



BRIEFING PAPER

Number 8547, 29 July 2019

EU preparations for a no-deal Brexit

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Summary

A no-deal Brexit is not wanted but is still possible

The UK Parliament has not approved the Withdrawal Agreement endorsed by the former Prime Minister Theresa May and the other 27 EU Member States (EU27) in November 2018, and without this approval and ratification of the Agreement or another agreement, the UK could leave the EU without a deal. Theresa May asked for, and was granted, first a short extension of the Article 50 period to 12 April and then a longer one. Under a [European Council Decision](#) of 11 April 2019, the UK now has until 31 October to complete ratification of the Withdrawal Agreement or leave without it. The European Union, the May Government and the Parliament of the United Kingdom all agreed that a no-deal (or 'disorderly') Brexit was not what they wanted, but it cannot be ruled out and therefore needs to be prepared for. The EU insists that there will be no renegotiation of the 2018 Withdrawal Agreement. The new Government of Boris Johnson appears to be less concerned about a no-deal Brexit and more no-deal funding has been promised.

The EU's no-deal preparedness programme

If the UK leaves the EU without a withdrawal agreement there will be repercussions for the EU as well as the UK. European Commission preparations to mitigate the impact of a no-deal Brexit began in December 2017, and on 25 March 2019 the Commission declared that its no-deal 'Brexit preparedness' programme was complete. In June the [Commission reported](#) that it had tabled 19 legislative proposals,¹ adopted 63 non-legislative acts and published 93 preparedness notices. The Commission's programme is one of damage limitation in areas that would be most seriously affected and could create problems for the EU27. It includes measures in the financial sector, transport and travel, customs and the export of goods, climate policy, agriculture and fisheries, social security coordination, the ERASMUS and PEACE programmes, cooperation in the export of dual-use items, international trade in services and foreign direct investment. The new measures will, for example, facilitate road haulage, rail and aviation continuity between the UK and the EU27, or compensate fishermen for Brexit-related losses. The measures are mostly temporary (around 9-12 months) and a future EU-UK relations agreement is expected to provide long-term arrangements.

The EU has also taken steps to prepare for a shortfall in the EU Budget if the UK does not honour commitments to payments.

Other no-deal preparations

In addition to implementing the EU's no-deal preparedness legislation, Member States have also made their own plans to reduce the impact of 'no deal' on their economy, trade, business, services, transport and a range of other sectors. Many have planned border and customs adaptations, for example. Those with major ports (e.g. Belgium) and significant trade with UK (e.g. the Netherlands) have provided extra border infrastructure and new technology systems, and recruited extra customs or veterinary staff (e.g. France, Ireland, Poland, Netherlands, Spain). Portugal, a popular tourist destination for UK citizens, is planning to open special lanes for UK tourists at airports.

¹ For example, [legislation](#) amending [EU Regulation 2018/1806](#) will allow short-stay visa-free travel for UK citizens in the EU27 States, on the basis of UK reciprocity (this will also apply in Norway, Iceland, Liechtenstein and Switzerland, which are in the Schengen area).

Some industry groups are still concerned that preparations in the EU, in the other Member States and in many individual companies are not enough to mitigate the impact of a no-deal Brexit at the end of October.

The Irish border issue

The 'Irish backstop' has been a major obstacle to UK endorsement of the Withdrawal Agreement. The EU insists there should be no hard border on the island of Ireland, that the integrity of the Single Market must be respected and that checks on goods will have to take place somewhere, if not directly on the border. There are no details yet as to how this could be achieved. The EU would also help maintain the Belfast/Good Friday Agreement in the event of 'no deal' with technical and financial resources, including continued funding and support for the [PEACE programme](#) in Northern Ireland.

EU27 provisions on citizens' rights

The Commission has not legislated for residence rights (which are subject to national laws on third-country entry and residence) but has [asked](#) Member States to take a "generous approach" to the rights of UK nationals already living in their territories, as long as the UK does likewise. In response, the EU27 have agreed to continue many existing residence, employment and travel rights for a temporary period. In some cases, UK citizens have been offered special conditions that other third-country nationals do not enjoy, in particular where UK tourism is important (e.g. Portugal and Spain). Several Member States (e.g. Austria, Bulgaria, Croatia, Denmark, Cyprus, Italy, Malta, Romania and Slovakia) have offered permanent national 'regularisation' for UK citizens already living in the country. Most other Member States have implemented at least some citizens' rights legislation, but not everything currently provided by the EU's '[free movement Directive](#)'.

Most Member States (Belgium, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovenia, Spain and Sweden) have planned or adopted temporary legislation providing a 'grace period' for UK nationals, during which they will need to regularise their status under national immigration laws. Several states (including Belgium, France, Netherlands and Poland) explicitly make this legislation conditional on UK reciprocity. Some Member States have said they will guarantee rights if there is no deal, but have not yet done so formally.

Most Member States have launched information campaigns for businesses and for UK citizens via the British Embassy in their territories, encouraging UK citizens to check their residence status and take any necessary action. They provide online information on government websites, explaining how UK citizens' legal status might change and how to get the documents they need to stay in the country; most also link to UK [Government policy](#) and advice on 'settled status' in the UK.

Recent developments

Several things have happened which have added to the Brexit uncertainty: cross-party talks in the UK broke down; it was announced first that the Withdrawal Agreement Bill would be introduced in Parliament and then that it wouldn't; Theresa May said she would step down as Conservative Party leader on 7 June, and the Conservative and Labour parties did badly in the European Parliament elections on 23-26 May. Prospective candidates for Conservative Party leader (and probably prime minister) included some who were not averse to leaving the EU without a deal, and others who wanted to rule out 'no deal', or renegotiate parts of the Withdrawal Agreement or hold another referendum. The EU maintains its position that there will be no renegotiation of the November 2018

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Withdrawal Agreement² - although several Conservative Party leadership candidates pledged to reopen talks with the EU. Neither of the final candidates for Prime Minister in the Conservative Party vote ruled out the possibility of a no-deal Brexit. Both the UK and the EU have appointed new leaders: Ursula von der Leyen will take over from Jean-Claude Juncker as Commission President on 1 November and Belgian Prime Minister Charles Michel will replace Donald Tusk as President of the European Council on 1 December. Boris Johnson became the new UK Prime Minister on 24 July.

It is likely that they will all face much the same Brexit scenarios as now: the UK leaves on the basis of the 2018 Withdrawal Agreement, possibly with amendments, or the UK revokes Article 50 and stays in the EU or leaves without a deal on 31 October. Mr Johnson insists the Irish backstop be removed completely from the Withdrawal Agreement, but the EU has consistently ruled this out. He has also [said](#) there will be more spending on preparations for a no-deal Brexit beyond the £4.2bn already allocated by the May Government.

² [Jean-Claude Juncker](#), 28 May 2019

1. The EU prepares for 'no deal'

'No deal' is undesirable but can't be ruled out

Both sides in the Brexit negotiations agreed that a no-deal Brexit would be undesirable but could not be ruled out. The two-year Article 50 period ended on 29 March 2019, exactly two years after the UK's formal notification of withdrawal under Article 50 of the *Treaty on European Union* (TEU). But following the Prime Minister's request for a short extension, the no-deal exit day became 12 April. After a second request for an extension, exit day is now 31 October (it would have been 1 June if the UK had not ratified the Withdrawal Agreement and had not held European Parliament elections).³

The EU Brexit negotiator Michel Barnier said a no-deal Brexit would "never be the decision of the EU".⁴ Commission President Jean-Claude Juncker told the European Parliament that the EU was "ready" for a no-deal Brexit at the end of October, but that the EU had "nothing to gain" from the "disruption" this would cause.⁵

'No deal' might still be what happens, and the EU institutions as well as the other 27 EU Member States have been planning for it.

EU27 step up no-deal preparations

In mid-2018, as negotiations were progressing more slowly in some areas than the Commission had envisaged, and the Northern Ireland border issue threatened to delay final agreement, the Commission warned the EU27 to step up their Brexit no-deal preparations. Some Member States had already started planning for a no-deal Brexit. France, Germany and Ireland, among others, did not wait for the European Commission's warning to begin their no-deal planning. But others, Italy and Greece, for example, initially thought a no-deal outcome was highly unlikely and their planning started later. On 10 April Polish EU Affairs Minister Konrad Szymański said "Awareness of political and economic damage of no-deal is growing among EU27", and this was "a new tone of many capitals".⁶

EU coordinates citizens' rights guarantees

Citizens' rights guarantees after Brexit are a major part of the November 2018 Withdrawal Agreement and fears about losing existing residence and employment rights if there is no deal increased in 2018. The rights of third-country nationals are a matter for the immigration policies of Member States, but in November 2018 a Commission expert group proposed to the EU27 and four EFTA states a voluntary [coordinated approach](#) to national measures on UK citizens' rights, based on UK reciprocity. It [recommended](#) the following principles and objectives in the case of a no-deal Brexit:

³ See [European Council Decision](#), 11 April 2019.

⁴ *Politico Pro*, 'Michel Barnier: No-deal Brexit 'never' the EU's decision', 9 April 2019

⁵ *ITV News*, [EU has nothing to gain from a no-deal Brexit, Juncker says](#), 16 April 2019

⁶ *Politico Pro*, 'EU leaders agree Brexit will be delayed again', 10 April 2019

1. All UK nationals legally residing in a Member State on 29 March 2019 [now 31 October] should continue to be considered as legally residing:

the overall objective should be to assure that **no** UK citizen residing in the EU at the moment of withdrawal will be considered as illegally staying on 30 March 2019. The aim is also to avoid problems for UKinEU in case of crossing the internal and external borders of the EU after withdrawal.

2. Voluntary coordination in spheres of national competence:

Member States are encouraged to coordinate their action in the areas where they are competent, so as to ensure a coherent approach in relation to the granting of a new residence status to UKinEU citizens.

3. Back to normal as soon as possible: The proposed measures are of temporary nature only. As a general principle, by the end of 2019 they should be phased out and all temporary papers should be replaced by residence permits issued under EU or national law in the common format of Regulation (EC) 1030/2002.

4. Offering flexible approaches depending on individual situation of each Member State:

Each Member State will be faced with different challenges, depending on the number of UKinEU citizen residing on its territory and its legal and administrative system. In response to this situation Member States may choose the most appropriate options and procedures, subject to the compliance with Union law.

The Commission [invited the 27 other Member States](#) “to take a generous approach to the rights of UK citizens in the EU, provided that this approach is reciprocated by the UK”. The EU27 have in principle agreed to temporarily continue the current rights of UK citizens living in their territories if the UK reciprocates,⁷ but not all of them have adopted legislation or other measures yet to guarantee this.

The Commission has published an [overview of the measures](#) taken by individual EU Member States to protect the residence rights of UK nationals in the EU27 in the case of a no-deal scenario. The duration of ‘grace periods’ for UK citizens to retain rights in EU countries and the procedures to be followed are different (it is up to individual Member States to decide – grace periods vary from three months initially in Germany to 21 months in Spain, for example).

Commission preparedness programme and legislation

The Commission started preparing for a possible no-deal outcome in December 2017. The EU has ruled out last-minute ‘mini-deals’ with the UK to ease a no-deal exit, but several EU legislative proposals and a ‘coordinated approach’ aim to mitigate the potentially damaging impact

⁷ The UK Government intends to reciprocate with a ‘settled status’ regime for EU nationals in the UK, whether or not we leave with a withdrawal agreement. For further information on the situation for EU citizens in the UK, see Commons Library Insight, [EU citizens in the UK and a ‘no-deal’ Brexit](#), 29 January 2019; [The status of EU citizens in the UK after Brexit](#), 18 March 2019; Department for Exiting the EU, [Citizens’ Rights - EU citizens in the UK and UK nationals in the EU. Policy Paper](#), 28 March 2019, and [Northern Ireland, Citizenship and the Belfast/Good Friday Agreement](#), 23 May 2019.

of 'no deal' on the EU27. They include measures on the financial sector, transport and travel, customs and the export of goods, climate policy, fisheries, social security coordination, the ERASMUS and PEACE programmes, cooperation in the export of dual-use items, the listing of the UK in statistics on the balance of payments, international trade in services and foreign direct investment. For example, EU measures will facilitate visa-free travel, road haulage, rail and aviation continuity, and compensate fishermen for Brexit-related losses. Many of the measures are temporary (e.g. around 9-12 months). A future EU-UK agreement is expected to provide long-term arrangements.

The state of EU preparedness

On 21 March 2019 one of Europe's largest business lobbies, Business Europe, said the EU had not done enough in its no-deal Brexit contingency measures "to limit major disruptions" across a host of areas including health, trade and financial services.⁸ Luisa Santos of Business Europe published a [letter](#) to Commission Deputy Secretary General Céline Gauer, saying that with the "cliff edge still not off the table ... the European business community is getting increasingly concerned by the potential disruptions for citizens and businesses".

This was followed by European Central Bank President Mario Draghi suggesting the EU was over-optimistic; companies in the UK, EU, US and elsewhere had "underestimated the logistical and administrative complexities of managing a no-deal Brexit" and the "state of planning reflected a belief among businesses that leaders will avoid Britain departing with no agreement".⁹

On 22 March Transport Commissioner Violeta Bulc, in an [interview with the Financial Times](#), criticised EU airlines for not being prepared for a no-deal Brexit, in spite of her warnings. But Eleni Giannakaki of FoodDrinkEurope thought it was not possible for any industry to fully prepare: "Some of the larger multinational companies have begun their preparation, but a no-deal will impede on trade and disrupt supply chains — no matter what".¹⁰ Many industry groups representing thousands of companies across the EU called on the EU27 to work with the UK to avoid 'no deal'.¹¹

Belgian Justice Minister Koen Geens said that in the area of security and justice, for example, EU governments were "waiting to prepare their security and justice strategies until they know what future relations between London and Brussels will look like".¹² But with no withdrawal

⁸ *Politico Pro*, 'EU business lobby: Commission's no-deal Brexit plans 'fall short'', 22 March 2019

⁹ *Politico Pro*, 'Draghi warns EU leaders firms aren't ready for no-deal Brexit', 22 March 2019

¹⁰ From *MLex*, [Comment: Full no-deal Brexit preparedness is a fantasy for EU companies](#), 27 March 2019

¹¹ For example, CEEMET, European Tech and Industry Employers, which represents over 200,000 manufacturers across the EU. See *EurActiv*, [Ceemet and Make UK call on EU 27 to work with UK to avoid no deal catastrophe](#), 10 April 2019.

¹² *MLex*, [Security and justice issues unresolved in no-deal Brexit, Belgian and Luxembourg ministers say](#), 25 April 2019

agreement, the timing of EU-UK negotiations on a future relations agreement is even more difficult to predict than with one. The EU and the UK agree on the need to maintain cooperation in tackling terrorism, cyber-attacks and international crime, but reliance on this common determination might have inhibited some EU states from no-deal planning. But Luxembourg justice minister Felix Braz said some existing international conventions on judicial cooperation had been identified “and all member states have in the last months invested significant efforts to ensure that these instruments could be operational for an immediate aftermath of the withdrawal without the deal, in order to mitigate the consequences”. He gave as an example the Council of Europe’s [European Convention on Extradition](#) in place of the European Arrest Warrant, but added that reverting to CoE instruments would be a “significant setback” in EU-UK relations.¹³

European Commission completes no-deal preparations

On 25 March 2019 the EU institutions agreed all the no-deal Brexit laws on road haulage, aviation and rail, and the Commission declared that its no-deal ‘Brexit preparedness’ programme was complete (cautioning that “it is increasingly likely that the United Kingdom will leave the European Union without a deal on 12 April” – the then exit day).¹⁴ After the third attempt to approve the Withdrawal Agreement in the UK Parliament failed on 29 March, the Commission said a no-deal Brexit was now “a likely scenario”:

The EU will remain united. The benefits of the Withdrawal Agreement, including a transition period, will in no circumstances be replicated in a “no-deal” scenario. Sectoral mini-deals are not an option.¹⁵

Commissioner Phil Hogan [said on 8 April](#): “I am confident that our planning is on-track to enable us to respond effectively and quickly to Brexit and, particularly, to a no-deal Brexit”. On 10 April a European Commission [press release](#) summarised everything it had done to date.¹⁶

The Commission’s preparedness notices are published [here](#), and its no-deal measures and legislative proposals are listed [here](#). The preparedness and contingency measures to be submitted for a vote in relevant EU Committees (as at 27 March 2019) are listed [here](#).

The Commission has published several Brexit [Factsheets and Questions and Answers](#) and [Information on National Brexit information in Member States](#).

