

# European Scrutiny Committee

House of Commons London SW1A 0AA

Tel (020) 7219 3292 Email [escom@parliament.uk](mailto:escom@parliament.uk) Website [www.parliament.uk/escom](http://www.parliament.uk/escom)

From: Sir William Cash MP

26 March 2020

Rt Hon Steve Barclay MP  
Chief Secretary to the Treasury  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

## **Possible UK participation in EU funding programmes from 2021**

Since May 2018 the European Scrutiny Committee has kept a watching brief on the EU's negotiations for its next Multiannual Financial Framework (MFF) 2021-2027, in anticipation of possible UK participation in specific EU programmes during that period as a 'third country'. In particular, we maintain the view that the EU's proposed budgetary allocation for programmes of interest to the UK under the new MFF will in turn directly impact on how much we may be asked to contribute to participate.

In the Government's command paper of 27 February on the UK's future relationship with the EU, it confirmed the UK will 'consider' seeking participation in four EU programmes: "Horizon Europe" research programme; the Euratom nuclear research programme (but without referring explicitly to continued involvement in the nuclear fusion research project ITER); the Copernicus earth observation project; and the "PEACE PLUS" cross-border cooperation scheme on the island of Ireland.

It also noted that continued involvement in the Erasmus+ student mobility programme could be an option "on a time-limited basis, provided the terms are in the UK's interests". There is no reference to the possibility of funding from the Connecting Europe Facility for cross-border energy projects between the UK and the EU, despite the ambition for "technical cooperation[...] in the

planning and use of energy infrastructure” and the “integration of renewable power and investment in decarbonisation projects in the north seas”.

The exact conditions under which the UK could seek participation in these programmes are yet to be finalised by the European Parliament and the remaining Member States as part of the MFF negotiations. However, based on the draft legal text on UK ‘association’ circulated by the European Commission in March 2020, we consider that the potential UK financial contribution in return for involvement, especially in the case of “Horizon Europe”, could be significant. In particular, we have taken note of the Commission’s proposed methodology for the UK’s contribution key, which would be defined as the ratio between the UK’s GDP and that of the EU (as is the case for Switzerland’s participation in the EU’s current research programme), and the new “rebalancing mechanism” to prevent the UK from becoming a substantial net beneficiary of EU programmes as a non-EU country.

In addition, the Government will need to clarify precisely the coherence between saying that under the new UK-EU partnership there cannot be "any jurisdiction by the CJEU over the UK's laws, or any supranational control in any area", while the EU’s agreements on participation in its programmes with countries like Switzerland show that acceptance of some limited jurisdiction of the Court vis-a-vis recipients of EU funding, is generally a precondition for ‘association’ in EU funding schemes. Similarly, non-EU countries have to date also been asked to acknowledge the powers of the EU’s anti-fraud body OLAF to investigate potential irregularities in EU spending.

These technical and legal hurdles aside, the process of seeking "association" could also easily become politicised by developments in the wider negotiations between the UK and the EU on a new economic and security relationship. The example of Switzerland, which was suspended from significant parts of the EU's research funding programme over its refusal to extend free movement to Croatian nationals after the country joined the EU in 2013, is instructive in this regard. UK and EU scientific cooperation could easily become a casualty of the wider negotiations even if participation in the relevant EU programmes is in both sides' interest.

In light of the above, we ask you to write to us by 10 April, in consultation with other relevant Government Departments, to:

- Provide us with your initial assessment of the European Commission’s draft legal text on UK participation in EU programmes of 12 March 2020, especially the proposals related to the methodology for the UK’s mandatory financial contribution;
- Clarify whether the Government’s consideration of UK participation in EU programmes means it would be willing to accept some limited role

for the CJEU, OLAF and the Court of Auditors, as for example Switzerland has done in return for participation in EU research programme for the 2014-2020 period, despite the Prime Minister's statement of 3 February 2020, in which he excluded "any jurisdiction for the CJEU over the UK's laws [and] any supranational control" under UK-EU agreements;

- Explain which specific concerns Erasmus+ led the Government to say that any UK participation in this mobility scheme for students would only be "on a time-limited basis, provided the terms are in the UK's interests";
- Clarify if the Government, as part of any continued involvement in the Euratom research programme, would also seek formal participation in the EU's 'Fusion for Energy' agency and its contribution to the ITER fusion research project;
- Confirm whether the Government has ruled out seeking co-funding from the Connecting Europe Facility for any cross-border infrastructure projects with neighbouring countries, especially in the field of energy; and
- Set out on what basis UK participation in other EU programmes not explicitly listed in the command paper of 27 February appear but tentatively identified in the Political Declaration now have been ruled out, especially with respect to Creative Europe, the European Defence Fund, the Neighbourhood, Development and International Cooperation Instrument and the Civil Protection Mechanism.

We look forward to receiving further updates from you in due course, if appropriate, in relation to any progress in negotiations with the EU on the conditions of any UK 'association' with specific EU programmes, including in particular on the specific methodology underlying any UK financial contribution.

I am copying this letter to Lord Kinnoull and Christopher Johnson in the Lords; to Hilary Benn, Chair of the Committee on the Future Relationship with the EU and Gordon Clarke, Clerk of that Committee; to Les Saunders at the Cabinet Office; and to Aidan Irwin-Singer at your Department.

**CHAIR**