



**European Committee  
of the Regions**

# The European Committee of the Regions & the likely impact of the United Kingdom's intention to withdraw from the European Union for local and regional authorities

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Resolution of the European Committee  
of the Regions on the implications  
for local and regional government  
of the United Kingdom's intention to  
withdraw from the European Union

**24 March 2017**







**Resolution of the European Committee of the Regions on the implications for local and regional government of the United Kingdom's intention to withdraw from the European Union**

(2017/C 272/03)

THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

— Having regard to the result of the referendum which took place in the United Kingdom (UK) on 23 June 2016;

1. Recalls that the European Union (EU) is the greatest political achievement in history guaranteeing peace, democracy and prosperity for its citizens, that it remains the best instrument for its Member States to address new challenges, and that strengthening its unity and promoting its interests should be our priority.
2. Recalls that the UK's withdrawal agreement must be fully compatible with the EU Treaties and the EU Charter of Fundamental Rights and calls on the remaining Member States and the EU's institutions to consider that the UK's withdrawal from the Union should be used as an opportunity to build a fairer, better and more inclusive EU based on the promotion of multi-level governance between the European, national, regional and local levels.
3. Notes that the EU will need to work together with the UK government, its devolved administrations and local government in order to identify mutually beneficial forms of cooperation, taking into account existing success stories.
4. Emphasises the fact that regional and local authorities can contribute positively to the pursuit of productive and sustainable future cooperation between the UK and the EU.
5. As the EU's assembly of regional and local representatives, intends to play a role in accompanying the negotiation process, and to address the anticipated consequences of the UK's withdrawal throughout all of its political work. In this regard, will actively step up its dialogue with the local and regional governments that are most concerned by this process, in order to provide the EU's negotiator with a complete picture of the evolving situation at local and regional level.
6. Calls for an agreement on the principles of an orderly withdrawal to be reached as soon as possible, as it would provide citizens, local and regional government and companies with the certainty they deserve and would be, in this respect, a prerequisite to the future EU-UK relationship; points out, however, that Article 50 TEU does not prevent a Member State from withdrawing the notification of its intention to leave, provided that its intentions are genuine and not a procedural device to restart the two year period, nor used as a bargaining chip to secure concessions.
7. Notes that the formal announcement triggering Article 50 and the related two year period is to be made on 29 March 2017. Underlines in this context that the result of the complex negotiations on both the withdrawal from the EU and the arrangements for the UK's future relationship with the Union should be subject to the appropriate forms of democratic endorsement before taking effect.
8. Considers that the future relationship between the EU and the UK should be based on a balance of rights and obligations, a level playing field as well as efficient enforcement mechanisms and should not pave the way for dismantling the single market and the four freedoms of movement.
9. Stresses that there can be no agreement between a non-EU country and the EU that is better than EU membership.
10. Calls on the parties who will negotiate the withdrawal agreement to prioritise concrete measures that protect the acquired rights of EU citizens living in the UK, as well as UK citizens who live and work in other EU Members States, on the basis of reciprocity and non-discrimination.
11. Underlines that an acceptable solution must be found as regards the future relationship between the UK and the EU in order to prevent border arrangements from hampering social, economic, cultural and political ties.



12. Stresses that territorial cooperation programmes should remain open to all UK devolved administrations and local government beyond 2020. Highlights that the European Grouping of Territorial Cooperation (EGCT) could be a useful instrument in this regard.

13. Considers that cooperation between local and regional government in the Irish Sea, Channel and North Sea areas, deserves particular attention.

14. Wishes to see a practical solution that recognises the unique context of the land border between Ireland and Northern Ireland. Highlights that the EU has played a major role in cross-border cooperation, not least between local governments in Ireland and Northern Ireland for more than 25 years, through the INTERREG and PEACE programmes in particular. Calls on the Northern Ireland assembly and local government on both sides of the border to continue working to ensure peace and prosperity.

15. Hopes that the region of Andalusia and, in particular, the workers of the Campo de Gibraltar district, do not lose out as a result of the UK leaving the EU, given the close-knit social and economic interdependence in this area.

16. Expects that all legal commitments taken by the UK as a Member State will be part of the single financial settlement to be calculated on the basis of EU official accounts and to be concluded in the withdrawal agreement. Against this background calls for the budgetary impact of the UK's withdrawal upon the regions and local authorities of the remaining Member States to be assessed in each EU policy area.

17. Notes that the UK's exit, in the framework of the next MFF, will have an impact on the EU budget and therefore suggests that this change in the budget should be used as an opportunity to pursue in-depth reform of the EU budget, taking into account the needs of local and regional government.

18. Emphasises that the consequences for cohesion policy of the UK leaving the EU will depend on when the UK's withdrawal will enter into force and what kind of future relationship will exist with the UK, notably as regards potential shifts in categories of regions; it should be avoided that the decline in the EU average GDP per capita could harm certain regions, just because their GDP per capita has been artificially increased in comparison to the European average.

19. Stresses that the EU-27 should closely follow the drafting process of the Great Repeal Bill, as the disentanglement of EU legislation in the UK is both an issue of multi-level governance and of the preservation of fair rules on standards and competition.

20. Highlights that the European maritime and fisheries policies are going to be among the EU policies most affected by the UK's withdrawal, and that special attention should be paid to possible arrangements to mitigate the consequences for all regions and local authorities concerned. Requests that any measures should take into consideration the historic fishing rights of adjacent ports, regions and countries, and provide security for local fisheries, which are at the heart of coastal communities.

21. Is concerned that a reduction of funding for CAP would adversely impact farmers and rural areas across the EU, potentially including the protection of biodiversity. Highlights that UK withdrawal could have a significant impact on agriculture and food production, and therefore on local communities, in particular on the island of Ireland, and wishes to see these issues adequately addressed in the negotiations.

22. Invites the parties to the withdrawal agreement to consider temporary arrangements so as to minimise disruption to the current long-standing R&D projects, and by extension to local economies.

23. Notes that it should be clarified as to whether current UK energy projects, especially those launched by or geared towards local and regional authorities and aiming at CO<sub>2</sub> reduction and sustainable energy provision, would continue to be eligible for CEF, EFSI and EIB funding, and what sort of transitional arrangements would be necessary as a result of the UK's exit from the EU.



24. Calls on the parties to the withdrawal agreement to consider the potential effect of the UK's exit on the EU's Youth and Education and R&D programmes and invites them to consider appropriate solutions via the so-called 'partner countries' approach, which allows for the inclusion of non-EU countries on the basis of bilateral agreements with the EU. In that respect calls on the Parties to facilitate the participation of UK local and devolved authorities in the future EU programmes including those for research, competitiveness and innovation, culture, lifelong learning, youth, e-government, public sector reform, in a similar fashion that countries, such as, for instance, Norway or Iceland currently do. Recalls that student exchange (with and without ERASMUS) has been one of the great success stories of European integration and both EU and UK universities have been able to benefit from this to a spectacular extent. Any future agreement should therefore try to preserve the active role of UK universities in this regard, which also hugely benefits local and regional economies.
25. Points out that it is in the interests of the EU's local and regional government to foresee permanent and structured cooperation with the UK's sub-national governments following the UK's withdrawal. Notes, in this regard, that the CoR is best placed to devise and implement institutional mechanisms to promote regular consultation and interaction with local government and devolved parliaments and assemblies in the UK. Also stresses the need to further develop partnerships with the Congress of the Council of Europe and relevant networks of local and regional authorities where UK local governments would continue to be represented.
26. Recalls that, even if the CoR does not have a formal role in the negotiations, it is clear that some of its members — according to their national legal framework — will have the possibility of adopting formal positions at least as regards the arrangements concerning the future relationship between the UK and the EU, including on trade.
27. Instructs its President to forward this resolution to the chief negotiator of the European Commission, the Brexit coordinators for the European Parliament and the European Council; the Government of the UK, the assemblies and governments of the UK's devolved administrations and local governments, and the Maltese Presidency of the Council of the EU.

Brussels, 24 March 2017.

*The President  
of the European Committee of the Regions*  
Markku MARKKULA

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Summary of the ongoing meetings  
with the United Kingdom devolved  
administrations and local government

**2017**









## European Committee of the Regions

### Summary of the ongoing meetings with the United Kingdom devolved administrations and local government

#### *In a nutshell:*

*CoR's Members - mainly in the framework of the CoR Conference of Presidents - have met on several occasions with the devolved administrations and the local government from the UK to discuss and collect evidence on the impact of the United Kingdom's withdraw from the European Union.*

*These meetings are aimed at providing evidence to the Chief negotiator of the European Union.*

*The main concerns heard are:*

- A general lack of information and official debriefings on the ongoing negotiations;*
- The need to be part, even informally, of the United Kingdom's Negotiation Team;*
- The need to assure that the subsidiarity principle is applied once the United Kingdom's EU membership ends in order to avoid the renationalisation of many competences currently granted to the sub-national level according to the principle of partnership; in this context, British colleagues are concerned about the total absence of perspective for local government to be heard in the phase of legislative making process, whilst this was still possible through the European Committee of the Regions within the EU's decision-making system, including the possibility to appeal the Court of Justice on subsidiarity ground;*
- The need to keep soft borders (both between Northern Ireland and Ireland but also in the British cost, for instance in the Welsh ports otherwise loosing competitiveness);*
- The need to set up new mechanisms for partnership for territorial development (cross-border cooperation; macro-regional cooperation for the Northern Sea, EGTCs);*
- The need to find flexibility in the European Union's programs such as Erasmus or Horizon 2020 in order to allow British cities, universities, SMEs to keep, under new conditions, be part of the European multi-lateral partnership.*



A. Fact-Finding mission of the CoR to London on 30 January 2017

- ✓ The visit took place at the invitation of Councillor Paul Watson, Leader of Sunderland City Council and Head of the UK Delegation to the CoR. The European Committee of the Regions delegation met with the British Minister of State at the Department for Exiting the European Union, David Jones, and political representatives of the UK's devolved administrations and local Authorities from England, Scotland, Wales and Northern Ireland.
- ✓ During the meeting at the headquarters of the UK's Local Government Association (LGA), Minister of State David Jones highlighted the importance of subsidiarity and proportionality, underlined that the British Government would engage with all levels of British society in the process leading to the new future of the UK as an independent sovereign country, specifically paying attention to opportunities this could create for local Governments. He encouraged the CoR and UK local Government Representatives to set up a series of meetings and a continuous dialogue.
- ✓ Councillor Paul Watson stressed that local Governments and the devolved bodies have an important role to play. It is important that the EU powers that return to the UK do not get stuck in Whitehall, but should be passed to the level of Government closest to the citizen, and to ensure that these new tasks are well-implemented, and that the councils and devolved bodies receive adequate financial resources.
- ✓ LGA has collected and established a list of priorities for local and regional Government in view of the parliamentary and public debate about the UK's future relationship with Europe:
  1. The autonomy of local Government. New devolution settlements are needed in England and across the UK to bring new powers to communities through local democracy. LGA has secured a UK-wide approach with the other three UK local Government associations and issued a joint call for constitutional talks with Government to ensure that three key principles underpin any new settlement. There is agreement from councils across the UK about the need to observe a principle of subsidiarity, enhance the legal position of local Government, and provide greater fiscal autonomy to local government.
  2. The need to develop a new legal base for local government. Many EU laws have an impact on the daily activity of local councils and the future review of UK laws of EU origin must be informed by their real impact on the ground. This must lead to new legislative freedoms and flexibilities for councils to the benefit of local communities, businesses and consumers. LGA is developing a database of EU decisions, regulations and directives that affect local Government in England. It will list laws covering a wide-range of services and set out where change may be needed. Some EU laws may need to be replaced immediately after exit as current legal processes are dependent on certain EU structures. Procurement, state-aid and regional funding are a few examples.
  3. Securing investment that is currently sourced from the EU. The UK Government must begin developing a growth policy post-Brexit. This must be designed and delivered by local areas as an integrated replacement for EU funding and existing national schemes to support infrastructure, enterprise and social cohesion. One of the priorities for local Government is securing the investments in local growth that should have been received from the EU until 2020. The UK Government has already confirmed that local areas with existing EU funding agreements by the time the UK exits the EU will receive replacement funding. This will provide greater security to councils looking to invest in their local areas for economic growth and skills development. The next challenge is to create a UK replacement for the EU regional aid.
  4. Community cohesion. The Local Councils play the leading role in bringing communities together and will be important in tackling challenges such as the retention of skilled workers.



An important strand of this work is to understand the impact of Brexit on those workers in public services, and the consequences of Brexit regarding the percentage of non-UK EU nationals in the workforce.

5. Addressing specific local impacts. Government departments must begin to gather evidence and address the specific impacts and opportunities of Brexit at the local level, in both urban and rural areas. The local Governments have an essential role in providing evidence as to how the UK's departure will affect various areas taking into account specific local circumstances. LGA is leading a commission with the Government and local authorities to build the evidence of the specific local impacts of exiting the EU. Priority areas include local growth, local public services and regional funding.
- ✓ CoR President, Markku Markkula, stressed that Brexit will have an impact on local and regional Governments in both the UK and the EU, which is why it was important to continue to work closely together to understand the local economic, political and social consequences. During the Brexit negotiations, the European Committee of the Regions will support local and regional authorities, to allow them to voice their views. Towns, cities, regions and localities in the UK and across Europe have well-established ties built up over the years. We need to think how we can continue to learn from each other, share ideas and maintain these relations in the future.
  - ✓ Furthermore, the CoR President highlighted two dimensions of Brexit that were of particular interest for the CoR, and for which he asked the cooperation with the UK's local and regional authorities: (a) The impact from the economic, political and social perspectives of the Brexit at regional and local level throughout the EU; (b) The legal consequences of Brexit on the devolved administrations, and within the EU.
  - ✓ CoR President Markku Markkula explained that the CoR will start analysing the future EU budget and the consequences of Brexit on different policies, starting from cohesion, and that the CoR's commissions and rapporteurs will systematically analyse the Brexit effect. Although formally the CoR does not have a role in the negotiations, the CoR President informed that the CoR held a meeting, in mid-January with Michel Barnier, the Chief Negotiator of the European Commission, who confirmed his wish to open a channel of dialogue and communication in order to allow local and regional stakeholders to be informed and heard throughout the process. This would also allow the UK's devolved administrations, represented in the CoR, to express their views alongside colleagues from the CoR.
  - ✓ During the debate following these interventions, several aspects of Brexit on local and regional authorities were highlighted, such as the special position of Northern-Ireland, the EU citizens working in the UK and vice versa, the effects of Brexit on environmental and climate policy, rural development, agriculture and research. Participants agreed that the development of a new role for local and regional Government was crucial but that Brexit could also be regarded as a positive opportunity in this regard. It was agreed that the dialogue between the UK-members and the CoR would be continued and the CoR President asked UK members to submit their concrete proposals for further discussions in writing.
  - ✓ The CoR delegation also met in the London Assembly with representatives of the Greater London Authority, namely Ms Jennette Arnold, Deputy Chair of the London Assembly and Member of the CoR, Mr Len Duvall, Chair of the EU Exit Working Group, Mr Gareth Bacon, Deputy Chairman of the EU Exit Working Group, Ms Joanne McCartney, Deputy Mayor, and Mr David Kurten. Ms Katie Smith, Head of Scrutiny, stressed the main risks for London of an EU Exit, in terms of economics and as a loss of skilled labours. During the debate, CoR President Markku Markkula reminded the necessity to take into account the situation of EU workers in London. Participants agreed that it was indeed necessary to bring clarity for them. London as a leading world city where



UK and international companies are based - is willing to continue providing services to the whole Europe in particular in fields such as finance and related professional services, creative, cultural and media services, science and technology, higher education and research. It was also stressed that the inter-regional cooperation between London and the EU LRAs should also continue. The case of research and innovation related projects, as well as education and training schemes were specifically addressed, as an important source of innovation for UK and EU companies. Finally, the representatives of the Greater London Authority London said that London did not want to turn its back to the EU, even though the UK is leaving the EU. Close ties should continue to exist.