¹³ MLex, *ibid*

¹⁴ European Commission press release, [Brexit preparedness: EU completes preparations for possible “no-deal” scenario on 12 April](#), 25 March 2019

¹⁵ European Commission [Statement](#) on the vote on the Withdrawal Agreement in the House of Commons, 29 March 2019

¹⁶ ‘No-deal’ Brexit preparedness: European Commission takes stock of preparations and provides practical guidance to ensure coordinated EU approach, 10 April 2019

For businesses, the EU has published [material](#) to help prepare for a no-deal Brexit, including a [5-step checklist](#) and a [guide to customs](#).¹⁷

Staff are also being trained at a [call centre](#) dealing with enquiries about the EU from the public in the 24 official EU languages, which will be a hotline for questions about a no-deal Brexit.

Some commentators do not believe the EU is sufficiently prepared for a UK no-deal exit. Wolfgang Münchau, writing in the *Financial Times*, said: “The European Commission has readied itself on a technical level. But this is not the kind of preparedness that matters. EU leaders have not yet braced their voters for the economic impact of a large EU country leaving the customs union and the single market overnight”.¹⁸

In a report published at the end of July the Confederation of British Industry (CBI) [concluded](#): “Having analysed Brexit preparations by the UK government, the European Commission, EU Member States and companies in the 27 areas of the UK’s relationship with the EU that are most important to businesses, the CBI has concluded that no one is ready for no deal”.¹⁹ The authors said of EU planning:

The EU appears in some ways more prepared for no deal than the UK. It published almost 100 preparedness notices over 8 months before the UK did to help stakeholders get ready. It has laid or readied all of the regulations it views to be necessary. French, Irish, Dutch and Belgian customs authorities moved quickly to announce their intentions to hire hundreds of new officials to undertake checks. Additionally, some Member States have made bold and significant gestures towards preparedness for their businesses, from website tools to preparedness vouchers.

However, overall preparedness of businesses and authorities in the EU is much lower than in the UK, with the exception of the Republic of Ireland. In comparison to the UK, the EU has taken a noticeably less generous, more limited approach to reducing the disruption of no deal, with only a small number of limited temporary measures made – such as allowing UK HGV licenses to be valid for 9 months from no deal and permitting UK aeroplanes to continue flying for 6 months.²⁰

The Irish border issue is not settled

One of the main obstacles to UK Parliamentary endorsement of the Withdrawal Agreement has been the ‘Irish backstop’.²¹ Michel Barnier told MEPs on 27 March that there would be no hard border but also that the integrity of the Single Market would have to be maintained and checks would have to be carried out “somewhere”.²² The Commission,

¹⁷ The state-of-play regarding UK Brexit no-deal measures was summarised by then DExEU Minister Chris Heaton-Harris in a [debate on 20 March](#) 2019 cc1073-4.

¹⁸ *Financial Times*, [The EU must prepare for a no-deal Brexit](#), 28 July 2019

¹⁹ CBI, [What comes next? The business analysis of no deal preparations](#), p. 123, July 2019

²⁰ CBI, *ibid* p. 12

²¹ For detailed information on the backstop, see section 8 of Commons Briefing Paper 8453, [The UK’s EU Withdrawal Agreement](#), 14 March 2019 and Commons Library Insight, [The backstop explained](#), 12 December 2018.

²² *EUObserver*, [Ireland stuck between no-deal Brexit plans and peace deal](#), 28 March 2019

he said, was ready to make technical and financial resources available to Ireland to “address any additional challenges”. The EU position has been that both the UK and Ireland will have to take temporary unilateral measures to protect trade, consumers and public health, and rely on the UK’s commitment to avoiding a hard border while protecting the EU’s internal market. Pierre Moscovici, Commissioner for Economic and Financial Affairs, Taxation and Customs, said there would be border checks, but they would take place “in the least disruptive manner possible and as much as possible away from the border”.²³ There are no details yet as to how this could be done.²⁴

EU will help maintain Good Friday Agreement

Michel Barnier [told the EP](#) on 27 March that the EU would help maintain the Good Friday Agreement in the event of ‘no deal’:

In all scenarios, the Good Friday Agreement will continue to apply. The United Kingdom will remain a co-guarantor of that agreement and is expected to uphold it in spirit and in letter. The Commission is ready to make additional resources available to Ireland – technical and financial – to address any additional challenges.

It is not yet clear what all these technical and financial resources would be, but they include continued funding and support for the [PEACE programme](#) in Northern Ireland. The Commission has also proposed that the next Multi-annual Financial Framework for 2021-2027 should “continue and strengthen cross-border support for peace and reconciliation in the border counties of Ireland and Northern Ireland”.²⁵

Preparation for EU budget shortfall

There have been reports about the possible effects of a no-deal Brexit on the EU’s finances. *Politico Pro* reported that this could cost EU governments €16 billion-€17 billion in 2019-2020 (€4 billion-€5 billion in 2019 and €12 billion in 2020) if the UK left without a deal and suspended payments into the EU Budget after 12 April (the then exit day). It was thought that Germany would shoulder most of the burden. The think tank *Bruegel* had earlier found that “Germany’s share of extra payments to cover the gap until the end of 2020 would be €4.2 billion, while France would have to cover €2.9 billion and Italy €2.1 billion”.

But *Politico* cited Commission estimates well below these figures and Commission proposals that any “Brexit gap would likely be filled by a combination of decreasing commitments/payments and increasing national contributions”.²⁶ The Commission was reported to have been “holding back some cash from departments due to fears of the potential impact of a no-deal Brexit on the bloc’s coffers”.²⁷ has also indicated that the UK meeting its financial obligations in a no-deal scenario “would be one of the prerequisites for any talks on the new

²³ AP, [EU cannot rule out Irish border points in no-deal Brexit](#), 4 April 2019

²⁴ See *The Times*, [Few details in Irish plans for no-deal Brexit, admits Varadkar](#), 3 April 2019.

²⁵ Commission press release, [Brexit: European Commission implements “no-deal” Contingency Action Plan in specific sectors](#), 19 December 2018

²⁶ *Politico Pro*, ‘No-deal Brexit could create €17B hole in EU finances’, 5 April 2019

²⁷ *Politico Pro*, 5 April 2019

relationship between the UK and EU".²⁸ On 10 April it was reported that national governments had agreed to a technical solution, meaning payments from EU27 states will be the same after a no-deal Brexit as they would have been before, as long as the UK commits to paying the original amount it agreed to in the 2019 budget.²⁹

It has been suggested that the EU would insist on UK payments in return for future relations agreements. The *Financial Times* quoted Holger Schmieding, chief economist at Berenberg bank in London:

After a no-deal Brexit, the EU27 would present the UK with the demand to first pay its dues, as specified in the withdrawal agreement, at every instance at which the UK and the much bigger EU would have a need to negotiate in the future.³⁰

One of the Commission's contingency proposals in January 2019 focused on the 2019 EU Budget. It provided for the UK to pay into the 2019 Budget and for UK beneficiaries to continue receiving EU funding.³¹ The EP [approved](#) the draft on 17 April but the proposal is on hold now that exit day has been postponed to 31 October.³²

The Commission set out its no-deal Budget plans in a factsheet, [What impact would a 'no-deal' scenario have on the EU budget?](#) April 2019.

EU prepared to reconsider the Political Declaration

The [European Council decision](#) of 11 April states that the Article 50 extension "excludes any re-opening of the Withdrawal Agreement" and that it "cannot be used to start negotiations on the future relationship". The UK did not take part in discussing or adopting the decision, but in his [letter of 11 April](#), the UK's Permanent Representative to the EU, Sir Tim Barrow, agreed to the extension of Article 50 and to the terms of the decision. However, Donald Tusk [told the EP](#) on 16 April that "to facilitate the ratification process, the EU27 is ready to reconsider the Political Declaration on the future relationship, if the UK position were to evolve".

Recent developments in the EU and UK April

Business and customs

The Commission [announced on 3 April](#) that its **business and customs preparations** were ready for 'no deal':

The overall impact of a 'no-deal' scenario cannot be mitigated, but preparations continue within Member States, supported by the Commission, and much has already been achieved to ensure

²⁸ Ibid

²⁹ *MLex*, [UK gets more time to decide on EU budget payments under no-deal Brexit](#), 10 April 2019

³⁰ *Financial Times*, [UK's no-deal debate ignores the EU](#), 30 May 2019

³¹ [COM\(2019\) 64 final](#), Proposal for a Council Regulation on measures concerning the implementation and financing of the general budget of the Union in 2019 in relation to the withdrawal of the UK from the Union, 30 January 2019

³² The UK Government believes that some form of alternative financial settlement will need to be negotiated. It is not clear what form this might take or how similar it would be to the financial settlement in the Withdrawal Agreement. See also Commons European Scrutiny Committee report, [Brexit: UK contributions to the EU budget in 2019 in a 'no deal' scenario](#), 9 April 2019.

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that national customs infrastructure and logistics are ready to handle such a scenario. Commission and Member State outreach to businesses in the area of customs and indirect taxation, which are among the main sectors concerned, has also helped EU27 traders dealing with the UK to get ready to comply with customs obligations, if a 'no-deal' scenario materialises. [...] we are ready to face this challenge should it come to that.

Clearing and securities

On 3 April the European Securities and Markets Authority (ESMA) confirmed that it had updated its **recognition of UK clearing and settlement houses** to ensure EU firms can trade in London if there is no deal by 12 April.³³

Air, road and rail transport

On 4 April Transport Commissioner Violeta Bulc presented the EU's contingency and preparedness measures in **air, road and rail transport**.

The measures on [air](#), [road](#) and [rail transport](#) allow for the continuation of safe basic connectivity between the EU and the UK for a limited period of time, provided that the UK maintains an adequate level of safety standards and gives reciprocal treatment to EU companies and operators. The [re-alignment of the North Sea – Mediterranean Core Network Corridor](#) adds new maritime links between Ireland, France, Belgium and the Netherlands to the core network, and introduces a new funding priority to the Connecting Europe Facility (CEF): adapting transport infrastructure for security and external border check purposes. Finally, [the revision of the Regulation on ship inspection](#) and survey organisations aims to ensure legal certainty and secure business continuity in shipping.³⁴

Fisheries

On 5 April Commissioner Karmenu Vella presented contingency measures on **fisheries**. One [measure](#) amends the EU Regulation on the Sustainable Management of the External Fleets to create a legal framework for continued reciprocal fishing access by EU and UK vessels to each other's waters in 2019. The other [measure](#) allows EU27 fishermen and operators to receive compensation for the temporary cessation of fishing activities because of Brexit under the European Maritime and Fisheries Fund.³⁵

Agriculture, animal and plant health

On 8 April the Agriculture Commissioner Phil Hogan [announced](#) "early intervention" for **agriculture** in a no-deal scenario.

On 9 April the EU's Standing Committee on Plants, Animals, Food and Feed (SCoPAFF) approved the UK's 'listed status' application, meaning the EU will recognise UK standards on **animal health and biosecurity**. But there will still be sanitary checks at the border and trade tariffs.

³³ See ESMA press release, [ESMA has adopted new recognition decisions for the three UK CCPS and the UK CSD in the event of a no-deal Brexit on 12 April](#), 5 April 2019.

³⁴ [Commission press release](#), 4 April 2019

³⁵ [Commission press release, 5 April 2019](#)

Data

The EU does not intend to implement special contingency measures for **data flows** in the case of a no-deal Brexit. The Commission said in its November 2018 [Contingency Action Plan](#) (COM/2018/880 final) that the [General Data Protection Regulation](#) for data exchange with third countries will cover the immediate needs of data transfers to the UK in a 'no-deal' scenario.

June 2019

Contingency Action Plan update

On 12 June the Commission published [updates](#) on its contingency preparations in [three documents](#). The [first](#) outlines actions by the EU27 on **border controls for sanitary and phytosanitary** products (p7):

In the field of sanitary and phytosanitary controls (SPS), EU27 Member States have set up new **Border Inspection Posts** (BIPs) or extended existing ones at entry points of imports from the United Kingdom into the EU. As stated above, the non-legislative act approving these BIPs will need to be adopted again given the most recent extension of the Article 50(3) period. In the meantime, EU27 Member States should use the additional time to evaluate the need for any further adjustments to these BIPs to ensure that they are fully functional from the outset. Furthermore, the Commission maintains regular contacts with the most concerned Member States so that, in a no-deal scenario, a landbridge route between Ireland and the rest of the European Union via the United Kingdom can be implemented swiftly, including support from the necessary IT systems.

The Commission has implemented contingency legislation on **fisheries**, stating (pp 8-9) :³⁶

The Commission has also worked closely with Member States to adapt their Operational Programmes so that resources under the European Maritime and Fisheries Fund can be used for temporary cessation, if needed and appropriate. The Commission reiterates the importance of a coordinated approach of the EU27 Member States concerned to prepare for the possibility that EU vessels no longer have access to UK waters. It is ready to facilitate further consultations to achieve a common framework to monitor changes or distortions in fishing activities in EU waters, including potential displacement of those activities, and to be able to provide a coordinated response, including the potential use of support for temporary cessation. The Commission will also continue to work with the European Fisheries Control Agency which can play a useful role in the increased control, monitoring and surveillance needs following the United Kingdom's withdrawal.

On **financial services**, the Commission said "significant progress" had been made in the EU27, "including establishment in the EU27 Member States, modification ('repapering') or termination of cross-border

³⁶ Regulation (EU) 2019/498 of 25 March 2019 and Regulation (EU) 2019/497 of 25 March 2019

contracts, and adaptation of business models”, but residual issues remained (p 9):

Insurance firms, payment services providers and other financial service operators which remain unprepared regarding certain aspects of their business (for example contract management and access to infrastructures) are strongly encouraged to finalise their preparatory measures by 31 October 2019. The Commission is working with EU-level and national supervisors to ensure that firms’ contingency plans are fully implemented, and it expects that UK supervisors will not prevent firms from implementing such plans. The Commission is also working together with Member States to ensure a consistent approach to contingency preparations in the area of financial services at national level, to preserve financial stability and avoid harming the level playing field in the single market for financial services.

The [second](#) document is an annexed list of legislation and ‘contingency acts’, including [Regulation \(EU\) 2019/491](#) providing for the continuation of the territorial cooperation PEACE IV programmes, and the [third](#) document is a list of Commission stakeholder notices (which are published [here](#)).

Budget measures

On 9 July the Council of the EU adopted [Council regulation 6823/1/19 on measures concerning the implementation and financing of the 2019 EU budget in relation to the UK's withdrawal from the EU](#). The [Council press release](#) summarised its purpose and provisions:

The aim of the measures is to mitigate the impact of a no-deal scenario for funding in a wide range of areas such as research and agriculture.

They will enable the EU to continue making payments to UK beneficiaries for contracts signed and decisions made before the withdrawal date, as long as the UK continues paying its contribution agreed in the EU budget for 2019.

Under the agreed contingency framework, the UK would have to confirm in writing that it will contribute to the financing of the 2019 EU budget as adopted. It would also have to accept the necessary controls and audits for the EU programmes and actions, and make the first payment to the EU budget for the period after its withdrawal. Only if these conditions are met would the eligibility for financing by the EU budget in 2019 of the UK and UK-entities be maintained.

As the UK makes its contribution for the entire year of 2019, the UK and UK entities would also be eligible in 2019 for the purposes of conditions set in any calls, tenders, contests or other procedures which may lead to financing from the EU budget, except in specific cases related to security and to the loss of the UK's membership of the European Investment Bank.

In addition, the contingency measures would allow for the continued financing of beneficiaries in EU member states where their eligibility depends on the UK's membership of the EU, provided that the relevant legal contracts and decisions have been signed or adopted before the UK's withdrawal.

This contingency framework would cease to apply if the UK discontinues the payments or where significant deficiencies have been observed in the execution of the controls and audits.

It is without prejudice to an agreement to be negotiated in a no-deal scenario on a financial settlement between the EU and the UK, which would have to cover the entirety of mutual obligations resulting from the UK's EU membership.

New leaders in the UK and EU

The breakdown of Conservative and Labour cross-party talks, the announcement and then the cancellation of the introduction in Parliament of the Withdrawal Agreement Bill, Theresa May's announcement on 24 May that she would step down as leader of the Conservative and Unionist Party on 7 June and the Conservative and Labour Parties' poor performance in the European Parliament elections, all contributed to yet more uncertainty about Brexit. Some of the prospective candidates for Conservative and Unionist Party leader were not opposed to the UK leaving the EU without a withdrawal agreement; others talked of renegotiating the 'Irish backstop';³⁷ negotiating a managed no-deal exit; bilateral 'mini-deals' with the EU; holding a second referendum or people's vote; and taking a no-deal Brexit off the table. Neither of the two final candidates for the Conservative Party vote, Boris Johnson and Jeremy Hunt, ruled out a no-deal Brexit.

