperation and combating fraud in the field of value added tax and on mutual assistance for the recovery of claims and relating to taxes and duties; in this connection underlines the need for strong cooperation in the areas of VAT and customs duties in order to ensure proper collection and the recovery of claims;
12. Highlights that customs procedures are highly complex and that there is a continuous need for ensuring swift exchange of information and strong cooperation between the EU and the UK in order to ensure efficient controls and clearing, and enforcement of relevant legislation;
13. Stresses at the same time the need to avoid customs and VAT fraud including trafficking (smuggling) through adequate controls taking into account the likelihood of specific goods being subject to trafficking or wrongful declaration of origin or content.