B. Fact-Finding mission to the CoR of a delegation of the UK Parliament, Members of the Scottish Affairs Select Committee on 25 April 2017

- ✓ The visit was part of the ongoing inquiry into Scotland's place in Europe, which looks at available options for retaining Scotland's EU membership and focus on how Scotland can best be represented in future negotiations. It follows the referendum on the UK's membership of the EU, where 62% of Scotland's population voted to remain. Among the subjects of this enquiry, the question of what role Scotland will have in the process of the UK's withdrawal from the EU is addressed. The consequences and opportunities for developing Scottish trade in Europe and beyond in light of the EU referendum results are also major concerns of the enquiry.
- ✓ The First Vice-President of the European Committee of the Regions, Mr. Karl-Heinz Lambertz, welcomed the following guests from the United Kingdom: three MSPs from the Scottish National Party (namely, Mr Peter Wishart, Ms Margaret Ferrier, Mr Chris Law), one MP from the Conservative Party (Mr Christopher Chope), Mr Peter Stam (second clerk), Mr Edward Faulkner (Committee specialist) and Ms Fraser McIntosh (Deputy House of Commons Representative to the EU).
- ✓ The UK delegation asked several questions about the composition and functioning of the CoR, in particular about whether Scottish members could remain CoR members after Brexit. Most MPs underlined their lack of support for the UK's exit. Ms Margaret Ferrier also expressed her regret that the CoR's UK Delegation will have to leave the CoR, a body with important political experience at the subnational level, after the end of the negotiations.
- ✓ Mr Chris Law enquired about what partnership frameworks the CoR had with its partners and Ms Ferrier about existing working relationships with EFTA countries.
- ✓ Mr Chope asked whether the members of the CoR's UK Delegation would retain their seats and be full members till the end of the Brexit negotiations. He also wanted to know whether and how the Brexit-decision would impact the CoR's budget. As for the UK's future relationships at local and regional level with the continent, he explained that the UK should strengthen their links with the Congress of Local and Regional Authorities of the Council of Europe.
- ✓ Ms Ferrier enquired about the CoR's reasons and the timeframe for launching closer dialogues with citizens.
- ✓ The UK delegation was generally critical of the lack of communication prior to the referendum on the UK's exit from the EU and asked whether the EU would envisage a communication campaign to promote the EU within the UK.
- ✓ The UK delegation explained that their paper "Scotland's Place in Europe" from 2016 will be probably reviewed and updated. The upcoming fact-finding visit to Edinburgh of the European Committee of the Regions' Conference of Presidents was also very welcomed.
- ✓ The MPs also mentioned their recent meeting with MEPs Guy Verhofstadt, Ms Danuta Huebner and Mr Mairaid McGuinness.



- ✓ The First Vice-President of the European Committee of the Regions, Mr Karl-Heinz Lambertz, highlighted the importance of having a good relationship in the future. He also mentioned that challenging months and years were ahead of us. He stressed that the CoR as an European institution will be closely following the official Brexit negotiations. The First Vice-President also added that the local and regional levels will have to evaluate current and future impacts and contribute to finding pragmatic solutions.
- ✓ The CoR's increasing role in re-engaging with citizens was highlighted, inter alia, in relation with the referral received from European Council President Donald Tusk. In this context, the CoR representatives explained "Reflecting on Europe" process, to which the CoR is committed. With regard to the CoR's existing partnerships and cooperation, they mentioned the instrument of EGTC, the ARLEM, and other examples such as the Ukraine Task Force and the Eastern Partnership; they did, however, point to their limited scope. Concerning the EU's communication, they explained that the CoR was stepping up its communication.
- ✓ The UK Delegation's expressed high appreciation to the CoR's representatives for their welcome and the exchange of views.

C. Fact-Finding mission of the CoR to Scotland on 22 June 2017

- ✓ The mission consisted in a series of meetings and discussions with: (a) Representatives from Cabinet of the devolved administration of Scotland including Dr. Allan, Minister for International Development & Europe; (b) Mr. Ken Macintosh in his capacity of Convener of the Scottish Parliament; (c) the Members of Scottish Parliament in the Culture, Tourism and External Relations Committee, (d) Representatives from COSLA (the Scottish association of local authorities which is the national and international voice of Scottish Local Government as well as the nominating and supporting body of the Councilors representing Scotland at the CoR).
- ✓ The representatives of the Scottish government explained that they expected their workforce and therefore many areas of the Scottish economy to be impacted heavily by the UK's exit from the EU, especially their agriculture sector, higher education programs and tourism. It was stressed that the Scottish rural communities depend on workers from the EU in a range of sectors, with tourism providing more than 200,000 jobs in total and 21,000 of these held by non-UK EU nationals. The Scottish Government analysis estimates that resources for public spending could be up to £3.7 billion a year lower under a hard Brexit, more than double the annual budget for Scotland's universities and colleges. While the UK's own domestic market is around 4 times more important for Scotland than the EU, the EU is the main destination market for Scotland's international exports, accounting for 42% of the total in 2014. In 2014 companies in Scotland sold £11.6 billion of goods and services to companies and consumers in the EU. It was also reminded that the Scottish Government had published in December 2016 the documents "Scotland's Place in Europe", which focusses on finding a common ground with the UK Government around a solution that would protect Scotland's place in the European Single Market from within the UK (where it is argued that the UK as a whole should remain within the European Single Market - through the European Economic Area - and within the EU Customs Union). The Scottish Cabinet Representatives reminded the results of the referendum which took place on 23.06.2016 and which resulted in an overall vote to leave the EU, as opposed to remaining an EU member, by 51,9% to 48,1% respectively. They also expressed serious dissatisfaction relating to the subsequent process for the UK's departure from the EU and noted that they would have liked to see the devolved administrations given a formal role in the formal UK-EU negotiations; they also expressed dissatisfaction about the communication between the UK government and the devolved



administrations on the UK's exit from the EU. They mentioned also the challenge faced by the Government to explain the consequences of the UK's exit from the EU to the Scottish people. It was noted that the changes following the 8 June elections lead to an even more complex political situation, whereby the British Prime Minister's party lost seats overall but won seats in Scotland, while the Scottish party lost seats.

- ✓ The CoR Representatives informed about the dialogue CoR has with the Brexit negotiation team and about CoR commitment to voice the concerns of LRAs impacted by an exit of the UK from the EU, underlying also the importance of future collaboration at LRAs level, especially in fields like higher education or sustainable development. President Markkula and the First Vice-President Lambertz have also expressed their availability for informal contacts and exchange of information as well as their hope that Brexit will be compatible with new forms of cooperation in the future.
- ✓ The meeting with the Scottish Members of the Culture, Tourism and External Relations Committee, introduced by the Convener of the Scottish Parliament, was a reach and open exchange of opinions.
- ✓ Mrs. Joan McAlpine MSP, Convener of the Culture, Tourism, Europe and External Relations Committee, referred briefly to the strong links with the CoR (as many members of the Scottish Parliament have been members of the CoR) and presented the External Relations Committee's work on Brexit. Four reports have been prepared so far by the Committee, including on citizen's rights, and three expert reports on the long term impact of Brexit, some of these analyses anticipating the loss of 80 000 jobs, a significant decrease in salaries in the next 10 years, amongst others. There are significant concerns in specific economic sectors, in particular higher education, food and drink sector, agriculture, immigration. In terms of process, the Scottish parliament will scrutinize the Scottish Government activity on Brexit.
- ✓ A majority of MSPs expressed dissatisfaction about the Scottish Government not having a seat at the negotiation table and about the works of the UK Joint ministerial committee on Brexit, which some felt had not offered so far the needed structured dialogue with the devolved nations.
- ✓ MSPs had diverging views on a bespoke solution for Scotland, with SNP members strongly advocating it and the Conservative and Labour members not supporting a differentiated approach. The need for a solution that would safeguard Scottish interests was stressed, while some MSPs including Jackson Carlaw MSP focused on the need for reform of CAP and fisheries policies, the failures of which, in their opinion was responsible for many of the votes supporting the UK's withdrawal from the EU. Mr Carlaw MSP suggested that lessons could be drawn from the UK's negative experiences with the EU's CAP and fisheries policies so as to help reform the system for the benefit of the remaining EU members. Many mentioned the anxiety in certain constituencies and economic sectors on the consequences of Brexit.
- ✓ Most Committee members expressed their desire to see powers that are not reserved to Westminster in the Scotland Act and which would be repatriated from the EU to be devolved without financial detriment to Scotland.
- ✓ Both President Markkula and First vice-president Lambertz as well as other members of the CoP including ECR President Alderman Jonkman, underlined the importance of LRAs in facing global challenges like climate change, security, law enforcement etc. They insisted on the need to step up the reflection on both sides to identify new, creative mechanisms of cooperation as well as concrete areas of action, expressing their interests to be informed of the results of the call of evidence launched by the Scottish Parliament.
- ✓ The Members of the Conference of Presidents attended the First Ministers Question Time session in the Scottish Parliament and met briefly later on with the Scottish First Minister. The ECR Group member of the CoP also met with the leader of the opposition Ruth Davidson MSP.



- ✓ During the meeting with the Scottish association of local authorities (COLSA), Mr. Buchanan explained that the concerns of Scottish local authorities echoed the ones shared by the Scottish Government and the Scottish Parliament. In this context he expressed serious concerns about the implications of Brexit in the areas of trade and availability of (migrant) work force, which was essential for Scottish economy. He expressed also the wish to be able to continue implementing environment and climate policies towards the EU standards and the need to continue participation in EU programs, welcoming the CoR's Resolution on Brexit and its support towards LRAs continuing the collaboration in EU's Youth and Education and R&D programs, after Brexit.
- ✓ Supported by Peter Johnson, he voiced in particular concerns regarding the future UK constitutional arrangements concerning the devolution of powers and related funding in the areas repatriated from the EU level after Brexit. COSLA campaigned for "Remain". This is why COSLA would like the CoR to work with it to ensure that the interests of Scottish communities are taken into account during the negotiations on the UK's exit from the EU, including the support by CoR of COSLA's call to retain as many links as possible at political, policy and financial levels with the EU after the UK's departure, similar to those of its Norwegian and Icelandic partners. As Brexit will change the Devolution settlement, COSLA has called for a constitutional forum whereby the UK, Devolved and local Governments agree where the competences returned from the EU should rest, in line with the Principle of Subsidiarity and the Charter of Local Self Government of the Council of Europe. The same applies for any future trade deals that the UK might negotiate.
- ✓ The CoR representatives reminded COSLA of the continuous dialogue the CoR has with the EUs negotiation team and the CoR's commitment to voice the concerns of LRAs impacted by the UK's exit from the EU, sharing the hope for a transparent process throughout the negotiations. While expressing regrets for the result of the UK referendum, they underlined the importance of a good communication on the benefits of the EU membership, but also the need implement reforms in the EU policies and processes where these were necessary. They also expressed their belief that a strong development of regions and cities makes a strong Europe and their confidence in finding new ways of cooperation, for the mutual benefit of LRAs.

#### D. Fact-Finding mission to the CoR of a delegation of the Welsh Assembly on 27 June 2017

- ✓ The visit was part of the ongoing inquiry of the Welsh External Affairs Committee on the implications for Wales of Britain exiting the European Union. The External Affairs Committee from the National Assembly for Wales is a cross-party committee of eight Assembly Members which was established on 28 June 2016.
- ✓ The President Markku Markkula welcomed the delegation of the Welsh Assembly, led by Mr David Rees and including Mr David Bowden, Ms Michelle Brown, Ms Suzy Davies, Ms Eluned Morgan, Mr Mark Isherwood, Mr Steffan Lewis and Mr Jeremy Miles.
- ✓ The CoR President mentioned the different meetings held before, in particular with political representatives of the UK's devolved administrations and local authorities from England, Scotland, and London, as part of a wider effort of the institution to establish a closer dialogue. Brexit, despite the difficulties, also offered challenges to be explored, such as increasing the youth participation in EU programmes (e.g. Erasmus), promoting new initiatives targeting young entrepreneurs and transforming globalisation into an opportunity. Other initiatives should also be considered (Smart Cities, Energy, Transportation, and Development). The CoR President also stressed the need to look closer at the situation of the researchers with foreign background in UK and to identify alternative sources of financing (e.g. Cohesion Funds). Knowledge centres should have increased cooperation with SME's, High-Tec's and start-up's. The auditing processes should be streamlined



and made simpler. Cross border cooperation should be exploited and the EGTC's had also a potential to be used.

- ✓ Mr David Rees pointed out that it was important for the Welsh delegation to better know how the CoR could influence the process in terms of the negotiations for the UK's exit from the EU. He underlined that the trade agreements between UK and EU needs particular attention and in some sectors in particular (e.g. manufacturing and agriculture). The situation in the border is of special concern and the change in customs procedures could have an impact on Ireland. He underlined that attention needs to be paid to the post-Brexit trading relationship between Western and Eastern sides of the Irish Channel, similar to the attention being paid to the North-South Irish border. Lastly, it is important to understand how the CoR looks at the transition period. He underlined that the UK's exit from the EU will have budgetary implications for Wales as Wales used to receive more than it contributed to the EU budget. In budgetary terms, Wales is a net beneficiary of EU membership, currently receiving about £680million in EU funding each year. He also added, answering a question, that the agreement with DUP (Democratic Unionist Party in Northern Ireland) was seen with concern, as it could divert resources from other devolved powers to Northern Ireland. It is not yet known if the agreement with DUP will have an impact on the "Good Friday Agreements". The question of the borders is also very critical and the Welsh Assembly has recently met with representatives from the Republic of Ireland. The agriculture and transport sectors are crucial and Wales is keen to work with all the possible partners.
- ✓ Ms Suzy Davies (Cardiff) asked which sectors would have a common impact in EU Member States and how the mutual interests could be promoted.
- ✓ The CoR representatives questioned about the upcoming situation of the Irish Channel, the use of EGTC's, the Brexit impact on Wales and the consequences of the coalition with DUP. They pointed out the importance of the cooperation between North and South and also the strategic domain of fisheries.
- ✓ Mr Mark Isherwood (Holywell) commented that there is no formal coalition between the Conservative Party and DUP. For further information on the potential impact of the UK's exit from the EU, he underlined the need to wait and see how things evolve. The sectors of tourism and transportation had to be followed with particular attention. The situation of foreign students in British universities also deserves attention given previous critical experiences with Non-EU Member States (Ukraine).
- ✓ Mr Steffan Lewis (South Wales East) expressed concerns with the centralisation of the process and said it was necessary for the Governments to work together in view of the transfer of functions from EU to the UK. He mentioned the concept of "new continental partnership", quoting the EU advisor of the German Chancellor.
- ✓ The Representatives from the European Committee of the Regions, said that once the three main immediate questions were solved (Brexit, Northern Ireland, Rights of Citizens) we could move forward to address other points and explore meaningful forms of cooperation with UK and the EU.