Both the UK and the EU have now appointed new leaders: Boris Johnson became the new UK Prime Minister on 24 July. It is likely that they will face much the same Brexit scenarios as now: the UK leaves on the basis of the 2018 Withdrawal Agreement (possibly with some amendment), or revokes Article 50 and stays in the EU, or leaves without a deal on 31 October. Mr Johnson insists the Irish backstop be removed completely from the Withdrawal Agreement, but the EU has consistently ruled this out. He has also [said](#) the new Chancellor (Sajid Javid) will increase spending on preparations for a no-deal Brexit beyond the £4.2bn already allocated by the May Government.³⁸

Ursula von der Leyen (German Defence Minister until 17 July) will take over from Jean-Claude Juncker as Commission President on 1 November and Belgian Prime Minister Charles Michel will replace Donald Tusk as President of the European Council on 1 December. Ursula von der Leyen is believed to be supportive of a further extension of Article 50 beyond 31 October if the UK Government asks for one and "provides 'good reasons'".³⁹ On the other hand, Charles Michel said in February: "Clarity requires me to say that between a 'no deal' and a 'bad deal' I prefer a 'no deal', which will have the merit of clarity and responsibility".⁴⁰

³⁷ For detailed information on the backstop, see section 8 of Commons Briefing Paper 8453, [The UK's EU Withdrawal Agreement](#), 14 March 2019 and Commons Library Insight, [The backstop explained](#), 12 December 2018.

³⁸ Boris Johnson, [Priorities for Government](#), 25 July 2019, c 1459

³⁹ *Politico Brexit Pro*, 'Ursula von der Leyen: Brexit deal is 'best and only' one possible', 15 July 2019

⁴⁰ *The Brussels Times*, [Brexit: No deal is better than a bad deal, says Charles Michel](#), 12 February 2019

Further reading

- [Commission Communication \(COM\(2019\) 276 final\)](#) on the State of play of preparations of contingency measures for the withdrawal of the United Kingdom from the European Union, 12 June 2019; [Annex I](#): list of Legislative Preparedness and Contingency Acts; [Annex II](#): list of Commission stakeholder notices
- [Commission Communication \(COM\(2019\) 195 final\)](#), Addressing the impact of a withdrawal of the United Kingdom from the Union without an agreement: the Union's coordinated approach, 10 April 2019; [Timeline for key contingency measures](#), 10 April 2019; [Annexes](#) on sectoral results.
- Commons Briefing Paper 8397, [What if there's no Brexit deal?](#) updated 8 February 2019
- Commons Library Briefing Paper 8362, [The EU27: Internal Politics and Views on Brexit](#), updated 2 May 2019
- Foreign and Commonwealth Office, [Advice for UK nationals living abroad, including residency, health and benefits, including specific advice for those in affected countries as the UK leaves the EU](#)
- Confederation of British Industry, [What comes next? The business analysis of no deal preparations](#), July 2019
- Institute for Government, [Other EU countries' preparations for no deal](#), 26 March 2019
- BBC News, [Brexit: What are EU countries doing to prepare for no deal?](#) 30 March 2019
- Allen and Overy, ['No deal' Domestic Legislation Tracker](#), 20 February 2019

2. Brexit no-deal planning in the EU27

The following sections look at EU Member States' announcements, plans, proposals and adopted measures to address the uncertainties and difficulties of a no-deal Brexit. The protection of the rights of UK citizens in EU27 states based on UK reciprocity has been a priority, and the EU27 have taken steps in the various areas that come under the term 'citizens' rights' (e.g. rights of residence, travel, employment, health, welfare and pensions). But not all Member States have put all their plans into force. The Institute for Government commented in a report published on 4 April on that "[i]n the event of no deal, it is interesting to note that: Austria, Belgium, Bulgaria, Croatia, Greece, Italy, Hungary, Poland, Romania and Slovenia have yet to put their contingency plans in place".⁴¹

In the following sections the date given for a no-deal exit is mostly 29 March 2019 (in some cases 12 April to reflect the first extension of Article 50), but Member States are expected to amend their measures to take account of the [European Council Decision](#) of 11 April, which extended the deadline to 31 October 2019. The Commission [stated](#) that until further notice, any reference in its Brexit preparedness documents to 30 March 2019 or 13 April 2019 as the UK's withdrawal date "must be read as referring to 1 November 2019 at 00.00 (CET)".

2.1 Austria

Seeking to avoid a no-deal Brexit was one of the Austrian EU Presidency priorities in the second half of 2018.⁴² Chancellor Sebastian Kurz said in 2018 he would rather extend negotiations than surrender to a hard Brexit if a deal on the Irish border was not agreed.⁴³ But on 4 April Foreign Minister Karin Kneissl told the *Today Programme* the EU might not be willing to offer the UK an extension beyond 22 May. She said she sympathised with French President [Emmanuel Macron's view](#) that the EU must not let itself be held hostage by Brexit.⁴⁴ In the event, on 11 April Austria, along with the other 26 Member States, agreed to the compromise extension to 31 October.

Citizens' rights

On 27 February the National Assembly approved a Bill ([BREXIT-Begleitgesetz](#)) to give UK nationals living in Austria (10,000-11,000) six months from exit day in which to apply for a residence permit.

UK citizens and their third-country family members residing in Austria for less than five years will have simplified access to a 'Red-White-Red Card Plus' (allowing third-country nationals to a fixed-term residence

⁴¹ IfG, [British citizens in Europe after Brexit](#), 4 April 2019

⁴² See tweets by [Chancellor Sebastian Kurz](#), 16 January 2019.

⁴³ See *Politico*, 6 July 2018

⁴⁴ *The Guardian*, [UK must offer 'credible and realistic way forward' to justify new Brexit delay, says Irish PM - as it happened](#), 4 April 2019

and unlimited access to employment). Those who have lived in Austria for more than five years and who meet the criteria of the Austrian *Settlement and Residence Act* would be able to apply for a national residence permit (*Daueraufenthalt-EU*).

The text of the Bill and all relevant documents can be accessed [here](#). The Constitutional Committee [endorsed](#) the proposals on 12 March 2019, it was approved by the *Bundesrat* on 14 March and [became law](#) on 25 March.

The Federal Chancellery has provided online information on the [Effects of a no-deal Brexit for British citizens in Austria](#) with a hotline. The Chancellery website provides information in English on [Driving](#), [Residency and access to the labour market](#), [Family benefits and child allowances](#) and [Education, studying, youth mobility and research](#). Government departments have given presentations in the federal states on residence rights and the implications for social security in a no-deal scenario.

Borders and customs

According to [Bloomberg](#), Austria did not anticipate customs problems “because the current WTO regime could handle shipments to and from the U.K.”.⁴⁵ The Government was also confident that Austria’s banking industry was prepared for all scenarios.

Business and trade

The Chancellery has published [advice to businesses](#):

In the event of a no-deal Brexit, from 30 March 2019 UK (limited liability) companies with administrative headquarters in Austria would therefore have to be regarded as partnerships with personal liability of the partners.

UK companies that have their administrative headquarters in Austria could transfer their business to a newly established or existing limited liability company (GmbH) if they want to continue as a corporation and avoid personal liability of the partners. A cross-border merger into an Austrian limited liability company (GmbH) or public limited company (AG) would also be an option.

In order to alleviate the time pressure on the companies involved, a transitional period until the end of 2020 is planned. Within this period, UK limited companies located in Austria that therefore mainly operate here will be able to transfer their business into an Austrian legal form or carry out a cross-border merger with an Austrian corporation.

2.2 Belgium

On 19 February 2019 the Federal Government submitted to Parliament a draft law which aims to mitigate the consequences of a no-deal Brexit. It will enter into force only if the UK leaves without a withdrawal agreement. It aims to provide a temporary, unilateral response to the main difficulties in areas of federal government competence:

⁴⁵ [Bloomberg](#), 19 July 2018

- **Asylum and migration:** residence rights for British citizens and their families
- **Energy:** security of gas supply by Interconnector (UK) Ltd
- **Employment:** the first-job requirement for young workers of foreign origin aged under 26
- **Social affairs:** the consequences of Brexit in the various fields of social security
- **Finance:** legal changes regarding access to investment services, and to the statutory footing of and oversight of companies providing capital management and investment advice
- **Economy:** new rules on the running and oversight of insurance brokers conducting 'authorised subscriber' activities⁴⁶

Citizens' rights

On citizens' rights the draft law offers a transitional period to the end of 2020 in which the residence rights of UK citizens will be guaranteed. This period can be amended by Royal Decree and the scope can be changed if the context changes (e.g. a withdrawal agreement entering into force or the UK not reciprocating).⁴⁷

UK citizens whose residence permits run out in this period can have them extended until the end of the period. Applications for UK citizens and their family members pending on 29 March 2019 will be handled according to the rules applicable before exit day (i.e. on the basis of the [free movement Directive 2004/38/EC](#)), as will family reunification for UK citizens who exercised their free movement rights before 29 March.

The federal Council of Ministers has adopted a Royal Decree to regulate the employment of UK nationals. It guarantees their right to continue working in Belgium until 31 December 2020. EU rules on the coordination of social security systems will be temporarily extended, subject to UK reciprocation, in Federal Government areas of social security law (this excludes family benefits and certain long-term care benefits). Further information is available on the Belgian Immigration Office website [here](#) with some information in English [here](#).

Borders and customs

The Port of Antwerp is the second largest in Europe, and maintaining its operation has been a priority for the Belgian Federal Government. Open Europe summarised border preparations:

The Belgian customs administration has also [set up](#) an internal committee which will be responsible for the extra infrastructure and for training the new staff. It has drawn up a list of potential items that may be needed after Brexit, which [reportedly](#) includes more luggage scanners, sniffer dogs, manual scanners, drones to survey the coastline, a submarine to examine ships in the North Sea, as well as vehicles, computers, work spaces, and

⁴⁶ [Belgian Government news](#), 22 February 2019

⁴⁷ CMS Law-Now, [Belgium braces for Hard Brexit with draft law](#), 12 March 2019

uniforms. There are also plans to coordinate with neighbouring countries, the European Commission, Belgian ports and airports.

Special attention is being devoted to the ports of Zeebrugge and Antwerp, which are big re-exporters of goods to the UK.

Together with the Dutch ports they [account](#) for the majority of total inbound and outbound traffic with Britain's ports. The CEO of Zeebrugge, which has 46% of its traffic with the UK, [has claimed](#) the port will be ready for Brexit. It is building a digital platform to speed up bureaucratic procedures, and [thinks](#) it may be better equipped than some competitors, because it specialises in people-free freight.⁴⁸

Belgium is increasing its customs force by 386 to 3,486 and the Finance Ministry says it is investing in drones for surveillance of the coastline and North Sea.⁴⁹

Economy, business and financial services

In September 2018 the Government introduced an online tool, the '[Brexit Impact Scan](#)' to help businesses assess their preparedness for Brexit, including 'no deal'. *Politico Pro* reported on 3 March 2019 that "More than 19,000 companies have taken advantage of the tool, two-thirds of them in the country's northern region of Flanders; about 85 percent of Belgian firms exporting to Britain are Flemish".⁵⁰

Under the law the Federal Government will be able to grant transitional relief to financial services companies and ensure the continuity of agreements concluded between UK financial services firms and their clients in Belgium.

The Government has published advice to businesses [online](#), as have the regional governments in [Flanders](#), [Wallonia](#) and [Brussels](#).

[Flanders News](#) reported on 16 January 2019:

Only one in five Belgian businesses trading with Britain is ready to fulfil customs formalities on shipments bound for the UK after it leaves the European Union at the end of March. An estimated 25,000 Belgian companies trade across the English Channel. Today 20,000 remain unprepared.

Flemish Minister-President Geert Bourgeois has suggested the EU27 should agree a budgetary fund – a 'Brexit guarantee fund' – and more flexible state aid rules to help regions impacted by a no-deal Brexit. He referred to a study by the University of Leuven, which concluded that a no-deal Brexit would mean the loss of 2.6% of Flanders' GDP and the loss of 28,000 jobs (Flanders exports to the UK include cars, chemicals, pharmaceuticals, minerals, machinery, plastics, food and textiles).

⁴⁸ Open Europe, [The view from Brussels: How are the EU27 preparing for a 'No Deal' Brexit?](#) Pieter Cleppe, 30 August 2018

⁴⁹ *Bloomberg News*, [How EU Nations Are Ramping Up Preparation for a No-Deal Brexit](#), 15 January 2019

⁵⁰ See also *Bloomberg News*, [How EU Nations Are Ramping Up Preparation for a No-Deal Brexit](#), 15 January 2019.

Energy

Brexit Interconnector (UK) Ltd⁵¹ will lose its 'EU interconnector' qualification specified in the *Belgian Gas Act* of 12 April 1965. As Belgian law does not allow for gas transport through interconnectors between Belgium and third countries, the draft law recognises Interconnector (UK) Ltd as an interconnector and certain provisions in the Belgian Gas Act would, with EU approval, continue to apply to Interconnector (UK) Ltd in the event of a no-deal Brexit.⁵²

2.3 Bulgaria

Bloomberg reported in July 2018 that Bulgaria was preparing for the risks of three possible Brexit scenarios: a comprehensive agreement, a partial agreement, and no deal. The Government would "develop a detailed action plan for the three scenarios".⁵³ On 30 January 2019 the Government approved the negotiated Withdrawal Agreement along with an action plan for a no-deal Brexit.⁵⁴

Citizens' rights

The rights of UK nationals in Bulgaria (around 5,000) will be regulated by the Law on Foreigners, but the Government has proposed amendments to this law that would continue their current residence rights. The Bill provides a procedure for the re-registration of qualifying UK nationals, which will give them a special status allowing them to keep the same terms and conditions as EU nationals exercising free movement. The provisions are based on reciprocal UK measures.

UK citizens legally resident in Bulgaria on exit day will have until 31 December 2020 to register for a national residence permit. It will take a month from application for the residence permit to be issued and applicants will be given a temporary permit for that period. The administrative fee will be the same as that for EU citizens.

UK nationals holding a Residence Certificate (*удостоверение за пребиваване*) will be able to stay in Bulgaria during the grace period. Those without a Certificate will probably be allowed to stay for 90 days and it is likely that UK nationals arriving after Brexit will be treated as third-country nationals.⁵⁵

There is an English-language web page on [Information about Brexit](#) (FAQs, residence, travel, driving etc).

⁵¹ Interconnector (UK) Limited operates a pipeline transporting natural gas to and from the EU and operates in the UK (Bacton) and Belgium (Zeebrugge).

⁵² See also HM Government Guidance, [Trading gas with the EU if there's no Brexit deal](#), updated 25 March 2019.

⁵³ *Bloomberg News*, [How Europe Is Bracing for Messy Brexit: Dogs, Drones, Do Nothing](#), 19 July 2018

⁵⁴ *The Sofia Globe*, [Bulgarian Cabinet approves Brexit withdrawal agreement, no-deal action plan](#), 30 January 2019

⁵⁵ See Fragomen, [Post-Brexit Plans for UK Nationals Published](#), Bulgaria, 2 April 2019

2.4 Croatia

Croatia has been preparing for different Brexit scenarios, based on the principle of reciprocity. Prime Minister Andrej Plenković said on 15 March that the Government would soon present comprehensive information on Croatia's no-deal preparations.⁵⁶ The Government has tasked all central government bodies “with completing the necessary activities within their remit to be prepared for that scenario”.⁵⁷ Mr Plenković was open to the idea of extending the Article 50 deadline.

On 29 March President Kolinda Grabar-Kitarović said Europe would be stronger after Brexit and that Brexit would “not have a strong impact on Croatia”. She also thought “cooperation with Great Britain may even become stronger after their departure”.⁵⁸ The Agriculture Minister Tomislav Tolušić also thought Brexit “and the consequent reduction of the EU budget will not affect subsidies for Croatian farmers from EU funds in the new financial perspective”.

Citizens' rights

On 28 March the Croatian Parliament debated bills on preparations for UK exit to enable UK citizens to retain their existing rights in Croatia.