E. Annual Conference of the Local Government Association on 5 July 2017.

- ✓ The CoR was also represented at the annual conference of the *Local Government Association* on 5 July 2017, attended by council leaders and which took place in Birmingham. The Conference was the biggest event in the British Local government calendar and has attracted more than 1.500 council leaders and chief executives as well as Government Ministers and Senior Representatives from business and the voluntary and community sectors.



- ✓ The CoR President, Markku MARKKULA, delivered a speech, at the plenary session entitled "Beyond the Brexit - What role for Local government outside the EU"?. The aim of the session was to discuss the many challenges and opportunities for Local Government as a result of the UK's departure from the EU. President MARKKULA emphasized the role of the devolved administrations and local governance, which will need to assume new competencies to fully support their own territorial development policy and many other policies currently co-financed by the other 27 Member States through the EU. He referred in particular to the principle of subsidiarity which should go hand in hand with the idea of Partnership and that all the potential of the "European Groups Territorial Cooperation" should be fully exploited so that British regional and local authorities could fully take advantage of all the benefits they might be entitled to have. The European Committee of the Regions as well as the Council of Europe Congress of Regional and Local Authorities are obvious platforms to bring about the upcoming cooperation. He highlighted the strong difficulties that hard Brexit would inevitably prompt for regions and cities.

F. Fact-Finding mission to the CoR of a delegation of the British-Irish Parliamentary Assembly (BIPA), on 26 September 2017.

- ✓ More recently, on 26 September 2017 the CoR welcomed a delegation from the British-Irish Parliamentary Assembly (BIPA). The visit was part of the ongoing inquiry of the BIPA on the effects on British-Irish relations of the UK leaving the EU.
- ✓ The President of the European Committee of the Regions, Karl-Heinz Lambertz welcomed the representatives of the BIPA Delegation and informed on the main goals pursued by the institution notably the consultative activity in line with what is prescribed by the Treaty of the European Union. The activity pursued by the CoR focused on consultative works but also on networking the LRA's, associations and EU institutions. On the institution involvement on Brexit efforts were undertaking to mitigate the impact of Brexit, although CoR was not directly involved in the negotiations. Its role could be defined as a facilitator. The instrument of the EGTC's should be better known having a potential to be used in this context. Adam Banaszak (POL/ECR) highlighted the role of CoR as EU's Assembly of Regional and Local Representatives as one of the guardians of the subsidiarity.
- ✓ Anthony Gerard Buchanan (UK/EA) expressed the need to put forward a bottom up approach and therefore for the CoR to be involved in this process, taking particularly into account subsidiarity. He highlighted the added value of the work done by the CoR.
- ✓ Terry Leyden (Member of the Irish Senate) suggested a visit to Irish border regions. Andrew Rosindell (Chair of the British-Irish Committee) confirmed his wish to share with the CoR the results of the ongoing inquiry lead by the Committee B (European Affairs) of the on British-Irish relations of the UK leaving the EU.

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Background note  
on the debate with Members  
on the likely impact of the United  
Kingdom's intention to withdraw from  
the European Union for local and  
regional authorities in the EU

**17 November 2017**









**European Committee  
of the Regions**

Brussels, 17 November 2017

126<sup>th</sup> PLENARY SESSION OF THE EUROPEAN COMMITTEE OF THE REGIONS

- 30 NOVEMBER 2017 -

ITEM 4

DEBATE WITH MEMBERS ON THE LIKELY IMPACT OF BREXIT FOR LOCAL AND  
REGIONAL AUTHORITIES IN THE EU

*Submitted by the secretary-general*

BACKGROUND NOTE



## MEMO FOR THE CoR MEMBERS

### 126th PLENARY SESSION OF THE EUROPEAN COMMITTEE OF THE REGIONS

– 30 November 2017 –

#### ITEM 4

#### DEBATE WITH MEMBERS ON THE LIKELY IMPACT OF BREXIT FOR LOCAL AND REGIONAL AUTHORITIES IN THE EU

The negotiations for the United Kingdom's withdrawal from the European Union are being conducted based on a phased approach adopted by the European Council. Thus, in the first phase, which is where we currently are, the negotiators' objective is firstly to provide as much clarity and legal certainty as possible to citizens, businesses, stakeholders and international partners on the immediate effects of the United Kingdom's withdrawal from the Union, and secondly to settle the rights and obligations that the United Kingdom derives from commitments undertaken as a Member State. Once the European Council decides that sufficient progress has been achieved to allow negotiations to move to the second phase<sup>1</sup>, a comprehensive agreement setting out the framework for the EU's future relationship with the United Kingdom will need to be reached.

#### *WHAT THE EUROPEAN COMMITTEE OF THE REGIONS HAS DONE ON BREXIT*

Since the referendum held in the United Kingdom on 23 June 2016, which resulted in a vote to leave the European Union, the CoR has been committed to actively engaging in dialogue with the local and regional governments that are most affected by this process and to addressing the anticipated consequences of the UK's withdrawal throughout its political work. In this context, on 16 January 2017 the Conference of Presidents welcomed Mr Barnier, in his capacity as EU Chief Negotiator, to discuss, on the one hand, the consequences of the UK's withdrawal from the European Union on the devolved nations in the United Kingdom as well as on a number of EU regional and local authorities and, on the other hand, its impact on key EU policies (e.g. Cohesion, Horizon 2020, etc.). Moreover, Mr Barnier also attended the plenary session on 22 March 2017 and held a fruitful exchange of views with CoR members, who on the following day adopted a *Resolution on the implications for local and regional government of the UK's intention to withdraw from the EU*. This resolution sets out the concerns of the regional and local levels that should be taken into account in the negotiating process.

In parallel with this process, on 30 January 2017 a delegation from the Committee's political groups visited the headquarters of the *Local Government Association* in London at the invitation of the head of the UK Delegation to the CoR, and then went on to meet members of the *Greater London Authority's London Assembly*. The dialogue initiated continued on 25 April 2017, with a visit to the CoR by a delegation of *Members of the UK Parliament's Scottish Affairs Select Committee* in connection with the UK's ongoing inquiry into the possibilities for retaining contacts and links with the EU after the UK's withdrawal from the EU. On 22 June 2017, the Conference of Presidents met several representatives from the *Scottish Cabinet*, the *Scottish Parliament* and the *Convention of Scottish Local Authorities* in Scotland. Moreover, on 27 June 2017 the CoR hosted the eight members of the *External Affairs Committee at the National Assembly for Wales* in Brussels. The CoR was also represented at the annual conference of the *Local Government Association* on 5 July 2017, attended by

<sup>1</sup>

<http://www.consilium.europa.eu/en/press/press-releases/2017/04/29-euco-brexite-guidelines/>



council leaders. More recently, on 26 September 2017 the CoR welcomed a delegation from the British-Irish Parliamentary Assembly (BIPA). At the same time, there have been regular contacts and dialogue with the UK National Delegation at the European Committee of the Regions, and with its leader, Sir Albert Bore.

#### *WHY THE EUROPEAN COMMITTEE OF THE REGIONS IS HOLDING A DEBATE ON THE LIKELY IMPACT OF BREXIT FOR LOCAL AND REGIONAL AUTHORITIES IN THE EU*

The European Committee of the Regions is committed to facilitating the *exchange of information and a common understanding of the expected impact for local and regional authorities in the Member States* of the United Kingdom's potential departure from the European Union. In this context, all CoR members and alternates have been given access to an online platform containing a collection (<http://team.cor.europa.eu/sites/cor-taskforce-cop/SitePages/Home.aspx>) of documents of major interest on the possible impact of Brexit. Moreover, on 27 September 2017 the CoR President launched a *survey* addressed to CoR members and alternates, which aimed to identify what consequences Brexit could have for individual local and regional authorities. The survey also asked CoR members to suggest measures that the EU could adopt to mitigate the impact of Brexit. All the answers and contributions received have been made available to all members on the above-mentioned electronic platform. In addition to this, *CoR rapporteurs* are addressing, where relevant, the expected consequences of the UK's withdrawal from the EU in their respective opinions, supported in their assessment by *the commission secretariats*.

In this context, the *debate to be held as part of our 126th plenary session in November* will focus on three key dimensions of Brexit:

(a) *The economic and social dimension*: The debate will raise the question of how the economies of the various Member States, regions and municipalities will be affected by Brexit, and what the social impact will be in terms of the labour market, labour relations, public regional/local finances and competitiveness. It is of course too early to predict the scenario and the expected results of the withdrawal negotiations. However, it is also clear – as Mr Barnier has said – that, in the event of Brexit, no deal would be a return to a distant past. No deal would mean that trade relations with the United Kingdom would be based on World Trade Organization rules. There would be customs duties of almost 10% on vehicle imports, an average of 19% for beverages and tobacco, and an average of 12% on lamb and also fish, the vast majority of British exports of which go to the EU. While leaving the customs union would in any case involve border formalities, no deal would mean very cumbersome procedures and controls, without facilitation, which would be particularly damaging for companies that operate on a just-in-time basis. For a manufacturer of sports equipment or industrial parts based in the UK, whose products are at present shipped to the single market immediately, this would, in practical terms, mean: keeping their products in stock for three or four days instead of a few hours; renting warehouse space; and an increase in transport costs, with a greater logistical risk. In practice, no deal would worsen the 'lose-lose' situation which is bound to result from Brexit. For instance, in the great port of Zeebrugge, for which the UK is the primary market with 17 million tonnes of roll-on roll-off traffic in 2016, it is difficult to imagine, in the well-understood interest of the UK, Flanders and Belgium, an interruption of supply or a highly efficient organisation being called into question<sup>2</sup>. By choosing to leave the Union, people will move to the other side of the external

<sup>2</sup>

[http://europa.eu/rapid/press-release\\_SPEECH-17-1922\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-17-1922_en.htm)



border that delineates not only the customs union but also the area in which the rules of the internal market are adopted and implemented. Only the combination of the internal market and the customs union guarantees the free movement of goods: The internal market without the customs union – in other words the regime of the European Economic Area for Norway, for Iceland, or for Liechtenstein – still entails a system of procedures and customs controls, among other things in order to check the preferential rules of origin. Conversely, a customs union agreement without the internal market – as in the case of Turkey – does not allow the free movement of goods either, since it also implies a system of procedures and customs controls, including controls to check compliance with European standards. A trading relationship with a country that does not belong to the European Union obviously involves friction. For example, third-country traders do not benefit from the same facilities as Member States with regard to VAT returns. For a third country, 100% of imports of live animals and products of animal origin are and would remain subject to EU border controls. This is one of the challenges that must be addressed in the particular and unique case of Ireland, without recreating a hard border. Moreover, before these products can be exported from a third country to the European Union, the sanitary and phytosanitary conditions for these exports to take place would have to be established. The constraints that this entails for the agri-food industry are thus clear to see. And these constraints also apply to all companies which draw their strength and vitality from the integration of production centres in Europe. The success of the Airbus factory in Broughton, in North Wales, is largely owing to its ability to attract qualified engineers and technicians from all over Europe, and to the ease of the procedures for certification and for delivery to assembly sites in Hamburg or Toulouse<sup>3</sup>. It should be noted that these issues were also discussed at the ECON commission debate held in May 2017. The CoR members identified in particular the specific sectors hit by Brexit, which include universities, research, agriculture, manufacturing, and port infrastructure. The ECON commission also identified an expected increase in transaction costs associated with getting goods across the border as a result of customs procedures, with SMEs, agriculture and the food and drink sectors being particularly impacted.

(b) *The population and citizenship dimension*: The debate will address the question of how the rights of EU citizens living in the United Kingdom and those of British citizens living in the European Union will be preserved. It will help to identify the practical consequences of these issues for local and regional authorities. For instance, British people who are resident abroad in the EU currently have the right to vote and to stand as candidates in municipal elections, under the same conditions as nationals of the Member States, by virtue of their citizenship of the Union. As a consequence, those municipalities where UK citizens currently hold an elected office abroad in the EU are expected to be deeply affected by Brexit. This is also why the European Parliament has noted that many citizens of the United Kingdom have expressed strong opposition to losing the rights of citizenship they currently enjoy, pursuant to Article 20 of the Treaty on the Functioning of the European Union<sup>4</sup>. Would it be possible, in this context, to mitigate this loss of democratic legitimacy and, if so, how? Moreover, the European Union and the United Kingdom have two common objectives: for the Withdrawal Agreement to have direct legal effect, which is essential in order to guarantee the rights of all citizens in the long term, and for the interpretation of these rights to be the same in the European Union and in the United Kingdom. However, the translation of these principles into concrete legal rights is still uncertain. Therefore, the preservation of the rights of the 3.6 million EU citizens living in the United Kingdom and of the 1.4 million British citizens living in the European Union is a priority for the EU.

<sup>3</sup> [http://europa.eu/rapid/press-release\\_SPEECH-17-1922\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-17-1922_en.htm)

<sup>4</sup> European Parliament resolution of 5 April 2017 on negotiations with the United Kingdom following its notification that it intends to withdraw from the European Union (2017/2593(RSP)).



Although some progress has been made in the negotiations, some important issues are still pending. According to Mr Barnier, there are still some divergences concerning the possibility of family reunification and of exporting social security benefits after Brexit, both of which are wanted; for example, it is important to ensure that any European citizen living in the UK can – in 10 or 15 years' time – bring his/her parents to the UK, as would be the case for British citizens living in the EU. In the same vein, an EU citizen who has worked for 20 years in the UK should be able to move to an EU Member State and still benefit from his/her disability allowance, under the same conditions as British citizens in the EU<sup>5</sup>.