Croatia will amend its Aliens Act using an urgent procedure to provide for the retention of the residence status and working rights of UK nationals (fewer than 1,000) and their family members who on exit day have already registered their temporary or permanent residence, or have been issued with a residence card. Residence documents already issued under the Aliens Act will be recognised as temporary national residence permits for UK nationals and will be valid for up to one year from the entry into force of the amended Act.⁵⁹

Under another bill UK citizens will have health insurance coverage for up to a year after Brexit if there is no deal, provided the UK reciprocates.

There is an English-language Government website, [Information concerning the future relations between the United Kingdom and the European Union](#), with information on residence, driving licences and border checks. The British Embassy in Zagreb is offering no-deal advice for UK citizens on [Facebook](#).

The economy

In spite of the President's confidence that a no-deal Brexit would not damage the economy, the Croatian tourist industry has been

⁵⁶ *Total Croatia News*, [Croatia Preparing for All Possible Brexit Scenarios](#), 15 March 2019

⁵⁷ *Ibid*

⁵⁸ *Total Croatia News*, [Croatia Preparing for Brexit](#), 29 March 2019

⁵⁹ See also Croatian Ministry of Interior, [Information concerning the future relations between the United Kingdom and the European Union](#), 14 March 2019.

concerned, “due to the general uncertainty, and also because British guests are among the best-spending”.⁶⁰

2.5 Cyprus

Cyprus is preparing both for the effects of ‘no deal’ in Cyprus and for any repercussions affecting the operation of UK Sovereign Base Areas (SBAs) in Cyprus, in particular for Cypriot citizens working on the bases and for goods entering and leaving the SBAs. Government Spokesman Prodromos Prodromou said in January that the Cyprus Government had been preparing for a no-deal Brexit for a long time and that the Ministry of Foreign Affairs had a general strategic plan to mitigate the consequences.⁶¹ In mid-March Foreign Ministry spokesperson Demetris Samuel said Cyprus was stepping up its no-deal preparations.⁶²

Citizens’ rights

Cyprus intends to protect the existing residence rights of UK nationals (around 60,000) for a grace period up to the end of December 2020. Most of the provisions of the Withdrawal Agreement will be implemented and residence documents issued under the free movement Directive will continue to be valid until replaced. New legislation will apply to UK nationals and their family members resident in Cyprus on 29 March 2019.⁶³

Sovereign Base Areas

In the November 2018 Withdrawal Agreement a Protocol on the Sovereign Base Areas in Akrotiri and Dhekelia would more or less preserve their current situation. Foreign Affairs Minister Nikos Christodoulides said on 17 January 2019 that in the event of a no-deal Brexit an “interim solution” would be applied for the SBAs. The UK and Cypriot Governments are seeking an agreement with the EU that would secure the future operation of the SBAs. Cypriot citizens who live and work on the bases would be allowed to carry on doing so.⁶⁴ Under the Protocol agreed when Cyprus joined the EU in 2004, EU law applies to customs, value added tax, agriculture and fisheries, so if there is a no-deal Brexit, there might have to be customs checks at SBA-Cyprus borders.

Reuters reported on 27 March:

With no deal, the SBAs, which comprise three percent of Cyprus’s land mass and are a farming breadbasket, could be thrown into legal limbo. Trade is an EU competency, which means any

⁶⁰ *Total Croatia News*, [Brexit Fears: Will British Tourists Abandon Croatia?](#) 23 January 2019

⁶¹ *Stockwatch*, [Cyprus gets ready for a no-deal Brexit](#), 29 January 2019

⁶² *In-Cyprus*, [Cyprus Intensifies Preparations for “No-Deal” Brexit](#), 13 March 2019

⁶³ Government of Cyprus, [Withdrawal of the UK from the EU and Euratom: residence rights and residence documents in the Republic of Cyprus in a ‘no-deal’ scenario](#).

⁶⁴ *Greek Reporter*, [UK Ready To Agree On British Bases in Case of No-Deal Brexit](#), 25 February 2019

arrangement cannot be hammered out bilaterally between Nicosia and London.⁶⁵

Sky News reported in January that as part of 'Operation Yellowhammer',⁶⁶ "Britain has begun stockpiling food, fuel, spare parts and ammunition at military bases in Gibraltar, Cyprus and the Falklands in case of a no-deal Brexit".⁶⁷

2.6 Czech Republic

The Government has carried out an analysis of the legislation needed to prepare for a no-deal scenario. It has also looked at existing and past bilateral agreements between the Czech Republic and the UK, with a view to possibly renewing them or introducing a similar legal framework.

Citizens' rights

On 7 January 2019 the Government approved a [Bill](#) (*Lex Brexit*) that will temporarily regulate relations between the Czech Republic and the UK if the UK leaves the EU with no deal. The [Act](#) was signed by the President on 7 March 2019. It will enable the UK nationals and their family members (about 7,000) legally resident in the Czech Republic to stay after exit day until 31 December 2020. Safeguarding the rights of UK citizens is conditional upon UK reciprocity.

There is an English language website, [Brexit: Questions and Answers](#) (updated 26 March 2019).

2.7 Denmark

Denmark has established a 'Brexit taskforce' to prepare contingency plans. 'No deal' is expected to have a significant impact on Denmark's food export industry.

Citizens' rights

On 2 October 2018 Prime Minister Lars Løkke Rasmussen assured UK citizens (around 18,500) living in Denmark that "no matter the end result of the negotiations", they would be looked after.⁶⁸ UK residents and their family members would be able to stay and work in Denmark if there is no deal. Legislation was submitted to the Parliament (the *Folketing*) in February. It envisaged maintaining the status quo for an open-ended period until a permanent solution is implemented. On 19 March 2019 the Parliament adopted the Bill ([no. L 166](#)). It will only enter into force if there is a no-deal Brexit.

⁶⁵ *Reuters*, [Cyprus Backstop? Ireland is not the only island with Brexit muddle](#), 27 March 2019

⁶⁶ Codename used by the HM Treasury for cross-government no-deal contingency planning for the possibility of a no-deal Brexit.

⁶⁷ *Sky News*, [UK begins stockpiling at military bases to prepare for no-deal Brexit](#), 26 January 2019

⁶⁸ *The local.dk*, [Brexit is 'tragedy', Danish government will 'look after' Brits in Denmark: PM](#), 2 October 2018; [YouTube](#), 2 October 2018

[Act no. 264](#) of 25 March 2019 (*the Danish Brexit Act*) extends current rules on right of residence for UK citizens and their family members, regardless of nationality, who are legally residing and/or working in Denmark in accordance with EU free movement rules on exit day.

UK residents must apply for a registration certificate or residence permit if they do not have one. Eligible UK residents and their non-EU family members can apply for permanent residence during the grace period.

Full details of the provisions are on a Danish Government website, [If the Withdrawal Agreement is not approved, BREXIT: How does it affect you as a British citizen living in Denmark?. How does Brexit affect you?](#) and [Q & A regarding no deal-scenario](#).

Borders and customs

Lars Løkke Rasmussen told the new Danish Parliament in October 2018 the Government was “employing customs officers and preparing the system”. An extra 50 customs officials are reported to have been recruited.

The Danish ‘What does Brexit mean for your business?’ [website](#) asks businesses questions to help them identify how different Brexit scenarios, including ‘no deal’, could affect them.

Extra payments to EU

The Government has set aside 700 million kroner to cover extra payments to the EU. Finance Minister Kristian Jensen said in August 2018 that he did not expect Brexit to “materially impact the 2019 budget structurally, so the budget will be stable and reliable. But what actually will happen is that our payment to the EU may change if we get a hard Brexit”.⁶⁹

2.8 Estonia

Citizens’ rights

The Ministry of Foreign Affairs provides information on the rights of UK citizens living in Estonia in the event of a no-deal Brexit. UK citizens living in Estonia and their family members will be able to continue living there legally on the basis of UK reciprocity. UK citizens who have lived in Estonia for at least five years and have the right of permanent residence under the *Citizen of the European Union Act* can acquire a long-term residence permit. If they have lived in Estonia for less than five years they can apply for a permanent residence permit. UK citizens who arrive in Estonia after Brexit must apply for a residence permit as third-country nationals under the terms of the Aliens Act, but the Government has proposed

⁶⁹ *Bloomberg*, [Hard Brexit? Denmark Prepares for Worst with Budget Reserve](#), 30 August 2018

exempting UK citizens from the immigration quota (the exemption already applies to US and Japanese citizens).⁷⁰

On 21 February 2019 the Estonian Parliament (*Riigikogu*) passed the [Act on Amendments to the Citizen of the European Union Act and Other Acts \(Withdrawal of the United Kingdom from the European Union\)](#) on the conditions for UK nationals living in Estonia after either an ordered or a no-deal Brexit.⁷¹

Additional information is available on the Ministry of the Interior website, [What will change for citizens of the United Kingdom who are presently residing in Estonia](#) and Estonian Ministry of Foreign Affairs, [What do you need to know with regard to Brexit?](#) This has a convenient parallel text explanation of provisions for UK citizens under the Withdrawal Agreement and without it.

Business and trade

The Government provides advice on preparing for 'no deal' including sector-specific preparations, by comparing EU law in certain sectors with the EU-Canada Comprehensive Economic and Trade Agreement (CETA).⁷²

2.9 Finland

The Government has instructed ministries to prepare for any outcome in the Brexit negotiations. One of its main concerns is the aviation industry. In mid-2018 "no concrete contingency preparations" had started,⁷³ but the EU's aviation contingency measures will provide a temporary solution.⁷⁴ The Finnish Transport and Communications [Agency stated on 28 February 2019:](#)

Efforts will be made to secure direct air connections between the United Kingdom of Great Britain and Northern Ireland (UK) and the EU even if the UK leaves the EU without an agreement. Nevertheless, the UK's departure from the EU may have impacts on the smoothness of air travel, particularly for continuing flight connections via the UK. The route options and choices currently available may become more restricted.

Brexit will not have any impact on the safety of air travel – flying will continue to be just as safe as before.

Citizens' rights

On 7 February the Government submitted to Parliament a Bill which provided that in the event of a no-deal Brexit, chapter 10 of the Aliens'

⁷⁰ See also Estonian Parliament press release, [The Riigikogu safeguards the future of the British living in Estonia after Brexit](#), 21 February 2019.

⁷¹ Estonian Ministry of Foreign Affairs, [What do you need to know with regard to Brexit?](#)

⁷² Ministry of Foreign Affairs, *ibid*

⁷³ *Bloomberg*, [How Europe Is Bracing for Messy Brexit: Dogs, Drones, Do Nothing](#), 19 July 2018

⁷⁴ Proposals for an EU Regulation to ensure temporarily (for 12 months) the provision of certain air services between the UK and the EU and for a Regulation to extend temporarily (for 9 months) the validity of certain aviation safety licences.

Act would apply for a fixed period of time (until the end of 2020) to UK citizens and their family members (around 5,000) who had registered their residence before exit day. They would be entitled to rights of residence, employment, work and study, to practise a profession and to receive social security benefits.

The Finnish Parliament (*Suomen Eduskunta*) adopted the [Act](#) and it will apply from the date of UK withdrawal without an agreement. UK citizens and their family members will not need to do anything in order to continue to live in Finland, but they are advised to register their right of residence with the Finnish Immigration Service. UK citizens can also apply for a residence permit by going in person to the Finnish Immigration Service to give their biometrics (all third country nationals are required to provide their biometrics).

Detailed information is available on the [Immigration Service website](#), and the following websites:

- Prime Minister's Office: [Information about Brexit](#)
- Ministry of the Interior: [Consequences of Brexit in the Ministry of the Interior's administrative branch](#)
- Immigration Service: [Registering an EU citizen's right of residence](#)
- Ministry of Social Affairs and Health: [Information about Brexit](#)
- Ministry of Economic Affairs and Employment: [The impacts of a no-deal Brexit on business and industry](#)
- Transport and Communications Agency: [The impact of Brexit on UK citizens in Finland. Driving licence](#)

Business, trade and financial services

The Government has provided information on the possible consequences for [Finnish customs and businesses of a no-deal Brexit](#), with advice on how to prepare.

The Ministry of Finance provided the following information on a new financial services Act:

Steps are being taken at national and EU level to prepare for the financial services impact of a 'no-deal Brexit' scenario, where the United Kingdom would exit the European Union without a withdrawal agreement. [...]

[A]n Act amending the Act on Investment Services entered into force on 20 March 2019. According to the Act, third-country firms can, under certain conditions, continue to provide investment services in Finland to professional clients without having to set up a branch. The firm is required to apply to the Financial Supervisory Authority for an operating licence through a fairly simple process. In the statement of reasons accompanying the legislative proposal, reference is made to the possible problems of interpretation that may arise in securing the continuity of over-the-counter derivatives contracts if an operating licence is not applied for. In such cases the Financial Supervisory Authority can issue an interpretation decision on whether or not the business activities in question require an operating licence.

2.10 France

France has been preparing for Brexit for over two years and Prime Minister Édouard Philippe said in August 2018 that France would be ready in the event of a 'cliff edge' Brexit. He "tasked ministers to prepare contingency measures that would be necessary... to mitigate the difficulties linked with this unprecedented challenge".⁷⁵

The Government has published guidance on 'no deal' for businesses and the Customs Authority has [organised regional meetings](#) to answer questions from businesses about how Brexit could change customs procedures.

Citizens' rights

France has adopted measures on the status of UK citizens living in France (around 150,000). [Ordinance n° 2019-76](#) of 6 February 2019 contains measures on the entry, residence, social rights and professional activity of UK citizens living and working in France in the event of a no-deal exit.

UK citizens will be able to stay in France without a residence permit for one year after Brexit under a simplified application process and on the basis of reciprocity. During this time they can apply for a *carte de résidence longue durée* (long-term residence card) if they have lived in France for more than five years, or a residence permit if they have lived in France for less than five years.

Around 1,700 UK nationals working in France's civil service will keep their work status. They will be granted the same health coverage they currently have as EU citizens for two years after Brexit day.

With regard to social rights and benefits, UK nationals living in France who receive the *Revenu de solidarité active* on exit day will continue to be eligible to continue to receive it for one year. This measure ensures the continuity of healthcare coverage under current EU law provisions for a period of two years.

The Remain in France group blog, [Everything you always wanted to know about the carte de résident longue durée \(but were afraid to ask\)](#), 16 February 2019, provides detailed information on the different residence statuses, and [No deal - the decree and the nitty gritty of your citizens' rights in France for those with more than 5 years residence](#), 3 April 2019, on the Decree.

Business and trade

In October 2018 the Government published a [draft bill](#) providing for measures to be taken in the event of 'no deal' to reinstate checks on goods and passengers going between France and the UK, and inspections of food, plants and live animals. *BBC News* has summarised

⁷⁵ [France24, France and Germany are making contingency plans for a no-deal Brexit, with Paris looking at residency issues and Berlin examining medical supply chains with the UK](#), 29 August 2018

the Bill.⁷⁶ The Senate debated Brexit preparedness on 6 November 2018 and the National Assembly on 11 December.

On 17 January 2019 Édouard Philippe [announced](#) that the Government would introduce five proposals under an emergency procedure as part of its no-deal Brexit planning and the triggering of €50 million preparedness fund for infrastructure at ports and airports so that they would be operational from 30 March.⁷⁷

In addition to measures on citizens' rights, the other measures concerned:

- Emergency infrastructure at borders (customs checks, sanitary and phytosanitary checks);
- UK transport companies to continue to operate in France and security at Eurotunnel.
- Continuation of certain financial activities such as insurance after loss of financial 'passport';
- Transfer of defence materials between France and UK.⁷⁸

The Prime Minister also vowed to "defend the interests of French fishermen and defend the interests of fishing sites and businesses involved in this crucial economic sector".⁷⁹

The Government adopted [Ordinance n° 2019-48](#), 30 January 2019, on trade in the defence and space sector, which will enter into force on the date of a no-deal Brexit. It will allow the supply of products and materials to the UK through the continuation of licences and transfer authorisations issued under certain Articles in the Defence Code (L.2335-10 and L.2335-18) for up to three years.