(c) *Border areas*: The debate will aim to answer the question of how the free movement of people – and also, to a certain extent, of capital and goods – will be impacted by Brexit. Could the European Groupings of Territorial Cooperation (EGTCs), as a legal instrument designed to facilitate and promote cross-border, transnational and interregional cooperation, play an effective role? Moreover, it is also expected that the reintroduction of customs checks at borders will inevitably slow down trade, delay people and lengthen lorry queues. There could be serious disruption in traffic to and from the United Kingdom. Would the establishment of an evolving concept of "smart borders" be a solution to facilitate traveller flows and to reduce long queues before reaching a border checkpoint? What would Brexit mean, in concrete terms, for those local and regional authorities that share a border with the United Kingdom? The European Union has also been vocal on the need to be fully informed about the special arrangements on the island of Ireland, which are being discussed in the context of the ongoing negotiations (integrity of the Union's legal order, Good Friday Agreement in all its dimensions, and the Common Travel Area). In view of the unique circumstances on the island of Ireland, flexible and imaginative solutions will be required, including with the aim of avoiding a hard border for the 14 800 daily commuters and the 110 million border crossings per year. Nonetheless, it is fair to say that the UK's decision to leave the EU's single market and customs union has also created significant challenges for the more than 100 areas of North-South cooperation (healthcare, environment, transport, social security, etc.) on the island of Ireland. It must also be highlighted that Brexit could also have a particular impact in the region of Andalusia (Spain), and in particular, for workers in the area of "Campo de Gibraltar", because of the very close relationship of social and economic interdependence in that area. How will things work for them on the day after Brexit?

#### THE FUTURE – WHAT THE COR COULD DO

Many voices in the European Union have expressed serious concerns about the possible consequences of Brexit and are calling for strong leadership from the EU leaders and institutions in this respect. The European Committee of the Regions will continue to monitor the negotiations and facilitate dialogue among its members and with the other institutions on the expected consequences of Brexit. The CoR is currently carrying out a territorial impact assessment on the UK's withdrawal from the EU, focusing on the EU territories that are likely to suffer the most as a result of the UK exiting the EU. The answers received from our members and alternate members in response to the survey will be used to support our political discussions. In this context, the European Committee of the Regions could consider presenting possible actions to be adopted by the EU to mitigate the impact on LRAs that are particularly exposed to Brexit, taking due account of the negotiations calendar. What is the situation regarding facilities for LRAs to access EU funds? What options are there for promoting new inclusive macro-regional strategies? Is there the possibility of implementing tailor-made EU pilot projects, in

<sup>5</sup>

[http://europa.eu/rapid/press-release\\_STATEMENT-17-3921\\_en.htm](http://europa.eu/rapid/press-release_STATEMENT-17-3921_en.htm)

and

[http://europa.eu/rapid/press-release\\_SPEECH-17-3547\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-17-3547_en.htm)



partnership with LRAs? Last but not least, in the context of the wider debate on the *Future of Europe*, when new policy solutions are examined, we should also consider the consequences for the EU-27 of the UK's withdrawal from the EU.

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Letter of Mr Karl-Heinz Lambertz,  
President of the European Committee  
of the Regions to the Members

**27 September 2017**









**European Committee  
of the Regions**

President

Brussels, 27 September 2017

Dear Members and Alternate Members,

Following the outcome of the referendum held on 23 June 2016, the UK Government formally invoked Article 50 TEU on 29 March 2017, which triggered the launch of the two-year period to conclude a withdrawal agreement between the UK and the European Union. On 22 May 2017, the Council of the EU adopted a Decision authorising the opening of negotiations with the United Kingdom of Great Britain and Northern Ireland for an agreement setting out the arrangements for its withdrawal from the European Union.

According to the negotiation Directives, as a first step, both parties will deal with the most pressing issues so as to lift the uncertainty caused by Brexit and make sure that the withdrawal of the UK happens in an orderly manner. In a second step, both parties will scope their future relationship.

In this context, the CoR has committed to actively carry out a dialogue with the local and regional governments that are most concerned by this process and to address the potential consequences of the UK's withdrawal throughout its political work. To this end, CoR Members have already had the opportunity to discuss their concerns in contacts with Mr Barnier, the EU Chief Negotiator (in January 2017 at the level of the Conference of Presidents and at the Plenary Session in March 2017) and the exchanges with the negotiation team will continue throughout the negotiations.

Since the decision of the UK's withdrawal from the EU was taken, a number of studies and reports have looked at the possible consequences of this withdrawal on socio-economic conditions in the EU; however these studies focus more on a global, and at best national, level.

Therefore, the CoR is preparing a structured process aimed at mapping the exposure of EU27 regions and cities to the UK on the basis of key socio-economic indicators and assessing what the UK's withdrawal from the EU would mean from a social and economic perspective for regional and local authorities in the EU27. This process is set to feed into the CoR political discussion accompanying the negotiation process and will encompass, among others, a preliminary survey, an in-depth study as well as workshops involving the main stakeholders, which will reflect on the results of the surveys/study

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and explore avenues for addressing the likely adverse impact of the UK withdrawal on regions and cities.

At this stage of the process, the CoR would like to collect your views and contributions on a number of questions aimed at identifying the expected and possible consequences of the UK's withdrawal from the EU at local and regional level and possibly already existing or planned remedial actions in your region/city:

1. Analysis of consequences

Is your region/city particularly exposed to the UK (e.g. trade flows, employment, education, agriculture, fisheries, research, etc.)? And therefore, do you expect that your region/city will be affected by the UK's withdrawal from the EU (e.g. in relation to investment, trade, employment/labour force, education, agriculture/fisheries, tourism, as well as on your regional/city budget)?

2. Remedial actions/measures

Is your region/city undertaking or planning to undertake measures to analyse and address the possible adverse impact of the UK's withdrawal from the EU (including an impact assessment/study<sup>1</sup>)? Are these measures part of a formal regional/local strategy? What measures could the EU take, in your opinion, to mitigate the impact of Brexit (e.g. a specific financing mechanism/fund accessible to the LRAs)?

We would kindly ask you to send your replies by 20 October 2017, to the email address [CoR-Brexit-Survey@cor.europa.eu](mailto:CoR-Brexit-Survey@cor.europa.eu), preferably in English.

Please note that your contributions will be shared with other CoR members via the following team site <http://team.cor.europa.eu/sites/cor-taskforce-cop/SitePages/Home.aspx>. The site allows you to access information from different stakeholders on Brexit issues.

Karl-Heinz Lambertz  
(signed)

Encl.: Content of the taskforce team site

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<sup>1</sup>

Please provide us with the study, in the event such a study exists (electronic file or a web link).



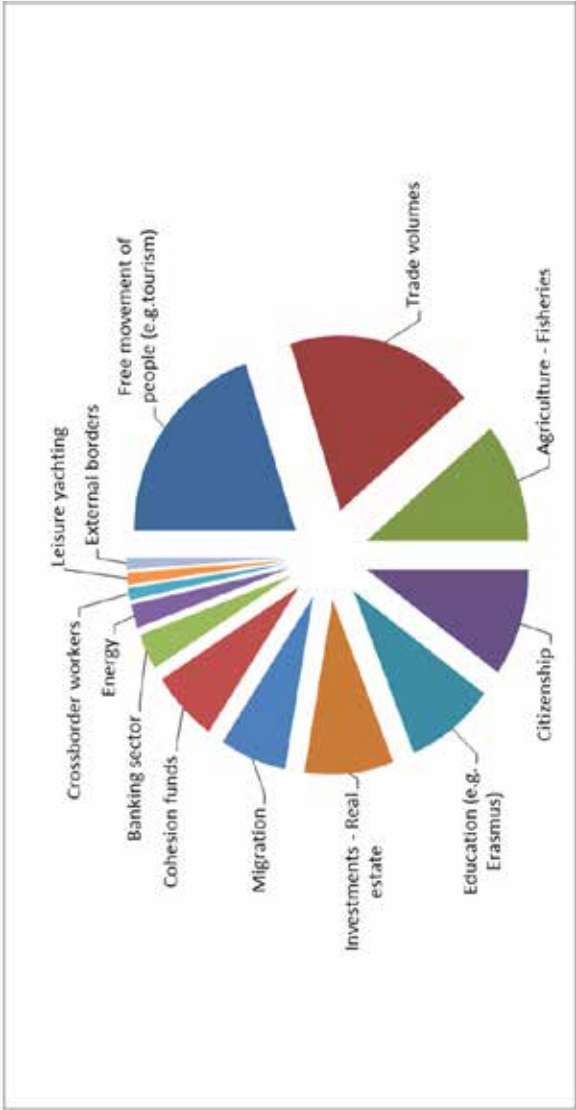
Contributions – Executive Summary  
*(of the contributions received from our  
Members, following the Letter from  
President Lambertz)*

**2017**









The above chart is an visual interpretation of the concerns voiced by the participating contributors and does not claim to represent the full impact of Brexit in their regions.

Following the outcome of the referendum held on 23 June 2016, the UK Government formally invoked Article 50 TEU on 29 March 2017, which triggered the launch of the two-year period to conclude a withdrawal agreement between the UK and the European Union. On 22 May 2017, the Council of the EU adopted a Decision authorising the opening of negotiations with the United Kingdom of Great Britain and Northern Ireland for an agreement setting out the arrangements for its withdrawal from the European Union. Since the UK's decision to withdraw from the EU, a number of studies and reports have looked at the possible consequences on socio-economic conditions in the EU often at national level. Therefore, the CoR launched an mapping exercise to get a view on the expected and possible consequences at local and regional level.

The outcome of this exercise can be found in this collection of contributions. The overarching concern shared by the participating LRA's is the current uncertainty on where the negotiations are going. At present, many find it difficult to calculate the impact on their economies, which most expect to show only on the medium and long term. An immediate effect is however expected in trade volumes and the free movement of people. This is clearly shown in the top 3 of concerns voiced by the LRA's in our survey adding Agriculture-Fisheries as a third. A further concern voiced is the influence on the budget available to support the Cohesion funds and the educational programs, clearly seen as an instrument to promote European values.

A number of the concerns are linked to the particular economic profile of the country or LRA and/or the position of the LRA within the country. As an example, one could site the Netherlands. The impact of the change in fishing conditions would be enormous in provinces of Flevoland and Overijssel - a potential drop of 60% in business. Also, the expected change in trade conditions for the energy market (gas) would touch the economy of the province of Groningen.

Most regions are closely following the developments through working commissions but few have taken real measures so far. However, most are looking actively for alternative business opportunities in order to mitigate any potential impact. Others invite the EU to prepare the set up of a special support fund to mitigate the possible negative consequences.

From the contributions, it is clear that there is a need for the LRA's to offer their perspective on BREXIT, given that several regions have identified a direct impact on their economy.







Contributions – Summary table  
*(of the contributions received from  
our Members, following the Letter  
from President Lambertz)*

**2017**







# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

## Austria - Region of Carinthia - Peter KAISER

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>1) There is currently no way of assessing under which conditions and facts the leaving will take place. 2) The scenarios continue to range from an abrupt termination of relations in the event of a failure of the negotiations ("hard Brexit") to models of a new, open or less open free trade relationship with the United Kingdom. 3) There is thus missing in every respect indications for possible effects that would be available to a quantitative and therefore a qualitative assessment. 4) An initial assessment of the possible areas of consternation of the country of Carinthia on the consequences of the exit of the United Kingdom from the Union can therefore only be made on the basis of existing facts and relations. 5) Carinthia is certainly affected in the area of machines and plant engineering and construction. 6) Also important are semi-finished products and chemical products. 7) In many cases, the Austrian/Carinthian companies produce high-quality niche products, which are difficult to replace because of the high specialization. 8) A direct consternation and consequently the impact of the Brexit on the Carinthian region in other areas (agriculture, fisheries, education, investment, etc.) are identified currently on a very subordinate level.</p>	<p>1) UK is the eighth most important trading partner of Austria with annual imports to AT of € 2.7 billion and annual exports of AT of € 4.1 billion (2016). 2) At around 50%, machines and vehicles are the most important export items in the UK. 3) However, the competitiveness of the products could be impaired if tariff and non-tariff barriers to trade are renewed or the existing mutual recognition of technical or other standards and of vocational training is no longer possible or restricted. 4) Likewise, the volatility of the exchange rate from the euro to the pound sterling, which already takes place, may have negative impacts. 5) The extent of impacts resulting from the fact, that the UK has significant trade relations with Germany (the most important EU exporter to the UK) and Italy are hardly to be assessed quantitatively. 6) Both countries, on the other hand, are again the most important export countries for Austria and Carinthia. Indirect, negative economic effects can therefore be expected. 7) Of the approx. 11.4 million overnight stays (winter 2016/17 and summer 2017) in Carinthia accounted for approx. 73,000 or 0.64% on the country of origin to Great Britain. 8) It is to be assumed that there will be no significant changes in the number of tourists. 9) Of the approx. 10,300 Britons in Austria 597 live in Carinthia (as of January 1, 2017) and about 40% in Vienna. 10) It can be assumed that a few hundred Carinthians are living in the UK and consequently can also be affected by the fact that the free movement of persons and their rights as an EU citizen will no longer be fully guaranteed. 11) This also applies to research, development and innovation. 12) It is, therefore, to be expected that, possibly after a transitional period, Carinthian research and development institutions and SMEs will be able to continue to cooperate with companies and organisations in the United Kingdom similarly at all regarding research co-operation.</p>	<p>1) The Austrian financial equalisation between the federal government, the Länder and the municipalities has stipulated that the Länder and municipalities contribute pro-rata the contribution of Austria to the EU through deduction from their profit shares of the taxes. 2) For 2016, an amount of € 612,507,005 for the Länder and € 123,212,335 for the municipalities were calculated. 3) Carinthia and the Carinthian communities accounted for € 47,962,000. 4) With the withdrawal of the UK, the EU loses one of the most important net contributors. Based on the net position of the United Kingdom, it is expected that the EU budget will not be provided for € 10-12 billion a year. 5) If the EU budget is not reduced (assuming that there are not any extensions of further tasks and expenditures of the Union), the ifo Institut München (Gabriel Felbermayr) calculated additional costs for Austria in the amount of approx. € 280 million (net). 6) This means an approx. 10% increase of contributions (with constant returns). 7) The pro rata contribution of the Land of Carinthia and the Carinthian municipalities - assuming the financial equilibrium remains unchanged - would therefore increase by € 5-6 million annually.</p>	<p>We can suppose that at the EU level, the necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Austria - Styria region - Christian BUCHMANN

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>1) Exports, tourism. 2) Given that the United Kingdom is one of the most populous and economically important countries in the EU 28, its decision to leave the EU naturally has economic implications both as regards exports (it is after all Styria's fifth most important export market) and tourism. 3) Of course, the implications of Brexit will vary depending on product category and tourist destination. 4) The implications for the labour market and areas such as direct investment can be regarded as minor. 5) Given the uncertainty over the exit process, it is still too early to say exactly what impact Brexit will have on Styria. 6) One thing is clear, though: doing business together will certainly not become any easier after the departure of the UK from the EU. 7) What follows is a brief analysis and presentation of individual aspects specific to Styria.</p>	<p>1) The UK was the fifth most important export market for the Styrian economy and the twelfth most important import market for Styria. 2) It is impossible to assess the precise extent to which inputs from Styria were exported indirectly (in other words via other countries) to the UK; 3) Based on a special analysis by the National Bank, region-specific data on direct investment is partially available up to 2014. This reveals that the total value of direct investments from the UK in Styria at the end of 2014 was EUR 215 million. This accounted for approximately 4.7% of all passive direct investment in Styria and 5.6% of all UK direct investment in Austria; 4) Tourism: UK visitors (arrivals and overnight stays) make up significantly less than 1% of all visitors. This roughly equates to the number of visitors from Switzerland and Liechtenstein. The trend has recently been on the up; 5) UK employees play a minor role in the Styrian market. Between 2010 and 2016, the number of British citizens in paid employment rose from 222 to 286. They are predominantly employed in the fields of education (13%), engineering and the manufacture of electronic goods (7% each), as well as in health and research and development (6% each); The UK's withdrawal from the EU will certainly have an impact on the local economy. The extent to which each of the above-mentioned areas will be affected, however, depends on the type of Brexit. 6) The economic consequences of Brexit, which would naturally have an impact on the demand for Styrian/Austrian products and services, are currently unpredictable, and are heavily contingent on the outcome of negotiations and potential trade barriers in the future. 7) At present, it is still too early to draw any conclusions on this subject. Nevertheless, it bears repeating that an EU without the UK is definitely a smaller, weaker EU.</p>	<p>1) Day-to-day political discussions about Brexit are plagued with uncertainty and unanswered questions. 2) Special information campaigns, e.g. workshops and seminars, are being conducted in an attempt to inform people as best as possible about the potential impact on companies that have business ties with the UK. 3) In 2019, the Internationalisation Center Styria (ICS) will focus on the UK, and examine in detail its withdrawal from the EU and its consequences on the local economy. 4) These measures are part of a formal/regional strategy. The ICS is a joint initiative of the state of Styria, the Styrian Economic Chamber (WKO) and the Federation of Austrian Industries in Styria (IV). 5) The withdrawal of the United Kingdom from the EU is of course not good news for companies exposed to the British market. 6) Potential turnover losses as well as contracts that are cancelled or put on hold will undoubtedly be among the repercussions. 7) It is, however, still too early to say whether these repercussions can be mitigated with special measures, or to say what these measures might be, given that the full impact of Brexit is still uncertain. 8) Aside from possible trade barriers, the impact of Brexit on the British pound will certainly have a major impact on the economy in the future.</p>	<p>1) To mitigate, as far as possible, the potentially traumatic effects of a hard Brexit. 2) The necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



Austria - Region of Burgenland - Christian ILLEDITS

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
The Region of Burgenland does not depend directly on any topics (eg trade, tourism, labour-market, students) related to the United Kingdom in a way that BREXIT causes big negative measurable consequences for the region.	Measurable consequences for Burgenland are expected as the BREXIT will reduce the budget of the European Union, therefore the budget for cohesion policy post 2020 in general and so possible cohesion fundings for our region.	As there is hardly any strong relation to United Kingdom, no remedies that are part of a strategy have been developed on local or regional level. Although the process of negotiations between UK and the European Union is closely monitored.	1) In Austria any remedies concerning the BREXIT are developed on national level. 2) However, we can suppose that at the EU level, the necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Austria - Tirol - Herwig VAN STAA

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>The impact of Brexit on Tirol's economy was analysed both in terms of the economy as a whole (exports/imports), and with regard to the tourism sector.</p>	<p>1) The Province of Tirol's trading links with the United Kingdom are as follows: - Exports from Tirol to the UK in 2016 amounted to EUR 392 million (an increase of 30.6% over 2015). 3.18% of all of Tirol's exports are to the UK. The UK is thus the sixth largest export market for Tirol; - Imports to Tirol from the UK in 2016 amounted to EUR 157.9 million (an increase of 11.8% over 2015). 1.4% of all of Tirol's imports are from the UK. 2) These figures show that while the UK is the sixth largest market for Tirol, it is still the recipient of "only" 3% of Tirol's total exports. 3) Overall, therefore, the economic damage inflicted by Brexit is expected to be limited (although individual companies that are especially active in the UK may have a completely different experience). 4) In general, the damage will very much depend on what the future relationship between the EU and the UK will look like. 5) Participation in the single market, a free trade agreement, no special regulations (WTO rules) - at present, any outcome is possible. In the tourism sector, no forecast produced at the current time can be credible - there are too many unanswered questions surrounding the negotiations. 6) It is, however, clear that the result of the Brexit referendum in June 2016, and the steadily decreasing value of the pound since then, has so far had no effect on Britons' travelling habits: current figures from the UK's Office for National Statistics show that foreign trips made by UK citizens rose by 4% in the first half of 2017 and by 6% in the 12 months from July 2016 to June 2017 in comparison to the equivalent previous periods. 7) Most of this increase is to non-EU and non-US destinations. 8) According to the recent study by the Ski Club of Great Britain, over 50% of British skiing holidaymakers responded to the question "How has Brexit affected your holiday plans for the next 12 months?" by stating that Brexit had no impact. 9) Over 30% said that holidays were more expensive, and 15% were unsure what impact Brexit had/has on their holiday plans. 10) Overall, 97% of people who had gone skiing last season said that they were very likely to do so again next season. 11) This leads to the conclusion that despite higher prices due to the fall of the pound, the skiing holiday market is not expected to collapse.</p>	<p>1) Monitoring of touristic flows. The mood in the UK travel industry is positive. Tirol is experiencing this primarily in the increased number of flights to Innsbruck. 2) The year-round British Airways flights launched in the winter of 2016/17 were well used from the very start. 3) It is, therefore, a welcome development that there will be flights six days a week (up from four days a week) in winter 2017/18. 4) The Tirol advertising office (Tirol Werbung) is in close contact and communication with the UK travel industry and the Austrian National Tourist Office's London branch in order to monitor events in relation to Brexit and react when necessary.</p>	<p>1) The specific arrangements governing future trade relations will be crucial for determining how severe the slump in trade will be. 2) Need to mitigate, as far as possible, the potentially traumatic effects of a hard Brexit. 3) The necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



Austria - Voralberg - Martina BÜCHEL-GERMANN & Markus WALLNER

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>1) Economic slowdown and the depreciation of the pound mean that any further potential for export products and services from Voralberg is reduced in the medium term, and could certainly lead to a fall in delivery volume in the short term. 2) Then we have the secondary effect of close supply ties with German buyers to whom the United Kingdom, as their third largest export market, is far more important than it is to Austria. 3) Local tourism will undoubtedly feel the effects of the pound's depreciation. 4) There is not enough data at the moment for a detailed analysis of other sectors.</p>	<p>1) The UK is an important export market for companies in Voralberg. In 2016, exports amounted to EUR 291.9 million. This is 11.6% down on the previous year, yet the UK remains Voralberg's eighth largest export market. 2) The withdrawal of the UK from the EU was, and is, not good news for companies active in the UK market. Initial press releases paint a clear picture fearing a loss of turnover, cancelled or postponed orders, and deferred investment projects. However, on the whole many managing directors are taking a surprisingly relaxed approach to Brexit. 3) The volatility of the exchange rate is seen as particularly problematic, as this makes planning more difficult. The current policy is this: business as usual, wait and see what actually happens and then adjust to the new situation. 4) Furthermore, many companies are active in niche segments, and although they are affected by the fall in demand, they cannot actually be replaced that easily. 5) Until the UK actually leaves the EU – by 2019 at the earliest, or possibly after a further transition period lasting several years – companies from Voralberg will continue to have the same access to the market. 6) If, however, the rearrangement of the UK's future participation in the single market results in restrictions to the posting of skilled workers to the UK, then assembly companies and construction companies may face issues in the long term. 7) Certificates of origin, tax law (specifically copyright) and the recognition of standards, norms and professional qualifications are the main areas in which we may see changes that will increase the effort required for, and costs involved in, market cultivation. 8) Even if WTO customs duties (3-5% for most product categories) can be avoided with a free trade agreement, the very need for a customs procedure with a third country will increase the price of goods. 9) Even after the UK leaves the EU, it will remain the second largest economy in Europe and an important market. In view of the fact that purchases by British companies have primarily been driven by cost savings, increases in productivity and sustainability, Voralberg's exports are inherently well placed for the UK</p>	<p>Over 20 companies in Voralberg have branches in the UK. As to whether the volume of goods and services being exported from Voralberg, and more generally from Austria, can be kept constant or can be increased this year and over the next few years, depends on the direction that will be taken, which is very hard to predict from the current perspective. This means there are no questions at present.</p>	<p>The focus needs to be on seeking answers to the issues raised above for the benefit of Voralberg and its local businesses, so that these companies may continue to benefit from fair conditions for trading and for providing services to the British market.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Austria - City of Vienna - Michael HÄUPL

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Very little impact expected	<p>1) Vienna exports some 532,1 mEuro to the UK, which represents 2,9% of its exports.</p> <p>2) Vienna imports from the UK for some 779,9 mEuro, representing 2,3% of all imports</p> <p>3) Direct investments are 3,9%</p> <p>4) Few UK citizens live in Vienna</p> <p>5) out of 6.5 m visitors only some 250 000 are visitors from the UK</p> <p>6) 13 companies have their regional headquarters in Vienna</p>	At present, Vienna has not yet planned any particular measure.	No mention of this in the contribution.



Belgium - Flanders - Karl VANLOUWE

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>Trade</p> <p>Textile</p> <p>Food &amp; drinks (fisheries, agriculture)</p> <p>Car industry &amp; transport logistics</p> <p>Pharmaceuticals</p> <p>Synthetic materials and engines</p> <p>Aviation (Brussels airport)</p> <p>Education</p>	<p>1) The UK is 4th export market for Flanders with 27,66 billion Euro, imports are at 13,61 billion Euro. the Flemish road transport sector (19,24%) will be very hard hit due to the changes in customs, free movement of people, potentially deviating rules on health &amp; safety, etc.</p> <p>2) Custom tariffs based on WTO rules will ultimately lead to a diminishing export for Flanders or a 2,6% reduction of Flanders BIP.</p> <p>3) A hard BREXIT will lead to 42 000 job losses whereas a tradeagreement could limit these to 10 000 jobs.</p> <p>4) After Ireland and the Netherlands, Flanders will be the hardest hit by the BREXIT.</p> <p>5) 35 000 Belgians live in the UK, 30 000 Brits work in the Belgium, any limitation in free movement will impact these families.</p>	<p>The contribution mentions no measures currently being taken but sets out clearly the priorities of the Flemish government in a series of objectives they wish to realise.</p>	<p>A new macro-regional strategy for the North Sea. Pending the outcome on the trade negotiations, there must be a transitional period allowing the region to deal with impact on the ground.</p> <p>All must be done to avoid intra-European competition after the UK leaves the union.</p> <p>Budgetary commitments made before the vote to leave should be honoured in order to guarantee continuity.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

### Bulgaria - Madan - Fhari MOLAYSENOV

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Free movement of persons (50.000 BLG in UK)	<p>1) The consequences of Brexit for Madan in particular will be in relation to the free movement of people, which is expected to be significantly curtailed following Britain's departure. 2) At present more than 50 000 Bulgarians (including inhabitants of Madan) are working in the UK, plus at least half this number that are not working (including students and children). 3) Those living and working on a permanent contract will experience a period of legal and personal uncertainty. 4) Those, on the other hand, who would like to live and work in Britain in the future will again face stricter hurdles than those in place between 2007 and 2014. 5) All this will very much impact seasonal workers on temporary contracts, to whom Britain will probably close its doors. 6) Another consequence of Brexit for Madan is the question of Bulgarian students, who will no doubt face higher fees at Britain's universities. 7) At present they benefit from almost the same treatment as UK students, including lower fees and similarly favourable loans for undergraduate courses. 8) There is also a potential danger that the UK not only restricts access to its labour market, but also introduces visas for Bulgarian citizens. 9) Bulgaria faces these problems, incidentally, with countries such as Canada and the USA, and now the UK might join them.</p>	<p>1) At present Madan has not planned to undertake measures to examine and address the possible adverse impact of the UK's withdrawal from the EU. However, it must be taken into account that it is expected that regional and local concerns will be addressed since BG will be part of the negotiations, (the negotiating team will include a representative of the country holding the Presidency of the Council of the European Union, and Bulgarian will be presiding in the critical period from January to June 2018).</p>	<p>1) Visa-free policy: We are all agreed that in all its negotiations with the Member States the European Union has to put forward clear policies and strategies to mitigate the impact of Brexit in all its ramifications, but particularly the migration issue: the UK will hardly dare to introduce visas for Germany or Italy, whereas the risk is greater for the new Member States, especially Bulgaria. 2) To mitigate, as far as possible, the potentially traumatic effects of a hard Brexit. 3) The necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

### Cyprus - Deryneia Municipality - Andros KARAYIANNIS & Nicolaou ANDROULA

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Investment in real estate Import/export Cyprus - UK Status of people living in the Strovilia area (part of this municipality). Status of people working on the British bases (2).	<p>1) The number of British nationals interested in purchasing real estate (flats and houses) or renting property to spend free time in our municipality may be constrained and reduced. 2) The prices of products exported by Cyprus to the UK are likely to increase, which may affect the primary sector, especially agricultural and livestock exports. 3) If the prices of products imported by the UK increase, this will create unfair competition and a preference for lower quality products. 4) The number of students from Cyprus studying in the UK could fall owing to the increase in university fees. 5) If young people are obliged to study elsewhere than in the UK because of fees and other constraints, this would be likely to have a negative effect on young people's learning of English. 6) Limiting young people's freedom of movement from and to the UK would affect their opportunities to benefit from EU programmes for learning foreign languages and their participation in exchange programmes such as Erasmus. 7) A feeling of insecurity and uncertainty could arise among both Cypriots living in the UK and Cypriots planning to travel, emigrate or study in Britain. 8) Racism and discrimination could increase, given that one of the main reasons for Brexit, especially among older people, was the wish to limit the number of "foreigners" arriving in the country. 9) If there is any change in relation to the British Agios Nikolaos and Dhekelia bases, there is a risk to the human rights of people living in the sensitive Strovilia area, which is part of Deryneia Municipality and which enjoys special status. 10) Concern and uncertainty would arise about the status of all people living in the Strovilia area who reside and work in the British bases of Agios Nikolaos and Dhekelia.</p>	The contribution makes no mention of any measures under discussion or currently being taken.	We can suppose that at the EU level, the necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