Borders and customs

The port of Calais has acquired 42 acres of land which could be used for customs inspection posts and storage. The Port authorities want to test a new 'Fastpass' virtual queuing system, involving preloading passport and cargo information to speed up border inspections.⁸⁰ Hauliers will be able to complete customs documents online before arriving at the port.⁸¹

The Government said in January 2019 that it would recruit 580 extra officials - under the 2019 Finance Act (customs officials, veterinary inspectors etc) - to deal with increasing flows of goods and people. The Customs Authority has produced detailed online [information \(in French\)](#) for businesses on how to prepare for Brexit and a [portal](#) for businesses

⁷⁶ *BBC News*, [Reality Check: What are EU countries doing to prepare for a no-deal Brexit?](#), 6 November 2018

⁷⁷ [Prime Minister's press release](#), 17 January 2019

⁷⁸ Government news, [France triggers contingency plan in the event of no-deal Brexit](#), 17 January 2019

⁷⁹ *Ibid*

⁸⁰ *The Guardian* [Dover-Calais 'facing economic catastrophe' due to Brexit](#), 17 July 2018

⁸¹ *Daily Express*, [France's Brexit nightmare: Calais port faces 17 MILE tailbacks in no-deal Brexit](#), 20 December 2018

worried about how they might be affected by Brexit, including ‘no deal’.⁸²

[Ordinance n° 2019-36 of 23 January 2019](#) contained miscellaneous provisions for adjustments and temporary exemptions to prepare for the restoration of border controls with the UK. In February 2019 the Directorate General for Customs and Excise published [guidance](#) for businesses importing/exporting goods from or to the UK: [Brexit Information for border users in a “no-deal” Brexit scenario](#).

On 13 March 2019 the Government published updated details of infrastructure enhancements, including the recruitment of 700 extra customs officers, and:

A 14 million-euro budget has been provided for in order to increase customs officers' pay – a strong measure to improve their working conditions and purchasing power. The budget will be entirely funded by savings made within the Ministry, without involving any staff cuts.⁸³

Road transport

The new measures set out in [Ordinance n° 2019-78](#) of 6 February 2019 provide that, subject to UK reciprocity, UK hauliers will be able to continue to “carry out road transport operations for the movement of goods or people on national territory, on behalf of third parties or on their own account. This concerns operations between France and the United Kingdom, transit as well as the carrying out of cabotage operations”.

The French provisions will remain in force until 31 December 2019 unless an agreement is reached with the UK; and if negotiations on an agreement have already started, the emergency measures could be extended to 31 December 2020 to avoid any gaps in provision.

The Government recognises the importance of keeping Channel Tunnel traffic flowing, acknowledging that “it is necessary to protect the existing legal framework concerning the security rules applicable to actors involved in operating the tunnel, as well as to passengers travelling to or from the United Kingdom”.⁸⁴ The provisions will come into effect if the UK leaves with no deal.

Financial services

The Government has drafted measures to guarantee continuity of access for French entities to UK interbank settlement, adaptations enabling the main framework contract for derivatives and rules to ensure a smooth transition in the management of collective investment.⁸⁵ The contingency measures on financial services were

⁸² Prime Minister, [Communiqué de Presse, 17 January 2019](#)

⁸³ Government news, [France is continuing its preparations for a no-deal Brexit](#), 13 March 2019

⁸⁴ French Government, [Various measures related to the United Kingdom's withdrawal from the European Union](#), 7 February 2019

⁸⁵ French Government, [Various measures related to the United Kingdom's withdrawal from the European Union](#), 7 February 2019

adopted on 6 February in [Ordinance n° 2019-75](#). They are summarised [here](#).⁸⁶

2.11 Germany

Chancellor Angela Merkel announced in October 2018 that her Government was preparing for all Brexit options, including the possibility of a no-deal Brexit.⁸⁷ A cross-ministerial Brexit Task Force headed by Axel Dittmann in the Foreign Ministry and a dedicated Brexit team in the Finance Ministry are leading on Brexit. The Foreign Ministry has set out the Government's no-deal contingency plan as follows:

- They have been drawn up as transition or emergency measures, are of a temporary nature only and are defined as narrowly as possible in terms of their field of application.
- The aim is to cushion undue hardship and in certain narrowly defined cases to protect the principle of good faith.
- As far as possible, they will deflect disadvantages for German and EU27 nationals and companies.
- The idea is to clearly delineate the difference between EU membership and non-membership.
- Finally, they are to fundamentally remain unilateral. It is not in the interest of the German Government to conduct negotiations with the UK on individual regulatory areas that would lead to a "Brexit à la carte".⁸⁸

Reports and surveys have suggested that a no-deal Brexit could mean a greater German contribution to the EU budget and the loss of thousands of jobs.⁸⁹

Citizens' rights

Preparations for Brexit include provisions on the status of the estimated 100,000 UK citizens living in Germany both with the Withdrawal Agreement⁹⁰ and without.⁹¹ If there is no deal UK citizens living in Germany will have an initial period of three months during which their rights to live and work there will not change. But they will have to apply for residence permits during that period. UK citizens who apply for German citizenship ahead of a no-deal Brexit will be treated as EU citizens.

⁸⁶ Government news, [Various measures related to the United Kingdom's withdrawal from the European Union](#), 7 February 2019

⁸⁷ *Financial Times*, [Merkel's no-deal Brexit warning amid contingency planning](#), 17 October 2018

⁸⁸ Federal Foreign Office (English version), [Prepared for any eventuality – how the German Government is getting ready for Brexit](#), 4 April 2019

⁸⁹ See, e.g. The Times, [No-deal Brexit threatens 100,000 German jobs](#), 11 February 2019; Deutsche Welle, [Germany faces hefty bill from hard Brexit, says EU's Günther Oettinger](#), 27 December 2018;

⁹⁰ The [Brexit-Übergangsgesetz](#)

⁹¹ The [Gesetz zu Übergangsregelungen im Bereich Arbeit, Bildung, Gesundheit, Soziales und Staatsangehörigkeit nach dem Austritt des Vereinigten Königreichs Großbritannien und Nordirland aus der Europäischen Union](#)

The Federal Ministry of Interior has published updated terms and conditions applicable to UK citizens in Germany if there is no deal, including a longer transition period, easier access to the German labour market and residence permits for UK nationals currently living in Germany and for those planning to move to Germany after 12 April 2019.⁹²

Other [legislation](#) would allow both German and UK students to benefit from educational grants until the end of their current study period if they started the course before a no-deal Brexit, based on the principle of good faith and reciprocity. Some reports suggest that “certain entitlements will be immediately suspended if there is a no-deal Brexit” (e.g. *Elterngeld*, or ‘parent money’ – which helps cover loss of income during parental leave).⁹³

Provisions concerning a no-deal Brexit are explained in an Interior Ministry Q&A on the impact on citizens' status rights in relation to Brexit: [What happens in case of an unregulated exit? Will Britons be obliged to leave Germany immediately?](#)

Borders and customs

Germany's preparations include “the recruitment of additional personnel to deal with a less open economic relationship with the UK”.⁹⁴ The 2019 Federal Budget approved an additional 900 customs officers jobs.⁹⁵ [website of the Bundestag](#). A no-deal Brexit scenario will be mitigated through the [flexible deployment of staff](#) and the IT-supported optimisation of clearance procedures.

Business and trade

Deutsche Welle looked at some of the ‘worst case scenario’ planning of German businesses:

Among other measures companies are setting up new facilities, looking for other suppliers that operate within the single market and are hiring people in order to process goods through customs [...]. They are even setting up new servers because they are uncertain about “whether the free flow of data is still possible with the UK and the EU”.⁹⁶

Finance and taxation

A draft law was introduced in November 2018 to change tax and employment legislation to ensure Germany is not disadvantaged. The Federal Financial Supervisory Authority (BaFin) Bill would preserve market access for UK firms offering banking, financial or insurance

⁹² See Fragomen, [Germany, No-Deal Brexit Plans for UK Nationals Published](#), 3 April 2019

⁹³ *DispatchesEurope*, [Brexit hell: Are new-parent benefits, other German entitlements ending for British expats?](#) 11 February 2019

⁹⁴ *BBC News*, [Reality Check: What are EU countries doing to prepare for a no-deal Brexit?](#) 6 November 2018

⁹⁵ *Bundestag* website, [900 neue Stellen beim Zoll wegen Brexit Finanzen/Antwort](#), 9 January 2019

⁹⁶ *Deutsche Welle*, [Growing unease over Brexit in German business community](#), 28 June 2018

services under the European passport regime if there is no deal. The *Bundestag* adopted the 'Brexit Tax Act' (*Brexit-Steuerbegleitgesetz*) on 21 February 2019.⁹⁷ It will apply to a deal or no-deal scenario. The Act amends the Insurance Supervision Act (*Versicherungsaufsichtsgesetz - VAG*) and the Banking Act (*Kreditwesengesetz - KWG*). The VAG amendment allows BaFin to grant a transitional arrangement for 21 months after exit day to protect policyholders and the beneficiaries of the insurance contracts. Amendments to the KWG would authorise BaFin to treat UK banks and investment firms currently providing services under the passport regime as if they still held an EU passport until the end of 2020. The law would apply only to existing financial transactions, not those entered into after 29 March unless they are "closely connected" to pre-Brexit transactions.

2.12 Greece

In July 2018 Foreign Minister Georgios Katrougalos said the Government was studying the "improbable" scenario of 'no deal', estimating possible consequences and taking necessary measures.⁹⁸

A Coordination Inter-ministerial Commission has focused on completing an Emergency Action Plan to be implemented if there is no deal. The Action Plan suggests legislation on citizens' rights and a consideration of other bills that might be needed, possible operational decisions in various sectors of the economy, staff planning and support at border points, extra funding, information for businesses and administrative or operational measures in areas such as tourism, employment, education, health and safety and customs procedures.

Citizens' rights

The Government fast-tracked Bills on the status of UK nationals legally resident in Greece at the time of a no-deal exit. Terms were initially set out in a [letter](#) from Mr Katrougalos to the UK Foreign Secretary, 15 February 2019,⁹⁹ but these did not take account of the Article 50 extensions. On 19 March 2019 the Greek Parliament approved [Law 4604/2019](#) which contains provisions for UK citizens in Greece (around 45,000) with and without a withdrawal agreement.

There will be a grace period until 31 December 2020 in which UK nationals already registered in Greece will be able to apply for a national residence permit. Non-EU family members of UK nationals holding a residence permit will also be able to stay in Greece until the end of the grace period, after which they will have to obtain a different permit.

⁹⁷ For further information, see Reinsurance News, [Germany prepares for no-deal Brexit with draft law for UK financial firms](#), 26 November 2018; Norton Rose Fulbright, Financial Services – Regulation tomorrow. [Brexit: Doing business in the EU – Updated](#), Simon Lovegrove, 7 March 2019; White and Case, [Brexit preparedness for financial services: the German response](#), Dr. Henning Berger, Charles Balmain, February 2019.

⁹⁸ *Bloomberg*, [How Europe Is Bracing for Messy Brexit: Dogs, Drones, Do Nothing](#), 19 July 2018

⁹⁹ From 'Greek preparations for Brexit', <https://brexit.gov.gr/proetoimasia-greece/>

UK nationals and their family members arriving in Greece before 31 December 2020 will still be treated as EU nationals and can continue to apply for EU registration or residence permits.

Terms are based on UK reciprocity. Questions and answers are published on the Ministry of Foreign Affairs website ([UK citizens in Greece](#)).

The economy, business and trade

A Greek Government working paper warned that in the event of 'no deal', the financial fallout from a shortfall in the EU budget up to 2020 could leave Greece facing "increased financial and political instability".¹⁰⁰ The paper proposed that in this event, Greece should seek a special agreement with the EU, as it would be unable to finance a budgetary shortfall through national funding.¹⁰¹

The Government has launched an information campaign for all stakeholders (citizens, businesses, economic and professional bodies) with a view to increasing preparations for 'no deal'. The Government aims to inform and support small and medium-sized enterprises that do not export to non-EU countries and help them deal with import and export procedures in third countries. The Government is publishing regular sectoral business updates.

2.13 Hungary

The Government has published the following information in English on its [Brexit website](#):

- [The UK's Negotiations on Withdrawal from the EU \(Brexit\)](#)
- [Information for Hungarian Citizens and Their Family Members](#)
- [Information for Businesses and the Business Sector](#)
- [Legal information](#)
- [Information Concerning the Agricultural Sector](#)
- [Cooperation Between Hungary and the United Kingdom](#)

Citizens' rights

The Government is committed to protecting the current legal rights of the estimated 8,000 UK residents in Hungary on a broadly reciprocal basis. It has advised UK citizens in Hungary to register with the Immigration and Asylum Office by 29 March with details on how to register [here](#).

Legislation was adopted on 19 March on the status of UK citizens. Under an amendment to the 2007 Act on free movement rights, UK nationals and their family members who are resident on exit day will be entitled to a permanent National Settlement Permit on the basis of three

¹⁰⁰ *Daily Telegraph*, [Greece warns 'no-deal' Brexit would plunge country into 'financial and political instability'](#), 17 August 2018

¹⁰¹ *Ibid*

years' prior residence. The application must be made within three years of UK withdrawal, and until then their existing registration and residence documents will remain valid. Within this period other family members may also acquire, under certain conditions, a national permanent residence permit. See also:

[Information for British nationals and their family members](#)

- [Stay](#)
- [Working](#)
- [Working conditions - recognition of professional qualifications](#)
- [Education](#)
- [Social and social security benefits in Hungary](#)
- [Determination and Disbursement of Job Search Allowance](#)
- [Customs](#)
- [Excise tax](#)
- [Traffic discounts](#)
- [Roaming and data traffic](#)
- [Issue of licenses](#)

2.14 Ireland

A no-deal Brexit is likely to have a greater impact in Ireland than in the other EU Member States. In July 2018 Taoiseach Leo Varadkar said his Government was making contingency plans for 'no deal', including extra customs officers and veterinary inspectors.¹⁰² The Government also considered whether to relocate part of the emergency oil stocks that it stores at UK refineries back to Ireland or to other EU Member States.¹⁰³ The Government was also reported to be drawing up plans to stockpile insulin, vaccinations and other medical supplies.¹⁰⁴

Ireland's [2018 National Risk Assessment – Overview of Strategic Risks](#) analysed a range of no-deal Brexit risks for Ireland and concluded:

While the Irish Government will continue to do all in its power on both a domestic and European front to work for a Brexit agreement in line with Irish interests, the risks to our interests, our trade, our economy at both the macro and micro level, and our relationship with Northern Ireland, and the UK which could emerge from potential Brexits are manifold and significant, and it is likely that Brexit will remain one of the most significant risks facing this country over the coming years.

In a [budget statement](#) on 9 October 2018 Finance Minister Paschal Donohoe said "the possibility of a no deal Brexit has influenced decisions we have made regarding our finances, balancing our books and investing in our capital infrastructure". His announcements included "investing 300m euros (£260m) in training schemes for sectors that could be hit by Brexit" (Human Capital Initiative).

¹⁰² See *The Telegraph*, [Brussels warns EU countries: get ready for a no-deal Brexit](#), 19 July 2018

¹⁰³ *Sunday Independent*, [Ireland set to remove oil reserves from Britain as Brexit deadline looms closer](#), 15 July 2018, and [Cabinet to move Irish oil reserve from UK](#), 15 July 2018

¹⁰⁴ *Irish World*, ['No deal' will mean 'no drugs'](#), 1 August 2018

In mid-December 2018 the Department of Foreign Affairs and Trade published its [Contingency Action Plan](#), 'Preparing for the withdrawal of the United Kingdom from the European Union on 29 March 2019'. The Government states in the introduction that it "recognises that, given the proximity of the formal date for UK exit from the EU of 29 March 2019, the prospect of a no deal Brexit is very real". It sets out the Government's approach:

The challenges posed by a no deal Brexit require an understanding of the same issues as for an orderly Brexit, although of course they arise in a very different context and in a much shorter timeframe. In many significant ways, a no deal Brexit would pose unique, unprecedented and extremely difficult challenges for the EU, including Ireland, and especially the UK.

It refers to the need for "an immediate focus on crisis management and possible temporary solutions (political, economic, administrative, legislative and communication), which would be rapidly implemented until the necessary longer-term adjustments are in place". The Plan acknowledges that of all the EU Member States, Ireland "could be the most adversely affected" by Brexit and "to the greatest extent in a no deal scenario". It sets out the issues and planned measures across sectors.

Extra trained staff have been put in place in Revenue (400), the Department of Agriculture, Food and the Marine (200), and the Department of Health (59).

The Government has held several public events called '[Getting Ireland Brexit Ready](#)'.

An OECD [economic outlook](#) published on 21 May warned that a no-deal Brexit posed "the most immediate uncertainty to Ireland's economy".¹⁰⁵ And Minister for Foreign Affairs Simon Coveney warned the Irish Cabinet that at no point in the last two-and-a-half years had the risk of a no-deal Brexit been greater.¹⁰⁶ He said that no staff working on no-deal Brexit planning should be redeployed over the summer. RTE continued:

Government ministers agreed that secondary legislation is needed in some areas and work needs to be done on EHIC (European Health Insurance Cards) and the Erasmus education programme.