### Cyprus - Nicosia - Eleni LOUKAIDOU

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>1) Economy: Britain is the second trading partner of Cyprus and the 1st in terms of services, investment and shipping. 2) Citizenship: Cyprus may have the largest number of British Cypriot resident citizens and a large number of Cypriot are living in England. 3) Tourism: the largest number of tourists is British.</p>	<p>1) The economic impact will be relative and proportionate for Nicosia but in seaside areas the impact will be greater. 2) However, the knock-on effect will be felt across the country. 3) In general, the Republic of Cyprus, Malta and Ireland are the countries most affected by the UK's withdrawal from the EU. Britain is the second trading partner of Cyprus as a whole and the 1st in terms of services, investment and shipping. 4) Perhaps we may have the largest number of British Cypriot resident citizens. 5) Cyprus is a tourist destination and the tourism industry is extremely important for the Cypriot economy. 6) The largest number of tourists is British. Cyprus was a British Colony and is a member of the Commonwealth. 7) MB continues to maintain military bases of the highest strategic importance in Cyprus, which are the dominant British territory and where Cypriot citizens live. 8) So we have a special relationship as a state and we are very interested. 9) An extremely large number of Cypriots live in England and many young people are studying there. 10) Especially with regard to the Nicosia Municipality, which is as you know the capital, the economic impact will be relative and proportionate to what I mentioned above but certainly not as great as in seaside municipalities. 11) But it will greatly affect the economy of Cyprus and the consequences will be knock-on and felt across the country.</p>	<p>1) The E.C. has instructed the Republic of Cyprus to negotiate bilaterally with Britain on the future of the British bases in Cyprus, always in consultation with the negotiating team of Michel Barnier. 2) The agreement will be incorporated into the Retirement Treaty. 3) The Nicosia municipality has not yet taken action because of the early stage of the negotiations. 4) Also any measure taken will be linked to those of the central government.</p>	<p>1) The contribution makes no mention of any measures expected from the EU. 2) However, we can suppose that at the EU level, the necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

## Cyprus - Kato Polemidia - Nikos ANASTASIOU

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Investment in real estate Education Citizenship Military bases (2)	<p>1) Less Cypriots will choose the UK as destination for tertiary education, should the various student financial packages offered to European students be reduced.</p> <p>2) The special relationship due to the military bases will be impacted. 3) To begin with, the UK is the most stable and long-standing "lifeblood" of Cyprus's tourism industry. 4) Cyprus has been developing trade with the UK for a number of years. 5) There is also intense investment activity by Cypriot and British entrepreneurs. 6) In the area of education, many Cypriots choose the UK as their country of destination for tertiary education. 7) One of the main reasons for this is the various student financial packages offered to European students.</p> <p>8) The future relationship between the UK and the European Union will play a key role. 9) I believe that serious consideration needs to be given to any negative effects, which will in practice have to be borne by ordinary people, not politicians.</p> <p>10) It is also important to stress the special relationship that exists between the Republic of Cyprus and the UK, due to the presence of British military bases in Cyprus</p>	Not detailed.	<p>1) EU should support in area of academia; i.e. supporting and expanding education in Cyprus in order to attract even foreign students but also to enable it to absorb all Cypriot and European students who currently choose the UK. 2) The future relationship between the UK and the European Union will play a key role. 3) I believe that serious consideration needs to be given to any negative effects, which will in practice have to be borne by ordinary people, not politicians. 4) We can also suppose that at the EU level, the necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

### Cyprus - Strovolos municipality - Stavros STAVRINIDES

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Economy Education Citizenship Legal System Banking system	<p>1) Cyprus export 7% of its products to the UK. The import is about 9% from the UK.</p> <p>2) Cyprus will loose support on the common position on unified Corporate Tax Rate and shipping.</p> <p>3) Students might not be able to afford an increase in tuition fees and therefore choose to study elsewhere.</p> <p>4) Cypriots currently studying/living in the UK will need a residence/work permit.</p> <p>5) Cyprus will continue to have a legal system based on Anglo-Saxon Law.</p> <p>6) Many Cypriot banks have business in the British market.</p>	<p>1) The Strovolos municipality did not take measures yet. There is no any common strategic plan at local level.</p> <p>2) At <u>national level</u>, some Trade organisations (Cyprus Commerce and Trade etc) took some initiatives to contact some British Trade organisations/Business entities in order to find ways to eliminate possible negative consequences from Brexit.</p>	<p>1) European Union should take some initiatives/measures to regulate any possible negative consequences that Brexit may have in all E.U countries. 2) If E.U establishes a special Fund for local cities and regions, it will be a good measure to avoid any negative consequences of Brexit in other E.U countries.</p> <p>3) There may be a need for Cyprus to sign bilateral agreements with Britain in order to regulate some issues that may cause practical problems between Cyprus and Britain.</p>



Germany - Land Berlin - Gerry WOOP

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>Economy/Financial Market / insurances Budget Education - exchange of students and teachers Intl Cooperation Citizenship / Migration Tourism / Congresses</p>	<p>1) 2016 Berlin Export = 571 mEuro (3,7% off all exports vs Bund 7,1%) 2016 Berlin Import = 556 mEuro (4,8% off all imports vs = Bund 3,7%) =&gt; 5th trade partner 2016 UK invested 40 mEuro &amp; created 208 jobs. 100 Berlin companies have an office in the UK. 2) Due to the budget change, there will most probably be a decrease in the Cohesion policy budget as well as in the educational funds; i.e. Erasmus students will face increased cost. 3) London and Berlin are twinned cities, this will need to be reviewed (since 10th October 2000). 4) Immigrants might review their plans and move to Berlin which will cause issues on the housing market, etc.</p>	<p>1) Bundes-Laender-working group BREXIT: exchange with national level. 2) Opening of Berlin Economic Office in London on 12th September 2016.</p>	<p>No particular request.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Germany - City of Bremen - Ulrike Hiller - DE Delegation

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>Economy</p> <p>Car industry</p> <p>Fisheries</p> <p>Air traffic &amp; industry</p> <p>Education - exchange of students and teachers</p> <p>Budget</p> <p>Citizenship</p> <p>Climate actions: participation at risk</p> <p>Financial Market</p> <p>Migration : expect little impact</p>	<p>1) 2015 8,4% of trade was with UK =&gt; 3rd trade partner</p> <p>2016 2,5 bEuro import/export</p> <p>53 Bremen cie have offices in the UK. 310 Bremen cie have commercial links with the UK.</p> <p>2016 68% of the car industry was exported to the UK.</p> <p>2) Fisheries have several millions worth of business with the UK and most is fished in their territorial waters.</p> <p>3) Exchange of students and teachers as well as current programs are endangered. Programs such as Erasmus, Horizon 2020, Cohesion etc will be impacted.</p>	<p>The contribution mentions no measures currently planned by the region. However, some private companies seem to have taken some action; e.g. Airbus (private cie) has a BREXIT task force.</p>	<p>The contribution mentions no measures expected from the EU.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Spain - Gobierno Vasco (EU SKO JAURLARITZA) - Iñigo URKULLU RENTERIA & María Ángeles ELORZA ZUBIRÍA

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
The automotive industry, aerospace, energy, engineering services, financial services and the rail industry	<p>1) There are approximately 4 000 Basque residents living in the UK. In 2016, the United Kingdom was 4th in the ranking of countries to which the Basque Country exports to, with a turnover of nearly EUR 1.3 billion, while imports totalled EUR 815 million, also one of the top positions in the ranking of imports. 2) The UK is also one of the most attractive countries when it comes to making investments. 3) More than fifty Basque companies are currently present in the UK.</p>	<p>1) The Basque Country will be directly affected by the UK's exit from the EU. However, it does not have sufficient data to be able to assess the scale of the impact of the UK's withdrawal on our interests. 2) The Basque Government has been monitoring, and continues to closely monitor, the developments that are taking place in this process and is in contact with the relevant institutions and players, with a view to anticipating any adverse effects and seeking new opportunities in this new context. 3) In this regard, in April 2017, the Basque Government launched a Monitoring Committee, chaired by the head of the regional government. 4) The Basque Country will also actively participate in the initiatives on Brexit led by the Conference of Peripheral Maritime Regions (CPMR). Firstly, the General Assembly (GA) of the CPMR's Atlantic Arc Commission (AAC) agreed – as proposed by Galicia – to set up a Brexit Taskforce within the AAC, of which we are a member. 5) The Basque Country also contributed to the CPRM's Cardiff Declaration on Brexit, adopted by the General Assembly of the CPRM on 19 October 2017, as well as to the AAC's Political Declaration on Brexit, adopted on 20 October 2017 at the AAC's plenary meeting, both of which took place in Helsinki</p>	<p>While on the EU side the negotiation process is being led by the negotiating team chaired by Michel Barnier, who updates the Member States within the European Council on the progress made, <u>the necessary mechanisms should also be activated to enable local and regional authorities to offer their perspective on Brexit</u>, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Spain - Comunidad de Madrid - Cristina CIFUENTES CUENCAS & Ignacio Javier GARCÍA GIMENO

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Trade Tourism: hotel industry in particular.	<p>1) The UK is Madrid's main foreign investor. Since 2009, Madrid has received investment flows of more than EUR 12 billion from the UK. 2) Flows of both trade and tourism to and from our region are also very important, as they directly affect investments in trade and in the hotel industry. 3) Possible sharp decrease in the amount of investment flowing from the UK, at least until the new trade relationship between the UK and the EU is fully operational. 4) However, nothing indicates that UK businesses would abandon their positions in Madrid, as they are fully established on Spanish territory and the Spanish market generates significant profits for them. 5) On the contrary, more British companies may feel the need to establish themselves in Madrid in order to serve the domestic market, as they would no longer be able to access the whole of the EU market from the UK.</p>	<p>1) Brexit Plan ("Think Madrid"): Madrid has analysed the consequences of Brexit for the regional economy and has set in motion a plan to mitigate its effects. 2) International promotional activity has taken place in an effort to mobilise economic operators and attract international companies located in the UK who may wish to maintain their presence in the EU by setting up operational headquarters in Madrid. 3) The above-mentioned plan is a regional strategy on the part of Madrid's regional government, in cooperation with the Spanish government. 4) All municipalities and economic and social actors from across the region were invited to take part.</p>	<p>1) It would be good to mitigate, as far as possible, the potentially traumatic effects of a hard Brexit. 2) Mechanisms will need to be provided to ensure that flows of tourists and investments continue uninterrupted, as well as to safeguard the status quo of UK residents in Spain and Spanish people in the UK, with the aim of ensuring that these citizens will not lose vested rights once the UK has left the EU.</p>



## Spain - Castilla La Mancha - Emiliano GARCÍA-PAGE SÁNCHEZ &amp; Virginia MARCO CÁRCCEL

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>Agriculture - agri-food Budget</p> <p>Monetary policy (EIB)</p> <p>Investment - property</p> <p>Brexit will entail a cut in the funding assigned to EU programmes (specifically the European Social Fund (ESF) and the European Regional Development Fund (ERDF)). This would make running these programmes more difficult, so we believe the objective in the negotiations should be to keep those funds for Castilla-La Mancha.</p>	<p>1) The UK is Castilla-La Mancha's 6th largest market with export at 296,12 million Euro and imports at 371,58 million Euro. 2) 700 million Euro goes to 118 000 beneficiaries under the CAP. The agricultural sector accounts for 6,9% of all jobs. The agri-food sector generates some 25 000 direct jobs, ± 25% off all industrial jobs in the region. According to the latest report (2015) by the Spanish Economic and Social Council (CES), 6,7% of Castilla-La Mancha's gross domestic product (GDP) is generated by the countryside, which is 0,3% more than the previous year and is the highest proportion in the country; the next largest are Extremadura (5,6%) and Aragón (5,2%). Madrid is at the opposite end of the scale (0,1%), followed by the Balearic Islands (0,3%) and the Basque Country (0,6%). The average for this sector in terms of national GDP is 2,3%. Castilla-La Mancha's agri-food industry receives subsidies, both for investments in processing and bringing to market, and for promoting its produce in- and outside of Spain, by means of the various methods set out in the 2014-2020 rural development programme. The wine-making sector also receives funds from the national programme of support for the wine sector, still that for 2014-2018 (the 2019-2023 programme is already being developed). It is very important to guarantee the current multi-annual financial frameworks and to see what condition it is in following the departure of the UK, a net contributor. We certainly are anxious to know where Castilla-La Mancha will rank in terms of average income in the EU, since that position could change and is taken into consideration when it comes to accessing European aid. It is also essential that all negotiations should be carried out by the same EU spokesperson, so as to not weaken its negotiating position. 3) Given the importance of tourists from the UK specifically in Castilla-La Mancha, which the INE hotel occupancy survey puts at around just 2%, it is to be hoped that the potential impact of Brexit on the region's economy will be minimal. Broadly speaking, the initial forecast for Brexit's effect on the tourism sector and the national economy is negative, as a result of a possible drop in revenue from tourism (every year, Spain hosts some 15 million UK nationals, who spend some EUR 13 million) in 2016. However, according to the Cross-Border Tourism Study (Frontur) produced by the Deputy Directorate-General for Tourism Knowledge and Study, which gathers national-level information on non resident visitors to Spain at national level, there appears to have been no negative impact. 4) Student exchanges, Erasmus, etc might be impacted. The new situation caused by Brexit will probably also have its share of repercussions on the education sector and on teachers in Castilla-La Mancha. Specifically, student exchanges at the various educational levels, teacher training, the Erasmus+ programme, research programmes such as Horizon 2020, exchanges among university teaching, research and administrative staff, bilingual education, UK-national conversation assistants and the inability to participate in programmes such as Creative Europe, among others, could all be affected. 5) In 2016, Spain was the second-largest recipient of approved financing under the Investment Plan for Europe (Juncker Plan). The EIB Group approved 28 projects and deals in Spain guaranteed by this plan for more than EUR 2.7 billion in financing. 6) The long-term consequences of Brexit will depend on whatever ups and downs emerge during the EU-UK negotiations. The negotiations will, in turn, be affected by any domestic circumstances that may arise in the Member States, so it is advisable for the EU to stick to one spokesperson and speak with one voice during the negotiations. In the short and medium term, the instability and uncertainty generated will trigger effects such as the depreciation of sterling, inflation and financial market volatility. That inflation and depreciation of sterling will reduce UK people's purchasing power. The effects do not leave much room for hope and, as more people from the UK than any other country buy homes in Spain, the country's property market almost automatically falls in such circumstances. At the same time, demand is affected, not just in the property sector, but also in the tourism sector because those homes tend to be in coastal areas and in the areas with the highest tourist numbers. Its effect will clearly be felt more at national level than at regional level. Another effect of the depreciation of sterling has been the increased cost of Spanish exports to the UK. The motor-vehicle, capital-goods and agri-foods sectors will be affected by the depreciation of sterling and the fall in exports. In Castilla-La Mancha, although there is industry related to the motor-vehicle sector, the hardest-hit area will be agri-foods. Brexit will have a range of effects on Castilla-La Mancha. In that connection, other exporting countries may view the Spanish market as more attractive, in light of a difficult post-Brexit UK market, which will increase competition within the internal market. Firms will try to increase or hang onto their volume of business, which may lead to lower margins.</p>	<p>In order to mitigate the potential impact on the education sector, the region Castilla-La Mancha is considering the option of direct involvement in the various cohesion and development programs. In the event of a cut in EU funding (1)</p>	<p>1) The objective of the negotiations should be to keep the various funds at their current level; to guarantee the current multi-annual financial framework. Failing that seek transitional options for any regions that might be in need of continued help. The risk of losing EU funding will be felt during the 2021-2027 programming period. In the face of all of this, the need arises to:</p> <ul style="list-style-type: none"> <li>• Include a greater decree of negotiation in the process of distributing resources assigned to cohesion policy, so that it can be possible to safeguard the status quo;</li> <li>• Seek transitional options for any regions that, as a consequence of the effect that the withdrawal of more developed regions has statistically, funding is not cut to regions that still have the same level of wealth;</li> <li>• Seek any financial instruments that could mitigate the weaknesses and specific characteristics of regions like Castilla-La Mancha (e.g. large distances between population centres, excessive local government fragmentation, high youth-unemployment rate); new financial instruments to alleviate such issues could be created, thereby increasing the amount of funding received.</li> </ul> <p>2) Only EU Member States can be EIB shareholders. The EIB has not dismissed the possibility of changing the rules to enable the United Kingdom to remain as a shareholder even after Brexit. This option would require London's approval, along with that of the other 27 European capitals. To prevent the EU's bank from collapsing, it is suggested that the remaining EU Member States compensate for the 16% loss of equity capital that the bank will suffer as a result of Brexit. To minimise the effects as much as possible. 3) Tariffs are not the only barrier to exports, so we must demand reciprocity as regards any standards and regulations that the UK authorities may impose on Spanish products during the negotiations. It is essential that no protectionist barriers to entry derived from British standards be put in place that would entail our products having to obtain new permits or comply with new requirements or standards in relation to quality or hygiene.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Spain - Canary Islands - Fernando CLAVIJO BATLLE & Maria Luisa de MIGUEL ANASAGASTI

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>Agriculture, Tourism, Investment, Spirit drinks, motor vehicles, real estate.</p>	<p>1) The UK is a very important market for the agricultural exports of the Canary Islands: the value of vegetable exports to the UK amounts in 2016 to 66.3% of the value of non-energy exports (excluding ships and aircrafts). 2) The British market is the main destination for exports of these agricultural products, followed by the Netherlands with 40.0%. 3) After vegetables and spirit drinks, imports of motor vehicles and other land vehicles, their parts and accessories, which account in 2016 for 10.7% of total imports (value) from the UK, are ranked third. 4) Thus, the sum of those three headings accounts for 42.8% of the total value of imports in the Canary Islands from the UK in 2016. 5) Consequently, a sudden withdrawal without a trade agreement on the free movement of goods and services could ruin this situation (!). 6) The number of British travellers arriving in the Canary Islands in 2016, reaches 4,892,535 people, (accounted for 32.7% of all travellers). 7) British investment in the acquisition of real estate is very important in the Canary Islands: in 2015, 27.0% of the total sale was done by Britons. 8) Residents: 27,349 people are resident in the Canary Islands, who will notice the GBP depreciation, what will reduce their spending, their purchase of housing and could event provoke their return to the UK.</p>	<p>1) Regarding measures to be adopted, the scope for action by the Government of the Canary Islands is constrained, since much of the control of the most relevant variables, such as the trade policy (tariffs), the transport policy (single sky), or the exchange rate, is either managed by other institutions (European Commission) or fixed by the currency and financial markets. 2) Nevertheless, in October 2016, the Government of the Canary Islands set up a working commission to monitor and evaluate the consequences in the Canary Islands of the withdrawal of the United Kingdom from the European Union, which is aimed at: - Monitoring the process of the UK withdrawal from the European Union; - Carrying out assessments concerning the impact of such withdrawal on the economy of the Canary Islands; - Analysing measures to be taken, if necessary, to alleviate potential negative effects on the economy of the Canary Islands. 3) Such commission has met on several occasions and is composed of representatives of the Government of the Canary Islands, employers' organizations and trade unions. On the subject of tourism, actions have been carried out aiming at a greater diversification of customers, from the perspective of both the market and the access to segments by customers with greater spending capacity, or greater spending willingness, thus less sensitive to prices. 4) As far as the agricultural sector is concerned, the Government of the Canary Islands is exploring new alternative markets, in view of the importance of exports from the Canary Islands to the United Kingdom and its significant impact on employment, and has also adopted a new strategy to redirect part of the production for self-supply purposes: schools, health centres, etc.</p>	<p>1) To mitigate, as far as possible, the potentially traumatic effects of a hard Brexit. 2) The necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>Agriculture, Tourism</p>	<p>1) The United Kingdom is the main source of tourists to the Region of Murcia (43%) and the second destination for its exports (10.4% of total exports), with the agri-food industry being the most important, sending 75% of its exports to the UK. 2) Among the most devastating consequences of Brexit are those resulting from the UK's new trading and legal status with the EU after its exit takes effect. 3) This is compounded by the danger that future regional policy in the Region of Murcia may be badly affected, as a consequence of the fall in average per capita income in the EU caused by the UK's exit. 4) This will give rise to a loss of structural funds during the next programming period. 5) Another particularly important area is the loss of European citizenship rights, both for people from Murcia residing in the UK and for British residents in the Region of Murcia. The latter number around 14 000 according to 2016 data. The British are the largest group of EU residents in the Region. 6) Both of these groups may therefore find that exercising their civil rights (the right to vote and stand in municipal elections) and the right to access social and health services, inter alia, which have until now been recognised, are affected. 7) In addition, there may also be a fall in investment, which may affect the demand for housing in Spain from British people. 8) The impact of this could be more evident in the Murcia Region than in other parts of Spain. 9) With regard to research and education, three important issues must be addressed - mobility of the academic community, collaboration with British universities when establishing international university qualifications and recognition for qualifications, and scientific collaboration. For example, Brexit could mean that the UK leaves the Erasmus Programme, which would affect student mobility...</p>	<p>1) The Region of Murcia has created the Autonomous Community of Murcia Standing Committee – Brexit, involving the main export associations affected. Its aim is to provide a formal setting for these associations and set out joint strategies to address and prevent the effects of Brexit. 2) This Committee has set up an Action Plan to analyse and provide coordinated measures to counter the potential effects of Brexit on the national economy. 3) The main measures contained in the action plan are as follows: - an Observatory to monitor Brexit, to provide a detailed analysis of the terms of Brexit, the negotiations and its impact on regional trade with the United Kingdom; - coordinating with the Ministry for Economy and Competitiveness in order to adjust policy measures to real developments in the political and economic negotiations during the process; - Preparing a SWOT analysis per sector, to evaluate the impact and tailor policy measures to suit the individual features of different sectors and to those aspects that can be managed collectively; - Training sessions on exchange rate insurance and other financial arrangements to mitigate the effects of the devaluation of the pound (sectoral or general effects), in order to provide businesses with specific training to minimize the effects of exchange rate risk; - Planning upcoming activities under the Plan for promotion in new markets abroad (2017-2018), which are linked to this plan for seeking out alternative markets with the objective of minimising the potential impact of Brexit on the volume of exports, strengthening our position on the international markets and increasing the number of export businesses.</p>	<p>1) To defend a free trade agreement that guarantees a good level of access to the services market, with particular focus on issues relating to the free movement of people and the recognition of individuals' qualifications; 2) To include on the agenda for the negotiations setting zero tariffs for products entering the UK from the EU-27; 3) Moreover, to put pressure on the UK to not conduct negotiations on possible trade deals with third countries until its withdrawal from the EU is complete; 4) The scientific and academic community's research and mobility programmes must be negotiated between the EU and the UK, as one of the pillars of mobility of people and workers; 5) To encourage a reasonable agreement to ensure access to healthcare to EU-27 nationals in the UK and British nationals in the EU-27; 6) To pay particular attention to the regions of Europe - such as Murcia - that could see a reduction in European cohesion policy funding as a result of the statistical effect generated by Brexit; 7) To ensure that the United Kingdom delivers agreed contributions to European Programmes until the end of those programmes; 8) The negotiations may seek to determine transitional arrangements which are in the interest of the Union and, as appropriate, to provide for bridges towards the foreseeable framework for the future relationship. The new Multiannual Financial Framework (MFF) should continue to allocate sufficient funding to the various common policies: agriculture, regional, R&amp;D, energy and infrastructure and the Maritime and Fisheries Fund; 9) With regard to the 2014-2020 budget, UK must deliver on the financial commitments that it has made to ensure that its withdrawal from the EU has the least possible impact on the MFF; 10) To be informed about the negotiation process and monitor the negotiations, in order to adapt to future circumstances using impact forecasts; 11) Cohesion policy should be guaranteed. Particular attention should be paid to the regions of Europe, such as Murcia, that could see a reduction in funding under the European cohesion policy as a result of the statistical effect generated by Brexit (1); 12) Specific measures should be established to alleviate the negative consequences that Brexit could involve in areas with high economic dependency on relations with the UK; 13) The rights of EU citizens residing in the UK and vice versa should be secured, particularly as regards the free movement of persons, on the basis of conditions of reciprocity, equity, symmetry and non-discrimination, by advocating a free trade agreement that guarantees a good level of market access; 14) To support future mobility, there must be continued equivalence and recognition of vocational and academic training and no restrictions should be introduced in the area of work, nor in relation to the mobility of students and researchers; Measures should be established to ensure healthcare for EU citizens in the UK and vice versa, as well as the mutual recognition of social contributions, such as pension schemes; 15) Account must be taken of the damage that the creation of barriers involves for the economies concerned. This includes tariff and non-tariff barriers, as well as administrative and bureaucratic barriers to developing trade relations. 16) Implementing the four fundamental freedoms brings great benefits and they should therefore continue to be considered as a non-negotiable package; 17) The agreement on fisheries and acquired rights should be included in the area of fisheries, free access to the markets will be subject to an agreement that the European fleet are able to continue to fish in British waters; 18) Throughout the negotiation process, it is necessary to continually monitor the possible legislative changes that might be proposed unilaterally by the UK, with potentially negative repercussions for the EU, particularly in relation to taxation and financial regulation. Where appropriate this should be taken into account during the negotiations; 19) The Campo de Gibraltar district and, in particular, the workers of that region, should not lose out as a result of the UK leaving the EU, given the close-knit social and economic interdependence in this area; The Autonomous Communities should be continuously updated by the government on the negotiation process via the established organisational mechanisms for cooperation between administrations and particularly through the Conference on EU affairs; 20) There should also be a constant flow of information, facilitated by the organisation of meetings between the Network of Regional and Provincial Trade Directorates and the governments of the Autonomous Communities. 21) Moreover, where areas that fall under the exclusive remit of the Autonomous Communities could be affected by the negotiations, they may be consulted by the government. Also, effects of Brexit that are of particular interest to an individual Autonomous Community may receive special treatment within the framework of bilateral relations with the state; 22) In any case, regions, regardless of their specific interests, must comply throughout the process, with regard to the general state administration with the principles of institutional loyalty, coordination and cooperation and unity of action of public administrations in foreign affairs, as set out by Law 2/2014 of 25 March, State Action and External Service.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Spain - Illes Balears - Francina ARMENGOL i SOCIAS & Pilar COSTA i SERRA

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Economy Tourism Housing investments Yachting	<p>1) The service sector will most likely be touched as the tourism and its peripheral activities will feel the impact of the BREXIT. The sector represents plus 80% of the PIB.</p> <p>2) Any change in the freedom of movement will be felt as 25% of the tourist are UK residents. Minorca even has 40% of its visitors from the UK.</p> <p>3) The British are the second largest group to invest and their share is still increasing. Even if their share compared to other regions, the average expenditure is higher.</p> <p>4) This activity is still growing and attracts many foreign workers of which a large share are British.</p>	None were mentioned in the contribution.	None were mentioned in the contribution.



Spain - Andalusia - Susana DÍAZ PACHECO & Ángel Luis SÁNCHEZ MUÑOZ

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Cross border workers Foreign investment Tourism Agriculture Industry	<p>1) 58,7% of Spanish workers in Gibraltar will be affected</p> <p>2) UK Tourism in Andalusia is 1,2% of PIB</p> <p>3) 46,6% of patients are from UK</p> <p>4) Trade: Export to the UK totals 1 717 billion Euro, Import from the UK totals 893 million Euro</p> <p>5) CAP funding would be affected, meaning 190 million Euro per year less for the region</p>	<p>The Andalusian Ministry of Tourism and Sports has produced, in addition to its United Kingdom Action Plan 2016, a Reinforcement Plan to influence the UK market with goals and strategies. Also relocation from UK to Andalusia need to be on the agenda.</p>	<p>Therefore, Andalusia considers it just as advisable to create a fund for areas especially affected by Brexit, as to adopt a more flexible interpretation of the state-aid rules to enable companies located in those areas to effectively benefit from such funding and from any potential subsidies that Member States adopt and fund from their own budgets, which therefore contribute to overcoming the potential economic effects of Brexit locally and regionally.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Spain - Valencia - Ximo PUIG I FERRER & Joan CALABUIG RULL & José Alberto LÓPEZ MORENO

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Specifically agricultural, industrial, tourism, healthcare, education and social sectors.	<p>1) More than 100 000 British citizens are permanent residents in the Autonomous Community of Valencia, in addition to tourists. 2) Similarly, many Valencian citizens live and work in the UK. 3) The impact on these people's political, labour and social rights will have to be dealt with in light of the outcome of the negotiations. 4) In terms of the economy, the UK is the third largest destination market for Valencian sales, which have already been trending down. 5) This is in addition to the economic impact that could result from a possible fall in tourism, which would affect the property market and services sector. 6) We should also mention that once the UK has left, Valencia could – in addition to the aforementioned impact – be affected by potentially reduced opportunities if mobility and cooperation programmes between our region and the UK cease to function. 7) From the very outset, the Autonomous Community of Valencia has been analysing the consequences of the UK's departure from the EU for our citizens and businesses.</p>	<p>1) Since the referendum, the president of the regional government (Generalitat) has been in contact with the UK's ambassador to Spain. 2) From that moment on, the effects of Brexit have been a priority for the president and the entire government in all meetings with national, institutional or economic representatives in the Autonomous Community of Valencia in order to discuss the situation of British residents (social assistance and healthcare). 4) He has also met with the authors of the BBVA Research report on the Autonomous Community of Valencia which examines the impact of Brexit on our economy, and has met with the directors of the Confederation of Business Organisations of the Autonomous Community of Valencia (Confederación de Organizaciones Empresariales de la Comunidad Valenciana, CIERVAL), the Valencia Business Confederation (Confederación Empresarial Valenciana, CEV), the Alicante Province Business Confederation (Confederación Empresarial de la Provincia de Alicante, COEPA) and Valencia's whole agricultural sector, as well as other specific meetings with organisations such as AVA-ASAJA (Valencian Farmers' Association) and the Spanish Association of Agricultural Economists (Asociación Española de Economía Agraria, AEEA). 5) Follow-up meetings have also been held with the Ford corporation and with representatives of the tourism sector in Benidorm. 6) Moreover, the impact of Brexit will be one of the issues to be addressed by the recently established Mesa del Taulell dialogue forum. Internally, the consequences of Brexit have been assessed by the Interdepartmental Committee for Relations with the European Union and External Action, in cooperation with all the departments of the regional government. 7) This has resulted in an initial assessment entitled Report on the impact of the United Kingdom's departure on the Autonomous Community of Valencia for the Committee of the Regions, which subsequently incorporated the position of the Spanish Delegation at the CoR. 8) This position was presented on 12 July 2017 at the 124th plenary session with the title Common position among the regions in the national delegation of Spain regarding the United Kingdom's decision to leave the European Union.</p>	<p>In terms of the measures the EU could adopt to mitigate the impact of Brexit, the Autonomous Community of Valencia called for the current Multiannual Financial Framework to be upheld, and suggested that the negotiations insist on:</p> <ul style="list-style-type: none"> <li>1) Ensuring the free movement of individuals and citizens' rights on a reciprocal basis.</li> <li>2) Ensuring future mobility: regulatory equivalence, academic and professional recognition and no restrictions in the area of careers and training.</li> <li>3) Maintaining policies to support growth and jobs, as well as an appropriate budget for cohesion and R&amp;D policy.</li> <li>4) Enabling cooperation under European programmes.</li> <li>5) Trade – applying European standards and not putting up non-tariff barriers.</li> </ul>