The Taoiseach said that the staff are in place for Customs and Revenue and other areas where they are needed.

He said information campaigns informing businesses of the actions they need to take and the supports that are now available will be resumed.

¹⁰⁵ Also reported by RTE, [Disorderly Brexit could push Ireland into recession – OECD](#), 21 May 2019.

¹⁰⁶ RTE, [Risk of no-deal Brexit has never been greater – Coveney](#), 21 May 2019

The Brexit Bill

The Government published a Brexit Contingency and [Preparedness Update](#) on 15 January 2019 announcing a 17-part omnibus Brexit Bill - the [Miscellaneous Provisions \(Withdrawal of the United Kingdom from the European Union on 29 March 2019\) Bill](#), and later the [Withdrawal of the United Kingdom from the European Union \(Consequential Provisions\) Bill 2019](#). The Explanatory Memorandum to the Brexit Bill is [here](#). The Bill includes contingency provisions on protecting citizens' rights and supporting the economy, enterprise and jobs, health, social security and welfare, students, electricity, railway services and ports, extradition and immigration and data protection. There were differences between the former and latter Bills which are outlined in the [Brexit Omnibus Bill Update](#) on 26 February 2019.

In addition, 21 pieces of secondary legislation cover emergency support for Irish citizens and businesses in a range of sectors. Detailed information on the SIs can be found [here](#).

The Brexit Bill completed its [stages in the Dáil on 6 March](#) and its [Seanad stages on 13 March](#). It became law on 17 March 2019.

Citizens' rights

Around 300,000 British citizens live in Ireland. British citizens are not subject to Irish immigration law ([Aliens Exemption Order 1999](#)) and under the [Ireland Act 1949](#) and section 1(3) of the [Immigration Act 1971](#) Irish citizens do not require permission to live and work in the UK. Under the Common Travel Area (CTA, which covers the UK, Ireland, Isle of Man and Channel Islands). British and Irish citizens can live and work freely in each other's countries and travel freely between them. Both the Irish and UK Governments are committed to maintaining the CTA in the event of 'no deal'. On 5 March 2019 the Government concluded its CTA arrangements, anticipating similar UK commitments.¹⁰⁷

On 22 February the Government published the [Withdrawal of the United Kingdom from the European Union \(Consequential Provisions\) Bill 2019](#), which became law on 17 March. The [Act](#) allows certain healthcare arrangements between the UK and Ireland to be maintained and for the continued payment of around 20 social security payments, such as pensions, sickness benefit and child benefit.

On 8 May the governments of the UK and Ireland signed a [Memorandum of Understanding](#) (MoU) guaranteeing that Irish and British citizens retain special rights in each other's countries in the event of 'no deal'. It provides that both sides will take the necessary steps to ensure the status quo for all travel, employment and social security rights. It confirms reciprocal arrangements for British and Irish nationals to vote in elections and stand for public office in the two countries. There will be reciprocal access to education at all levels with "associated student support" in each state. Citizens can work in either country and

¹⁰⁷ For further information on the CTA and a no-deal Brexit, see section 8.4 Movement of people of Commons Library Briefing 8397, [What if there's no Brexit deal?](#) updated 8 February 2019.

have access to social security benefits such as “social housing”, “supported housing and homeless assistance” and healthcare.

Borders, customs and tax

The Government’s [Update to Contingency Action Plan](#) of 30 January 2019 set out enhancements to port, airport and customs facilities:

Preparing our Ports and Airports

A key focus of our no deal planning is to ensure that East-West trade flows continue to move as smoothly as possible. In both Dublin and Rosslare Ports, sites suitable for temporary infrastructure have been identified and refurbishment work has commenced so that these sites can apply additional controls in a no deal scenario. At the same time, plans are advanced for the development of permanent infrastructure in both Ports.

At Dublin Airport, the volumes of traffic involved in the event of a disorderly Brexit can be catered for by existing facilities. Facilities for an enlarged Border Control Post by the end of 2019 are being developed and will include facilities required for Brexit.

Staffing

Revenue will have 400 additional customs officials trained and in place by end-March 2019, and will be in a position to recruit a further 200 by the end of 2019. This would fully meet their estimated staffing needs to implement the additional checks and controls needed post Brexit.

The recruitment of veterinary personnel and 70 other support staff to implement SPS checks has commenced, and an additional 61 Environmental Health Staff are in the process of being recruited.

The Government is reported to be considering setting up port checks for food and animal products on the whole island of Ireland in preparation for a no-deal Brexit on 31 October. Leo Varadkar [said on Newstalk radio](#) on 12 July that this might be the solution to the need for border checks to preserve the integrity of the Single Market. His proposal is that “the entire island of Ireland will be treated the same when it comes to agriculture or food and that any SPS [sanitary and phytosanitary] checks would happen at the ports”. But this “would mean Britain accepting that Northern Ireland is being treated differently”.

The Government [updated its Contingency Action Plan](#) in July 2019 detailing ‘next steps’ for no-deal preparations between July and 31 October in around 20 areas, including aviation, road haulage, retail tourism and medicines.¹⁰⁸

Transport

A proposed Bill would provide a statutory basis for cross-border rail services (including the Dublin-Belfast route) to ensure continued service provisions between Ireland and Northern Ireland. On 5 March work was “well underway on temporary infrastructure to deal with the expected

¹⁰⁸ *Politico Pro*, EU27 no-deal planning update, 9 July 2019

increase in checks at Dublin and Rosslare ports".¹⁰⁹ The July Contingency Action Plan update outlines progress in port infrastructure preparations.

In the *Oireachtas* on 4 October 2018 Deputy Maurice Quinlivan (Sinn Féin) asked the Minister for Foreign Affairs and Trade about contingency plans "for businesses for a situation in which the landbridge through Britain becomes unusable for Irish lorries travelling to and from the Continent" [30826/18]. Simon Coveney [replied](#) in some detail about the work of the Government's Landbridge Project Group, saying Government Departments were rolling out "detailed Action Plans" and had already "approved a number of key Brexit preparedness measures focused on East-West trade which will also take account of the continued use of the landbridge".

Business and trade

The last budget included a loan scheme of €300 million, in addition to measures announced in the previous budget, for SMEs and the food and agri-business sectors.¹¹⁰ The Government has introduced a €78 million Brexit package for farmers, fishermen and food SMEs to cover additional Brexit-related costs.

The Health Products Regulatory Authority (HPRA) and HSE have [worked with](#) manufacturers, identified potential risks and possible solutions to maintain supply to the market. No-deal mitigation discussions are underway.

Northern Ireland and Ireland form a single electricity market. The Government's proposed legislation would give its energy regulator powers to amend the licenses of energy providers to ensure they comply with EU law.

2.15 Italy

Italy initially thought a no-deal Brexit very unlikely. In September 2018 Under Secretary of State for Foreign Affairs Guglielmo Pichi said there would be a deal "because it is the interest of both parties".¹¹¹ However, Italy's thinking on the prospect of 'no deal' has changed.

Citizens' rights

On 20 December 2018 Italy announced it was preparing legislation to allow UK citizens (currently around 25,000) resident in Italy after Brexit, on application, to continue to be legally resident and to work if there is no deal.¹¹²

On 25 March Italy adopted a legislative decree ([Decree 22](#)) to maintain the existing legal framework for UK nationals living in Italy on exit day, allowing them to apply for and obtain long-term resident status in

¹⁰⁹ Government statement, [Government Advances No Deal Brexit Contingency Planning and Preparations](#), 5 March 2019

¹¹⁰ *Irish Times*, [Minister urges companies to avail of Brexit supports as take-up low](#), 11 July 2018

¹¹¹ Interview on BBC Today programme, 19 September 2018

¹¹² See [British in Italy](#), 20 December 2018

compliance with [Directive 2003/109/EC](#) until 31 December 2020. The main provisions are summarised in a *Local* (Italy) report:

- There will be a transition period until 31 December 2020, during which time all UK residents will have the opportunity to apply for new, non-EU status. This grace period applies only to UK citizens who have already registered their residency with their local *comune* before exit day. (see [guide to how you can still register your residency before Brexit](#)).
- UK citizens who have been legally resident in Italy for five consecutive years or more on exit day will be allowed to apply for a *permesso di soggiorno UE per soggiornanti di lungo periodo*, or long-term residence permit.
- UK citizens who have been legally resident for less than five consecutive years will be allowed to apply for a special *permesso di soggiorno* valid for five years, after which they'll have to apply to renew it.
- Both types of residence permits will protect UK nationals' rights to work and access social benefits.
- Any UK resident who hasn't obtained a new residence permit by the end of 2020 will be subject to the same rules as all other 'third country' nationals. All current residence permits, including the *certificato di residenza* issued by the *anagrafe* (registry office), will become invalid on January 1st 2021.
- Italy is willing to give UK residents continued access to Italian public healthcare until the end of 2020, based on UK reciprocity.
- UK citizens who have accumulated four years of residency in Italy before the date when the UK leaves the EU can apply for Italian citizenship on the same terms as EU nationals until the end of 2020.¹¹³

The decree entered into force on 26 March 2019, but more detailed provisions are expected. The UK and Italy are also discussing a "bilateral and reciprocal deal on healthcare" for UK and Italian nationals in the event of 'no deal'.¹¹⁴

Official documents and policy statements can be found on the Foreign Affairs Ministry (*Farnesina*) [Brexit website](#).

Business and trade

On 24 January 2019 the Economics and Finance Ministry announced that the Government was preparing emergency decree-laws to ensure the continuity of markets and businesses in a no-deal Brexit. The [press release](#) stated:

The [...] measures are aimed at ensuring the financial stability, the integrity, and the operational continuity of both markets and intermediaries, and at protecting depositors, investors, and

¹¹³ From *The Local* (it), [What would no-deal Brexit mean for Brits in Italy? Here's what we know so far](#), 28 March 2019

¹¹⁴ Ibid

customers in general, through the introduction of an appropriate transitional period during which such entities can continue to operate, similarly to the transitional period planned in the event of an agreement between the United Kingdom and the EU.

During the transitional period provided by the measures mentioned above, banking, financial and insurance intermediaries (including those active in the business of providing supplementary pensions) will be able to continue to operate according to existing laws and regulations. Such a scenario is envisioned for both British firms carrying out activity in Italy, and Italian firms carrying out activity in the United Kingdom. The protection of those intermediaries' depositors and investors will also be guaranteed on a continuous basis throughout the aforementioned transitional period.

The provisions will be differentiated according to the nature of the intermediaries involved, taking into account the applicable European and national laws and regulations.

The decree-law will identify the obligations and procedural steps that the various types of intermediaries have to comply with – based on applicable sector legislation – in order to continue to operate beyond the defined transitional period, with the aim of ensuring stable and certain parameters to allow each intermediary to adapt to the new institutional and operational framework.

Similar provisions will be included in the part of the decree-law concerning trading venues and intermediaries' access to those venues. In this case, too, the provisions for the transitional period – the period when intermediaries can continue their current activity according to the European sector legislation – will apply to both the British companies managing trading platforms operating in Italy and Italian companies managing trading platforms operating in the UK.

With reference to the investments of pension funds in UCITS and AIFs established under the laws of the United Kingdom of Great Britain and Northern Ireland, the decree will provide for the possibility to continue to hold such instruments during the transitional period.

The exceptional measures to be implemented through the decree-law are exclusively aimed at avoiding discontinuity in the exercise of activities subject to regulatory licensing and restrictions at a national level, in accordance with the relevant EU harmonized regulations.¹¹⁵

2.16 Latvia

To coordinate Latvia's position on Brexit issues, in February 2017 a Brexit working group was established in which all ministries and the Bank of Latvia are represented. Since September 2018, this group has been meeting at least once a month and government ministers and legal experts are invited to its meetings.¹¹⁶

The Ministry of Foreign Affairs has been submitting to the Cabinet reports on Latvia's Brexit-readiness since October 2018. Contingency actions identified include amendments to national legislation, additional

¹¹⁵ Press Release N° 15 of 24 January 2019

¹¹⁶ [Latvian Ministry of Foreign Affairs](#) (in English)

human resources and infrastructure adjustments and a need to adapt IT systems.

Citizens' rights

The Latvian Parliament adopted a [political declaration](#) declaring that Latvia would ensure UK citizens legally residing in Latvia would be given favourable conditions for residence and employment on the basis of reciprocity.

On 21 March, the Parliament (*Saeima*) [adopted a Bill](#) to ensure judicial cooperation and the protection of citizens' rights in a deal or no-deal scenario. Latvia will allow a transitional period for UK citizens and their family members living in Latvia (around 1,000) to renew their residence rights. During this time certificates issued under the free movement Directive will be recognised as temporary national residence permits until 31 December 2020. Until 31 of December 2019, UK citizens who have lived in Latvia less than five years will be given national temporary residence permits, while those who have lived there longer will be issued with long-term residence permits.¹¹⁷

Letters will be sent to UK citizens at their registered addresses in Latvia after 30 March, explaining the procedure for renewing residence rights and the consequences if deadlines are not met.

Detailed information is provided on the Latvian Office of Citizenship and Migration Affairs website, [Information for citizens of the United Kingdom of Great Britain and Northern Ireland in the event of a no deal](#) (26 February 2019).

Borders and customs

The Latvian customs agency plans to hire 48 additional people in the event of a no-deal Brexit. The Foreign Ministry in Riga estimates that customs-processing costs will increase by about €10 million over the next three years, the biggest cost being additional customs and veterinary checks. The Foreign Ministry has a Brexit enquiry email address (brexit@mfa.gov.lv) and all Government ministries will have a special webpage on Brexit.¹¹⁸

Business and trade

Foreign Ministry representatives have met with business organisations (e.g. Latvian Chamber of Commerce and Industry, Latvian Employers' Confederation) and industry associations to inform them about the Brexit process and focus on potential risks and changes. The Government has published [information for entrepreneurs](#). The *Saeima* has adopted [amendments to the Enterprise Income Tax Law](#) and changes to [the Law on the Circulation of Goods of Strategic Significance](#) to simplify the transit of dual-use items to and from the UK.

¹¹⁷ See also Latvian Government press release, [Saeima adopts Law on the protection of personal rights for the transition period after the withdrawal of the United Kingdom from the EU](#), 22 March 2019.

¹¹⁸ Bloomberg News, [How EU Nations Are Ramping Up Preparation for a No-Deal Brexit](#), 15 January 2019

2.17 Lithuania

On 13 February 2019 the Government agreed political guidelines on national contingency measures and to adopt proposals for a national contingency plan to mitigate the effects of a no-deal Brexit. On 18 February the Ministry of Foreign Affairs published [Lithuania's national preparedness for No-Deal Brexit](#). Draft contingency legislation provides for:

- a transitional period to the end of 2020 or a later date, depending on any future EU-UK future relations agreement;
- preservation of rights of UK citizens resident in Lithuania before Brexit;
- preservation of a favourable tax environment for UK businesses;
- reciprocity if the UK applies more favourable conditions.

The Government has published Brexit-related preparedness information, FAQs and hotlines:

- General information on preparedness and contingency measures, citizens' rights on the website of the [Ministry of Foreign Affairs](#) and an [E-Citizen inquiry form](#).
- Information for the business sector on [Enterprise Lithuania \(Versli Lietuva\) website](#). and a list of [contacts](#) for exporters and start-ups.
- Information for UK citizens living in Lithuania on the [Ministry of the Interior](#) website

Citizens' rights

Amendments to the Law on the Legal Status of Aliens will regulate the legal status of UK citizens and their family members living in Lithuania. If there is no deal, there will be a transitional period of nine months from exit day in which UK nationals will be able to change their legal status. If they already have the right to permanent residence, permanent residence permits will be issued without having to pass a language test or knowledge of the Constitution of Lithuania. There will be no administrative fee for the permit.

2.18 Luxembourg

Citizens' rights

The Government began a communication campaign in January 2019 and has published an [FAQ on living and working in Luxembourg](#) after a no-deal Brexit and provided a [portal](#) with information:

- ["No deal Brexit" for British citizens residing in Luxembourg](#)
- [Staying/working in Luxembourg as a British citizen](#)
- [Travelling between Luxembourg and the United Kingdom](#)
- [Acquiring the Luxembourg nationality](#)
- [Family benefits](#)
- [European elections: voting rights for British citizens](#)

- [Driving licence](#)
- [Health insurance](#)
- [Pension insurance](#)
- [Employment in the public service](#)

There is further information in the Government's [Brexit: information folder](#).

The Government published [further legislation](#) on 11 April 2019 on no-deal contingency measures, which contained some changes to earlier drafts:

- The deadline for filing an application to stay in Luxembourg after Brexit was decreased from nine to three months after exit day;
- Applicants will be exempt from formalities such as declaration of arrival, medical testing and the need to apply for a residence permit card after the preliminary residence permit application, but will need to pay filing fees;
- Those resident for more than five years (including during and after the grace period) can apply for a long-term residence permit;
- UK nationals and their family members with a residence document issued before exit day can stay in Luxembourg for one year afterwards and will have the right to work.

Business and trade

The Government [portal](#) provides recent information on Brexit no-deal implications for businesses, including on [VAT refunds](#) and [the processing of the supply of goods between the EU and the United Kingdom](#). The Government has provided further information on businesses: [Access to the labour market for British nationals residing in Luxembourg](#).

New laws on finance and banking

On 31 January 2019 the Government introduced [draft law 7401](#) on Brexit measures concerning the financial sector. The contingency measures are described in an Ogier report, [Luxembourg issues a bill of law on Brexit](#), 7 February 2019.¹¹⁹

2.19 Malta

The Government of Prime Minister Dr Joseph Muscat set up a Brexit task force of Government and opposition members which has been

¹¹⁹ See also Veneziano & Partners, [Luxembourg Brexit Law and How to De-dramatize a Divorce](#), 13 February 2019.

coordinating Malta's Brexit preparations, including preparing for "worst case scenarios".¹²⁰

Citizens' rights

Joseph Muscat [announced](#) on 23 January 2019 that UK nationals resident in Malta (around 15,000) can continue to live and work there. They will be eligible for a special 10-year residence permit without paying administrative fees. They will also have open access to the Maltese labour market as workers or self-employed persons, without needing a work permit. The economically self-sufficient, those with permanent residence and students will also be able to stay, provided they do not become a burden on the State. Dependent family members will also be able to reside in Malta with the family member, provided that relationship existed on exit day.

UK nationals entering Malta after 29 March would also be eligible for a 10-year permit, but they would have to pay administrative fees and would need a work permit to work in Malta. UK nationals were advised to apply for an e-residence card, which allows EU/EEA nationals to receive national healthcare.¹²¹ The UK has a reciprocal health agreement with Malta which it intends to maintain.

The Government has published a Brexit factsheet, [Malta Government's plans in case of a no-deal Brexit](#) (undated), which covers citizens' rights and a number of other policy areas.

Borders and customs

The Government's [no deal factsheet](#) states:

The overall administrative burden for Customs is expected to increase considerably. Customs' declarations for all consignments imported from, or exported to the UK, as groupage cargo, containers, fast parcel, postal service and airfreight will have to be lodged in the Customs IT systems and risk analysed. A percentage of these consignments will then be selected for physical control by Customs' officials.

In terms of passenger traffic, Customs will have to deal with 12 additional inbound, and 12 additional outbound flights, with 160 passengers each every day, plus an increase in the monitoring of accompanied cargo brought through these flights.

The increase in flights to and from the UK may also require some infrastructural changes at the Customs arrivals and departures outstations.

Current IT systems are deemed to be adequate to cater for this increased workload. The department started a road show during the first two weeks of March, and a Customs desk has been set up at the Business 1st one-stop-facility to serve the business community.

¹²⁰ *Times of Malta*, [Muscat confident of post-Brexit agreement between Malta and the UK](#), 23 October 2018

¹²¹ See also *Times of Malta*, ['You have nothing to worry about': Muscat's Brexit reassurance to Britons in Malta](#), 23 January 2019

2.20 Netherlands

The Dutch government has carried out several assessments of the impact of Brexit on the Netherlands, including the rights of Dutch citizens, the economy and the medical sector.¹²² A [letter from the Minister of Foreign Affairs](#) to the House of Representatives, 7 September 2018, set out the Government's Brexit contingency planning and preparedness at national and EU level.

In their [third Brexit report of 26 February 2019](#) on behalf of the European Affairs Committee, rapporteurs Anne Mulder, Pieter Omtzigt and Lodewijk Asscher, warned of the consequences of a no-deal scenario and indicated where emergency measures were needed.¹²³

The Government's earlier information campaign urging businesses to prepare for the original 29 March Brexit date has been revamped for the October exit date.

The 'Dutch Brexit Act'

On 16 November 2018 the Minister of Justice and Security submitted to the Parliament a Brexit Bill proposing changes to laws and regulations to prepare for Brexit. It will allow necessary legislative action to be taken via a general administrative order or ministerial decree, rather than by amending the law. The draft Dutch Brexit Act was adopted by the Lower House (*Tweede Kamer*) on 29 January 2019 and was sent to the Dutch Senate (*Eerste Kamer*).¹²⁴ It is intended to enter into force on 30 March.

Citizens' rights

In a [letter to parliament](#) (in Dutch only) on 7 January 2019, the Dutch Government announced that UK nationals legally resident in the Netherlands on 29 March 2019 (currently around 45,000) will automatically receive a temporary residency permit allowing them to continue to live, work and study there for 15 months (to 30 June 2020). Then they would have to apply for permanent residency.¹²⁵

UK students will be able to continue to study under the same conditions as EU students but UK citizens who move to the Netherlands after Brexit to study will be treated as non-EU citizens.

The Government has published [information](#) for UK nationals in the Netherlands and has sent a [letter](#) to British nationals residing in the Netherlands without a national permanent residence permit, explaining what they must do if they want to stay.

Qualifying UK national cross-border workers will be able to continue in cross-border work in the Netherlands after Brexit, provided their

¹²² Government of the Netherlands, [What impact will Brexit have?](#) [accessed 2 October 2018]

¹²³ Tweede Kamer, [Rapporteurs: additional measures needed to prepare for hard Brexit](#)

¹²⁴ See Norton Rose Fulbright, Financial Services – Regulation tomorrow. [Brexit: Doing business in the EU – Updated](#), Simon Lovegrove, 7 March 2019

¹²⁵ See Government press release, [Right of residence transition scheme for British citizens in the Netherlands](#), 7 January 2019.

employment contract mentions their cross-border work and they collect a passport sticker at a Netherlands Immigration Authority (IND) office.¹²⁶

[A Decree on 22 March](#) (amending the Decree implementing the Aliens Employment Act, the Civic Integration Decree and the Aliens Decree 2000) confirmed a work authorisation waiver for UK nationals and their family members already residing or working in the Netherlands at least two months before exit day and/or in possession of a temporary residence permit for UK nationals.¹²⁷

Detailed information and Q&A are on the [Immigration and Naturalisation Service website](#).

Borders and customs

As the UK is the Netherlands' third largest trading partner, the Dutch customs authorities are expecting an increase in customs operations by a third and are expanding staff capacity by 20%.¹²⁸ The Government has planned for extra officials, mostly in the port of Rotterdam, to process UK goods and animals ("over 900 customs officials and an additional 145 veterinarians", [according to the IfG](#)).

At the Port of Rotterdam there have been concerns that the extension to 31 October removed the urgency of business preparations for 'no deal'. Businesses that trade with the UK through Rotterdam must register on 'Portbase', a system for pre-notification and compliance with the additional paperwork of Brexit, but reports indicated that only 20% of businesses affected had registered by the end of May, with a slowing down of new sign-ups.¹²⁹

The Netherlands Food and Consumer Product Safety Authority has trained extra officials and vets.¹³⁰ Other agencies training extra staff are the independent Quality Control Bureau, the Inspection Service for Horticulture and the Controlling Authority for Milk and Milk Products.¹³¹

Business, economy and trade

MLex [reported](#) on 4 September 2018 on research for the Dutch Government by Kantar Public which concluded that around 18% of Dutch companies doing business with the UK were "actively preparing for Brexit", up from 10% in 2017. The study was carried out in the period 28 June – 3 July among 245 companies doing business with the UK.¹³² The Dutch Government has indicated that there will be a

¹²⁶ See Fragomen, [Brexit Update for UK National Residents and Cross-Border Workers](#), Netherlands, 2 April 2019.

¹²⁷ See Fragomen, [Brexit Update for UK National Residents and Cross-Border Workers](#), Netherlands, 2 April 2019.

¹²⁸ *De Volkskrant*, [Nederlandse Douane nog niet klaar voor Brexit, honderden extra mensen nodig: 'Het effect is echt groot](#). (The Netherlands Customs administration not yet ready for Brexit, need more people: 'The effects are major'), 16 February 2018

¹²⁹ *Politico Pro*, 'Dutch foreign minister suggests British MPs should forego summer break to fix Brexit', 31 May 2019

¹³⁰ *New York Times*, [How E.U. Is Getting Ready for Chaos in a Worst-Case Brexit](#), 19 July 2018

¹³¹ *Politico*, No-deal planning in the EU countries Brexit would hit hardest, 8 March 2019

¹³² See also *Dutch News*, [Just one in five Dutch firms are ready for Brexit, ministry says](#), 4 September 2018

temporary transitional tax law for citizens and businesses until the end of 2019.

The Netherlands Chamber of Commerce has published advice on its website, [Brexit: how to prepare for no deal](#), and promotes a Government platform [Brexitloket](#) (in Dutch), which offers information and advice. The Government's web-based '[Brexit impact scanner](#)' can be used by SMEs to assess their exposure to potential problems related to Brexit, and it offers [€2,500 'vouchers'](#) for small companies to obtain independent advice about the Brexit implications for their business.

Energy

There are cross-border connectors for electricity and natural gas between the UK and the Netherlands, which are currently subject to EU law. The Dutch Government intends to adopt rules by Order in Council on cross-border connections.

2.21 Poland

On 5 March 2019 the Polish Council of Ministers adopted a resolution approving Poland's programme of preparations for a no-deal Brexit, which includes extra posts for immigration processing and provision for a [higher Polish contribution](#) to the EU budget. The Government has set aside 1,050 million *zlotys* (about £200 million) to cover part of any shortfall in EU funding if there is no UK contribution.

Citizens' rights

The Council of Ministers sent a draft bill to the *Sejm* (Lower house) on 5 March on the protection of the rights of UK citizens in Poland (over 6,000). The Bill provides for a grace period during which the rights of UK citizens and their family members legally resident in Poland immediately after exit date will remain valid. It also sets out the legal basis for granting temporary and permanent residence permits depending on whether they have a right of residence or permanent residence on 29 March 2019. UK nationals will have until 31 December 2020 to submit an application for a residence permit as third-country nationals.¹³³ The Bill was adopted by the *Sejm* on 15 March 2019. Another [bill, on the recognition of professional qualifications](#), was sent to the *Sejm* on 5 March.

Full details are in an Office for Foreigners publication, [BREXIT: residency rules for citizens of the United Kingdom and Northern Ireland in Poland](#).

Business and trade

Several ministries have been analysing the potential impact of no deal. "The government is determining how many additional customs agents will be required and is investigating measures to limit the risks to

¹³³ There is a summary of provisions on the Government's [Brexit – possible scenarios](#) website, 26 March 2019.

business".¹³⁴ Deputy Foreign Minister Szymański said in July 2018 that Poland had been "making preparations to assess a 'no deal' Brexit both from a financial point of view, as well as with regard to business, administration and citizens' rights".¹³⁵

The Government has launched a [website](#) with an interactive guide for businesses. On 5 March 2019 the Council of Ministers sent to the *Sejm* a [bill on commercial and financial matters](#).

2.22 Portugal

Portugal's contingency plan is set out in a [Government statement](#) of 11 January 2019. On 17 January 2019 Prime Minister António Costa released a Government contingency plan for a no-deal Brexit. One of its main aims was to maintain the high level of UK tourism in Portugal after Brexit (according to the [Financial Times, 17 January](#), "More Britons visit Portuguese hotels than tourists from any other country, accounting for about 15 per cent of the annual total of 15m").

Citizens' rights

Portugal aimed to approve legislation granting special conditions, from 30 March 2019 to 31 December 2020, for UK citizens and their family members living in Portugal (around 45,000-50,000). Various provisions were enacted in Portuguese law on 28 March, based on UK reciprocity.

Registration certificates (*cartão de residência*) issued under the free movement Directive will be converted into residence permits and current residence documents will remain valid. After five years of continued residence, UK nationals will be able to apply for permanent residence under more generous rules than usually available to third-country nationals.

The usual requirements for third-country nationals will be replaced by a 'declaration of honour'. UK nationals who have not registered but can prove they were living in Portugal before 29 March may also request a residence permit under this special procedure.

On 14 February the Portuguese Ambassador to the UK, Chris Sainty, [provided information](#) on issues affecting UK nationals in Portugal if there is no deal. He referred specifically to driving licences, pensions and the EHIC health card. Other guarantees for UK nationals are:

- UK professional qualifications will still be recognised;
- UK nationals enrolled in higher education before 31 December 2020 can complete their studies without needing international student status;

¹³⁴ *Bloomberg*, [How Europe Is Bracing for Messy Brexit: Dogs, Drones, Do Nothing](#), 19 July 2018

¹³⁵ *Poland in English*, [Poland preparing for 'no deal' Brexit: deputy minister](#), 20 July 2018

- Residents can continue driving with a UK licence until 31 December 2020, during which time they can exchange it for a Portuguese licence without having to do a driving test;
- UK visitors will still be eligible for free healthcare up to 31 December 2020 on the basis of UK reciprocity.

See also Government publication, [The United Kingdom Nationals keep their Right of Residence](#) (written before the two UK extensions).

Borders and customs

According to *Bloomberg* in mid-2018, Portugal was not expecting major changes or increases in staff at the ports of Sines and Lisbon resulting from any kind of Brexit: “Almost three-quarters of goods trading at the port of Sines -- the nation’s largest -- is with countries outside the EU, so it’s already well equipped to deal with shipments to and from non-EU nations”.¹³⁶

Portugal will establish dedicated passport control lanes for flights arriving from the UK to ease the entry of UK tourists. The corridors at the most popular airports in Faro, the Algarve and Madeira will operate in the same way as existing fast-track lanes for EU citizens.

The Immigration and Borders Service is assessing staffing, resources and equipment needs. It is also considering using an automated identification departure system (RAPID4all) for UK nationals which is already being used for third-country nationals.

Business and trade

A *Reuters* report said Portugal was “actively courting wealthy British to move and invest there in the run up to Brexit”.¹³⁷ A report by the Confederation of Portuguese Business (CIP) estimated Portuguese exports to the UK could fall by more than 25%. It recommended that the Government and industry “step up efforts to promote Portugal in the British market, particularly for sectors most at risk such as tourism, electronics and the auto industry”.¹³⁸ In January 2019 the Prime Minister announced “a €50m credit line to assist about 2,800 export companies likely to be the hardest hit should Britain exit the EU on March 29 without a deal” and “[a]n additional 60 customs officers are also to be recruited to help avert trade bottlenecks”.¹³⁹

2.23 Romania

Romania holds the EU Presidency until the end of June 2019 and has been working with the Commission on coordinating EU contingency planning. The Romanian Government does not appear to have published a national contingency plan, but some authorities, particularly in the financial services sector, have issued statements on their approach

¹³⁶ *Bloomberg*, How Europe Is Bracing for Messy Brexit: Dogs, Drones, Do Nothing, 19 July 2018

¹³⁷ *Reuters*, [Portugal wants Britain to welcome all EU migrants after Brexit](#), 26 July 2018

¹³⁸ *Politico*, [Portuguese business pushes for Brexit deal](#), 31 October 2018

¹³⁹ *Financial Times*, [Portugal looks to protect tourism from no-deal Brexit](#), 17 January 2019

to a possible no-deal Brexit.¹⁴⁰ The National Bank of Romania has also made plans for a no-deal Brexit.¹⁴¹

Citizens' rights

The rights of UK citizens living in Romania (around 2,500) will be maintained if there is no deal, based on UK reciprocity. Legislation will be adopted and implemented by an Emergency Ordinance to ensure continuity of these rights and establish a transition from their status as EU citizens to third-country nationals. The proposed legislation will provide for a transitional period until 31 December 2019 in which documents issued under the EU free movement Directive will remain valid. UK citizens and their family members who want to stay in Romania after this deadline will have to apply for a temporary residence permit during the transition period. The application will be by a simplified procedure and the document will cost 259 RON.

The temporary permit will be valid for five years, after which UK citizens and family members will be eligible for a long-term residence permit. Those who have lived in Romania for more than five years and/or have permanent residence cards will be granted a right of long-term residence following a request during the transition period. UK citizens who arrived in Romania before exit day but have not registered will have three months in which to apply for the five-year temporary residence permit.

2.24 Slovakia

The Slovak Government says it has been preparing for all Brexit scenarios. The *Guardian* reported in February 2019 cited Vladimir Vano, a Bratislava-based analyst at the British Chamber of Commerce in Slovakia, who estimated that a no-deal Brexit "would lead to a 1% lower GDP for both Slovakia and the Czech Republic, due to trade disruption and increased bureaucracy, with further indirect impact likely as well".¹⁴² The report pointed in particular to disruption to supply chains in the automotive industry in Slovakia and Hungary.

Citizens' rights

On 21 January 2019 the [Slovakian Government](#) outlined the principles of its provisions for UK citizens living in the Slovak Republic, which would be based on reciprocity. Draft legislation was submitted in February under a fast-track procedure and on 13 March 2019, the Government approved an amendment to [Act no. 404/2011](#) on the Residence of Foreigners, which provides for UK nationals living in Slovakia in the case of 'no deal'. The Bill went to the National Council.

¹⁴⁰ For example, see Romanian Lawyers Week, [Romania: Financial Supervisory Authority's position on 'no-deal' Brexit](#), 22 March 2019; Clifford Chance Badea, [Romania – Brexit update](#), April 2019.

¹⁴¹ See *Business Review*, [Romania's central bank prepares for no-deal Brexit: UK banks will be treated as third-country entities, their activity on the local market will cease on March 30](#), 12 February 2019.

¹⁴² *The Guardian*, [Eastern European companies fear 'chaos' of no-deal Brexit](#), 13 February 2019

The law will allow UK citizens living in Slovakia the right of residence with access to social security, health care, recognition of qualifications and the possibility of using their UK driving license. UK nationals and their family members living in the Slovak Republic who have a right to permanent residence before 29 March 2019 under the Act on the Residence of Foreigners are entitled to a long-term residence the Act. UK nationals and family members who have not been resident in Slovakia before 29 March 2019 will be treated third-country nationals and will be able to apply for residence status.

The Ministry of Interior has written to UK nationals living in Slovakia to inform them about how to stay there after Brexit. A temporary residence permit will be issued to UK nationals until a new one is available. This document can also be used for travel to other EU27 states. Residence documents issued to UK nationals and family members by 29 March 2019 will remain valid until 31 December 2020. They will have to apply for a new residence permit by that time.

Business and trade

The [OECD economic survey of Slovakia](#) published in February 2019 stated: "The Slovak economy is well integrated into global value chains and would be heavily affected by significant changes in the flow of goods and services across Europe". But Prime Minister Peter Pellegrini is reported to have said in January that if companies leave the UK after a hard Brexit, "it may even be an advantage for Slovakia".¹⁴³ He pointed out that as Slovakia's projected economic growth is "well above 4 percent [...] even a possible slowdown will still mean for Slovakia a relatively significant growth in the economy".¹⁴⁴

2.25 Slovenia

In January 2019 the Slovenian Press Agency (STA) quoted Prime Minister Marjan Sarec as saying the UK should reconsider pursuing Brexit.¹⁴⁵ President Borut Pahor said no EU Member State wanted "a hard Brexit in any kind of chaotic way".¹⁴⁶

Citizens' rights

On 20 March 2019 the National Assembly passed a fast-tracked Act on safeguarding the rights of UK citizens living in Slovenia and vice versa if there is no deal. The legislation will preserve rights relating to social security, labour market access, cross-border services, mutual recognition of professional qualifications, family allowances and scholarships until 31 December 2020, on the expectation that the UK will reciprocate for certain of these rights. The Act also provides for a transitional period after exit day during which UK citizens will be able to stay in Slovenia on

¹⁴³ RTV, [Slovakia getting ready for Brexit](#), 8 January 2019

¹⁴⁴ Ibid

¹⁴⁵ *Total Slovenia*, [Brexit and Slovenia: Comments from the Govt., Chamber of Commerce & UK Ambassador](#), 16 January 2019

¹⁴⁶ *Reuters*, [Slovenian president says 'a lot' of EU states would back Brexit extension](#), 2 March 2019

their existing EU permits. They will then be able to obtain third-country national permits or seek long-term residence status. UK nationals without a valid registration certificate or residence permit will be subject to the Foreigners Act, which applies to non-EEA citizens.¹⁴⁷

Business and trade

In January the Slovenian Chamber of Commerce (GZS) said a no-deal Brexit could reduce Slovenian goods exports by 20%, “although they would later probably rise again”.¹⁴⁸ There could be a similar reduction in Slovenian exports to other EU27 states “with close trade ties to the UK”.

A Government think tank, the Institute for Macroeconomic Analysis and Development (IMAD), recently concluded that the long-term effects of a no-deal Brexit would be small - between -0.2% and 1% of GDP.¹⁴⁹ The think tank thought exports of services, in particular tourism and transport, would be “somewhat affected”. Invest Slovenia commented:

Since the direct connection of the Slovenian and British economies is relatively small (Slovenia generates 1.9% of its exports in the UK), the direct negative effect on exports and GDP would be small.

An indirect effect would be somewhat bigger due to Slovenia's trade connections with Germany and France, which are major trade partners of the UK.¹⁵⁰

2.26 Spain

An *Elcano* policy paper in May 2018 alerted Spanish companies to the need to prepare for a possible no deal:

... it is important for Spanish companies to design contingency plans for coping with a reduction in business, whether in terms of preparing for changes in the regulatory framework or seeking alternative customers and suppliers in other markets, both within and beyond the EU.¹⁵¹

According to *BBC News*, Spain was “taking the mañana approach to planning for a no-deal Brexit”.¹⁵² Economy Minister Nadia Calvino said on 29 October 2018 that “for the time being, nothing was being done to prepare for no deal. There is no written plan or anything formal and [...] the government was waiting another few weeks before planning for a no-deal scenario”. But the think tank Open Europe said in August 2018 that the Government was making contingency plans for ‘no deal’:

¹⁴⁷ From *Total Slovenia News*, [Brexit Reciprocal Rights Act passed](#), 21 March 2019

¹⁴⁸ *Total Slovenia*, [Brexit and Slovenia: Comments from the Govt., Chamber of Commerce & UK Ambassador](#), 16 January 2019.

¹⁴⁹ *Total Slovenia News*, [Think-Tank: Direct Impact of No Deal Brexit on Slovenia would be Small](#), 25 March 2019

¹⁵⁰ *Invest Slovenia*, [IMAD says direct no-deal Brexit impact small, indirect larger](#), 22 March 2019

¹⁵¹ [Spain and the prospect of Brexit](#), Salvador Llaudes, Ignacio Molina, Miguel Otero Iglesias & Federico Steinberg, May 2018

¹⁵² *BBC News*, Reality Check: What are EU countries doing to prepare for a no-deal Brexit? 6 November 2018

Spain's government has been [running](#) an analysis of the different potential outcomes of the Brexit talks, including the 'cliff-edge' scenario, based on input from companies and business groups. It has also been [working on](#) a plan to shield its tourism industry from any disruption to air travel and will allow UK citizens to use their existing Spanish ID as a post-Brexit entitlement paper, which is a more flexible arrangement than the one France has in mind.¹⁵³

The Government has outlined its [Preparedness and Contingency Plans](#) online, listing measures adopted to March:

- On 11 January the Council of Ministers received a report on contingency plans that included the three strategic planning lines: law; logistics for the provisions of material and personal measures; and communication.
- On 14 January the Brexit tab on the Moncloa website became available and the different ministerial departments are gradually providing more sector-specific content.
- On 8 February the Council of Ministers adopted an Agreement and approved [Royal Decree 47/2019](#) providing 1,735 extra staff for the services affected by Brexit.
- On 1 March [Royal Decree-Law 5/2019](#) was approved to include the measures adapting the Spanish legal system to address the consequences of a UK withdrawal from the EU without an agreement under the provisions of Article 50.2 of the Treaty of European Union.¹⁵⁴

The decree was among the last of Prime Minister Pedro Sánchez's Government before Parliament was dissolved for elections on 28 April.

Citizens' rights

Spain has a large UK expatriate community, which is estimated to be 300,000-400,000 (some believe it is much higher). On 21 January the UK and Spain signed a bilateral treaty giving UK citizens living in Spain and Spanish citizens living in the UK the right to vote and stand for office in local elections after Brexit.

On 1 March 2019 the Government announced in its [decree-law](#) (see above) that UK citizens' residence rights would continue, including access to healthcare, social security, education, travel, pensions and free movement, as long as the UK reciprocates. UK nationals will be able to stay in Spain if they have a certificate of residency before exit day. If they do not hold this document, they can remain until their situation is resolved.

UK nationals and their family members will have to apply for a residence card (*Tarjeta de Residencia*) by the end of 2020 to establish their permanent right to remain. The plan emphasises that it depends on Spanish border workers receiving equivalent treatment (over 9,000 Spaniards cross the border to work in Gibraltar every day and an estimated 150,000 Spaniards live in the UK).

¹⁵³ Open Europe, [The view from Brussels: How are the EU27 preparing for a 'No Deal' Brexit?](#) 30 August 2018

¹⁵⁴ Published in [Official Bulletin](#), 2 March 2019

The Government has also provided a transitional period of nine months in which UK citizens living in Spain who hold a valid UK driving licence may continue driving in Spain and exchange it for a Spanish one.

A [Government website](#) provides information in English on the rights of UK citizens living in Spain, with or without a withdrawal agreement, but this has not been updated to take account of the new exit day.

Borders and customs

In February the Government approved a decree to hire 1,735 new staff to address no-deal difficulties, particularly in border and customs control.

Business and services

The 2018 *Elcano* report (see above) pointed to possible damage to the Spanish tourism industry (“Spain receives millions of British tourists every year, accounting for almost a quarter of visitors to the country”) and the need for the industry to prepare:

it is important that the Spanish tourism industry prepares for a possible reduction in British visits and draws up contingency plans both with the Spanish authorities and with British tour operators, who are equally dependent on tourism to Spain.

On 6 November 2018 the *Independent* reported that Tourism Minister Reyes Maroto was meeting UK tour operators “to discuss contingency plans to ensure millions of British tourists can still visit her country in the event of a no-deal Brexit”.¹⁵⁵

Politico reported on 2 November 2018 that “Only 31 percent of Spanish companies have made contingency plans for Brexit, and just 19 percent have started implementing those plans, [according to a survey](#) of 2,000 executives conducted by KPMG in coordination with the CEOE, Spain’s biggest business lobby”.¹⁵⁶ But the report went on to outline Government initiatives to help businesses prepare for Brexit.

In the Parliament Prime Minister Sánchez and Foreign Minister Borrell emphasised the need for public administration and business leaders to make “their own contingency plans” to face “any kind of scenario that can occur after March 29, 2019”. Deputy Prime Minister Carmen Calvo has been “coordinating plans across all government departments”, preparing to hire extra customs officers and “laying out urgent regulations on trade protocols or phytosanitary standards”.¹⁵⁷

On 15 January 2019 the Government launched a new page on its Brexit website to provide information for citizens and economic operators on

¹⁵⁵ The Independent, [Spain seeks contingency plans with UK tour operators over fears of no-deal Brexit](#), 6 November 2018

¹⁵⁶ *Politico*, [Madrid tells businesses to get ready for \(any\) Brexit](#), 2 November 2018

¹⁵⁷ *Politico*, *ibid*

how to prepare for a no-deal UK exit and on contingency measures adopted at national and international levels.¹⁵⁸

2.27 Sweden

In 2017 the Swedish Government asked four agencies to analyse the consequences of Brexit in specific areas. Their conclusions are summarised on the [Swedish Government website](#). The Government also established a 'preparedness group' to look into the potential consequences of 'no deal'.

Citizens' rights

On 7 March 2019 the Government adopted a regulation which exempts UK citizens who were resident in Sweden under EU law on exit day from the obligation to have a residence and work permit. The exemption will apply for a period of one year from exit day, as long as the conditions for residence rights under EU law are fulfilled. UK citizens and their family members will have to apply during this time for residence and work permits.

Information on the new measures is on the websites of the Government, [What will a no-deal withdrawal mean for UK citizens resident in Sweden?](#), the Swedish Migration Agency and social media.

Government ministries have published detailed information on changes to Swedish law to address citizens' rights if there is 'no deal':

Ministry of Justice

[Measures to make things easier for UK citizens in Sweden in the event of a no-deal Brexit \(in Swedish\)](#)

Ministry of Health and Social Affairs

[Measures to mitigate the consequences to social security schemes – export of benefits and coverage of costs for health care conducted in the United Kingdom \(in Swedish\)](#)

[Potential to continue processing ongoing applications on the recognition of professional qualifications for some professions in the health and medical care sector \(in Swedish\)](#)

Ministry of Education and Research

[Exemption from provisions on application and tuition fees at higher education institutions for certain British citizens after Brexit](#)

[The right of UK citizens not registered in the population register to continue to attend Swedish schools](#)

Ministry of Enterprise and Innovation

[Temporary exemptions in the Driving Licence Ordinance concerning the validity of UK driving licences in Sweden \(in Swedish\)](#)

Business

¹⁵⁸ Unofficial translation of Government [web page on Brexit](#). See also *El País (in English)*, [Spanish government launches website to warn about effects of Brexit](#), 15 January 2019.

Sweden's financial regulator, *Finansinspektionen* (FI), called on "investors clearing derivatives through London to prepare for their counterparties to be considered unauthorised after the UK leaves the EU in March".¹⁵⁹ The FI analysis, [Consequences of Brexit for the Swedish Financial Market](#) (21 June 2018), recommended that investors "assess the likely consequences for liquidity and solvency, and take capital and liquidity planning into account", and that companies should the possible effects of Brexit on their business models and strategies, and how to "manage potential adverse effects".¹⁶⁰ The Swedish Chamber of Commerce has issued guidance, [Brexit – what is it, and how will it affect my business?](#) (30 October 2018) on its website.

The Government has proposed giving itself the right to issue temporary regulations or delegate the authority to issue regulations to the Swedish Financial Supervisory Authority (the SFSA) to allow UK MiFID II investment firms to provide services into Sweden until the end of 2021. The proposal is before the Swedish Parliament. It was discussed in the Finance Committee on 28 February 2019, which published a report in March 2019. The proposal was debated on 13 March 2019.

The Government has established a [website](#) on its Brexit policy and pages on [Preparations for UK withdrawal and contingency planning for a 'no-deal' scenario](#).

2.28 The EEA and EFTA

Leaving the EU means also leaving the European Economic Area (EEA), which comprises the EU Member States and three of the four members of the European Free Trade Association (Iceland, Norway and Liechtenstein – Switzerland is not in the EEA). A no-deal exit would also affect these countries. This section looks briefly at Norway and Switzerland.

Norway

Citizens' rights

The Norwegian Government has been preparing for Brexit with or without an agreement. In February 2019 Norway, the other EEA/EFTA States and the UK reached an agreement that will safeguard citizens' rights in a no-deal scenario. The [EEA EFTA No Deal Citizens' Rights Agreement](#) ensures the right to work and reside for UK citizens and their family members who are entitled to reside and work in Norway on exit day. The UK Government has published an [Explainer](#) on the Agreement and the Norwegian Government has published [frequently asked questions](#) and answers on citizens' rights in a no deal-scenario (updated 4 April 2019).

Other UK agreements with EEA/EFTA States

- [Norway and Iceland Trading Arrangements](#)
- [UK-Switzerland-Liechtenstein Trade Agreement](#)

¹⁵⁹ IPE, [Swedish watchdog urges preparation for 'hard' Brexit](#), 24 October 2018

¹⁶⁰ Ibid

- [Norway Fishing Agreement](#)
- [Iceland Air Services Arrangement](#)
- [Norway Air Services Arrangement](#)
- [Norway Road Transport Agreement](#)

Switzerland

Citizens' rights

The UK and Swiss Governments have concluded a [Citizens' Rights Agreement](#) which will apply with or without a withdrawal agreement. Its terms are set out in the Government [Explainer](#).

UK citizens entering Switzerland for the first time after exit day will generally be treated as any other non-EU nationals and will be subject to Swiss laws on Swiss/EU nationals having priority, a quota for non-EU citizens, salary and professional qualification requirements.

On 13 February 2019 the [Swiss Federal Council announced](#) it would introduce temporarily a special quota of 3,500 permits for UK citizens until future immigration arrangements have been agreed. The quota will be allocated quarterly to the cantons and will apply from 30 March to 31 December 2019 and the cantons rather than the federal authorities will issue permits. Under a bilateral UK-Swiss agreement in December 2018 this quota will not apply to UK citizens who are already living in Switzerland under residence rights acquired under the Agreement on the Free Movement of Persons between Switzerland and the EU. Their residency rights are safeguarded.

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