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Finland - Rovaniemi - Antti LIIKKANEN

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Education Tourism External Borders NATO	<p>1) Cooperation with the UK and the Commonwealth is very important for public and private sector activities in Lapland's municipalities, regions and the education sector (all levels, including higher education) as well as the tourism industry.</p> <p>2) All regional stakeholders have reacted with great concern to news about Brexit and are preparing for various aspects of it in their planning. 3) We hope that it will be possible for Brexit to take place with as little damage and as many benefits as possible in all sectors in our region.</p> <p>As the EU's only region operating across three borders (with the euro area, the EEA and Russia), Lapland hopes that the potential creation of a "fourth border" will not excessively impede the activities and development of our people, municipalities and businesses. 4) The emerging integration of external security is another matter of great concern to us. Brexit is unlikely to have positive implications as regards the EU's external borders, non-membership of NATO and bloc-formation in Europe.</p>	Not detailed.	We can suppose that at the EU level, the necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

France - Hauts-de-France - François DECOSTER

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Fisheries Fluidity of traffic flows Migration.	<p>1) The immediate consequence of the Brexit negotiations is a phase of uncertainty, which will either increase or progressively decrease, depending on the progress of the negotiations. 2) This unpredictability will undoubtedly affect the Hauts-de-France Region. 3) Nevertheless, it presents a unique opportunity to affirm the European and international vocation of this new community which is grappling directly with this unique situation in European integration. 4) The Region must therefore seek to increase its attractiveness as much as possible. 5) This is the purpose of the strategy pursued by the Region since the UK referendum. 6) We will put this in its geographical, economic, academic and financial context. 7) The UK has never joined the Schengen area. Border controls between the two countries are therefore already in place. 8) However, the nature of the withdrawal of the UK from the EU (hard or soft Brexit) will determine the future cross-border relationship. In the event of a hard Brexit (exit from the single market, customs union etc.) the police/customs authorities will have to treat the UK like any other third country, for example by applying the common customs tariff to goods originating in the UK. 9) This could have a negative impact on the fluidity of trade flows between the ports of Calais and Dover, for example. The same applies to free movement of capital, services and people. 10) The latter factor is also relevant to the management of migration flows (- 6000) into Calais and more generally the issue of the potential renegotiation of the bilateral Le Touquet Agreement. 11) At this stage of the negotiations any forecasts regarding the economic impact of Brexit on the Hauts-de-France Region, for which the UK is its third largest trading partner, cannot be meaningful. 12) They depend on the type of agreement concluded between the UK and the EU, but leave room for many opportunities. 13) For example, if the UK withdraws from the Common Fisheries Policy (CFP), not only not only will fishermen no longer be able to access UK waters, which are very rich in fish, so easily but the whole of the CFP may "unravel". 14) And the fishing sector is important for the region, which is home to France's main fishing port, Boulogne-Calais, which is also the main European centre for the treatment and processing of sea products. 15) In addition, along the Region's coastline nearly 170 small-scale and deep-sea fishing businesses produce a turnover of close to EUR 80 million with a fleet of around 190 vessels, providing nearly 900 on-board jobs. 16) Professional fishing from the shore is also well represented, especially in the Somme bay, which is the main location for this activity in France. 17) And finally, wholesaling and processing of sea products provides 5 000 jobs in 150 companies. Thus significant effects are to be expected in the case of a hard Brexit.</p>	<p>1) Brexit Task Force. The Brexit negotiations may also be an opportunity for the Hauts-de-France Region. The lack of predictability is feared by businesses from both sides of the Channel. 2) The Hauts-de-France Region has sought to offer prospects to businesses wishing to continue to operate in the single market, and/or an EU address, while remaining close to the UK. 3) Thus, the possibility of using a rapid and efficient transport network and infrastructure like Eurotunnel and the port of Calais are key elements in this respect. 4) Moreover, the region can rely on its economic dynamism, particularly in the following sectors: finance, the automotive industry, aerospace, the pharmaceutical industry. 5) With regard to the latter sector, Lille has already been chosen by the French government as the city which could host the European Medicines Agency, currently based in London. 6) In the automotive sector, there are major concerns regarding future relations with the UK, particularly on the part of the car maker Toyota, which operates in the region. For example, 13% of Yaris exports in 2016 went to the UK. On the other hand, the availability of a skilled labour force in the automotive area of northern France and road and rail infrastructure are both important arguments. 7) With regard to financial services, opportunities are also opening up for the Lille European Metropolitan Area (MEL). Various projects are underway, the main players being the Regional Council, the MEL, the Regional Chamber of Industry and Commerce (CCIR), Nord France Invest (NFI), Lille's Agency and Lille Place Financière</p>	<p>1) Participation of UK in EU programmes: Brexit is casting doubt on the future of partnerships like the Interreg 2 Seas programme and France (Channel) England, financed by the ERDF. 2) However, it is important to remember that many countries that are not members of the EU (e.g. Liechtenstein) participate in programmes or projects financed by the EU. 3) Indeed, the Interreg programmes do not exclude the participation of non-EU Member States, but do require the participation of at least three partners, of which at least two are EU Member States. 4) Thus, even after 2020, the UK will remain a potential partner for European programmes, even if this relationship will depend on the outcome of the negotiations, both regarding Brexit and the wish of the 27 Member States to give real momentum to these territorial cooperation programmes.</p>



France - Finistère - Nathalie SARRABEZOLLES

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Tourism, Fisheries Agriculture	Conflicts when using Maritime domain; risk of limiting export products to the UK, risk of loss of EU financing. 1) Finistère faces several economic risks linked to the Brexit – because of its geographical position and the nature of its commercial exchanges. 2) Economic risks – tourism sector : UK visitors are the first foreign market in Finistère (450 000 overnight stay for outdoor accommodation, 62 000 overnight stays for indoor accommodation in 2015). The devaluation of the rate €/£, the potential return of more controls at the border can have an impact on these figures. The number of British visitors has already fallen over the past two years, but it is not possible to directly link this decrease with the Brexit. 3) Economic risks – fishing : the end of the access to the British fishing areas to the Finistère fishing boats is a real economic risk. 50% of the fishing activity in Brittany region (NUTS 2 Region, Finistère is a NUTS 3 territory inside Brittany) is made inside the British Exclusive economic zone. Also, French boats are currently unloading in Great Britain but selling their fish in France - Brexit could create a customs risk. Looking beyond the fishing activity, there may be an increase in the conflicts of use of the maritime territory in the case of a hard Brexit. 4) Economic risk – agriculture : the vegetable area of Léon (north part of Finistère) is exporting to England and would be impacted in the case of restrictions in the free movement of goods. 5) The Finistère ferry company "Brittany Ferries" does crossings between Finistère and England for fret as well as for passengers and would thus be particularly impacted. Nearly 2700 people work for this company all year round over all its routes (cross-Channel and England-Spain). 6) Up to 20% of inhabitants of some rural part of Finistère are British citizens. The future of these populations (free access to French healthcare, spending power in case of devaluation of the rate €/£) is uncertain. 7) In the sector of education and research, a lot of academic stakeholders are currently developing European projects with the United Kingdom. 8) The new status of the United Kingdom may compromise the access to European funding in these collaboration projects (H2020, INTERREG...) that bring a real added value to the territory. 9) Also, numerous schools from nursery to higher education level are doing exchanges with British schools in the framework of Erasmus+ projects or agreements. Should there be a hard Brexit and the UK not be eligible to Erasmus+ anymore, it would be a great loss for pupils of Finistère. 10) Regarding the access to structural funds for our territory, the withdrawal of the UK from the European Union would increase the relative wealth of Finistère (and Brittany). 11) This may reduce the amount of funding available when we would at the same time lose our major partner in collaborative projects – thus reducing also the access to transnational funding.	1) Brexit Task Force (with Cornwall Council). 2) Finistère County Council shares a protocol of cooperation with the Cornwall Council (County of Cornwall, NUTS 2) since 1989. 3) An officer from Finistère has been working in Cornwall since 2007 looking to improve the links and the number of European projects between our two territories. 4) Finistère County Council wishes to carry on cooperating with Cornwall on shared issues, such as the maritime exchanges between rural and urban areas and some social questions (social impact of public policies, ageing of the population). 5) Also, cultural and educational exchanges will continue to be supported. 6) Finistère County Council will lean on this strong and long partnership to carry on its observation and intelligence work on the Brexit negotiations and will associate Cornwall Council to a task force gathering the major stakeholders from Finistère directly impacted by the Brexit (County of Cornwall, University, city/urban areas/chamber of commerce, of agriculture...) in order to identify new ways to cooperate with the UK and be proactive towards the EU Commission. 7) The County Council will also work with the different think tanks and lobbies on the Brexit in its different networks (Assemblée des Départements de France, AFCCRE...). The Atlantic Maritime strategy is a support for this work.	1) EU Funds should take into account local impact of Brexit; UK should continue to be part of EU programmes. 2) In order to feed in this work, it would be interesting to have a specific call for proposals in 2018 from the EU allowing an inventory of the existing relations and a detailed assessment of the local impact of Brexit. This will help the perspectives allowing to maintain the maximum of the links between local authorities. 3) Due to the number of cooperation projects with the United Kingdom and its geographical position, Finistère will be particularly impacted by the Brexit. It will also reinforce its peripheral position inside the European Union. This is why in the calculation for the new structural funds post-2020 Finistère is advocating to take into consideration the short and middle-term impact of the Brexit.(1) 4) Once the Brexit will be effective, a programme with the UK around exchanges in terms of public policies (similar to INTERREG Europe but that would benefit only the territories bordering the UK) would allow to keep a tangible link with our neighbour. 5) It would also be welcomed that the UK commits to a financial participation on the INTERREG Atlantic so that the Atlantic Arc will remain strong. 6) Also, it is important the UK keeps a status allowing to be eligible on programs specifically creating links between citizens – Erasmus+ and Europe for citizens for instance.



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Greece - City of Egaleo - Dimitris BIRMPAS

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>According to the Mayor of the Municipality, it will not be affected directly. However, indirectly it appears that citizens, who working and studying in the UK are concerned and affected. This is to say that we can argue that at the EU level, the necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>			



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Tourism, Aviation, Structural Funds	<p>1) At a regional level, unfortunately, there are no analysis studies on the BREXIT impact.</p> <p>2) However, an initial assessment on the impact is attempted based on the structure of the regional economy of Crete. 3) The region of Crete has developed a high level of commercial trade with the United Kingdom, especially in tourism. 4) In particular, it is estimated that 13% of the total touristic activity is due to tourist visits from the United Kingdom. Given that the GDP of the Region of Crete is connected to a large extend (up to 50% according to some estimates) to tourism activity, it is expected that BREXIT will have a significant impact. 5) This will stem mainly from the potential decline of the real household income in the UK, as a result of e.g. a permanent product-income loss due to BREXIT, coupled with a rise in inflation and a depreciation of the UK sterling currency/exchange rate against euro. 6) More specifically, the depreciation of the UK sterling against the euro after BREXIT will make the Greek tourist product more expensive for the residents of the United Kingdom. 7) Additionally, the changes in the relevant entry procedures, such as the re-introduction of travel visas for the UK residents or the alterations in the airlines' operating schedules, will also have a negative impact. 8) Visa-free travel services should be continued in order to avoid adverse effects on tourists visiting from the UK. 9) Finally, the potential withdrawal of the UK from the European Single Aviation Market (ESAM) could increase the transport costs for the UK-based carriers with a negative impact on the cost of travel abroad and, hence, on tourism in Crete. 10) Regarding the product exports and the bilateral trade in general, the impact is limited but not negligible, as the exports to the UK amount up to 5% of the total and consisting mainly with local agricultural products. 11) The final impact will depend on the customs duty system that will apply after the UK's withdrawal from the EU. 12) Moreover, the educational and research community will also experience the impact, as BREXIT is expected to negatively affect the collaborations developed in the framework of international research programs funded mainly by the EU. It will also negatively affect studies, as well as their cost. 13) Finally, it is estimated that the Region's investment program financed by the Structural Funds will be negatively affected, as the EU community budget will be decreased.</p>	<p>1) In the framework of the evaluation of the ROP 2014-20 of Crete, the issue of the BREXIT impact assessment has been raised, as it affects the achievement of the objectives set. 2) Therefore, I expect that there will be safer assessments in early 2018. 3) I note that, at a regional level, a general effort is being made in order to attract tourists from new emerging markets with great potential. 4) This effort is expected to be facilitated by the construction of the new international airport of Heraklion. 5) The rapid completion of this project constitutes a central development priority and the European Commission should facilitate its execution with all available means. 6) Furthermore, the communication campaign to new markets for the attraction of tourists should be reoriented and strengthened. 7) To this end, appropriate decisions are already being made at a regional level.</p>	<p>1) The range of the impact requires a more systematic and coordinated approach by the EU. 2) The European Commission is able to assess the impact and to direct the resources where the strongest pressure occurs. 3) In this context, a study on the impact of BREXIT in tourism with strong regional dimension, especially oriented to the Mediterranean regions, should be carried out. 4) It might also be appropriate to design an Adaptation Financial Mechanism co-financed by the Structural Funds, aiming to redirect financial transactions to the most affected regional economies (!) 5) Of course, the efforts to develop a mutually beneficial bilateral cooperation with the UK will continue after the withdrawal from the European Union and possibly some of the aforementioned effects will not be of the extend and the depth that we initially expect.</p>



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Ireland - Cork County Council - Cllr Deirdre Forde

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Citizens, Students, Economy, Trade, Tourism, Transport	<p>1) There were 112,259 UK nationals usually resident and present in the State in 2011, when the total population was 4,525,281. 2) Thus UK nationals comprised 2.5% of the population of Ireland in 2011. Proportionally fewer UK nationals lived in Leinster in 2011 compared to the total population and proportionally more UK nationals lived in Munster, Connacht and Ulster than the total population. 3) Thus there is a wider spread of UK nationals across the country than the general population. 4) In 2011, more than half (54.6%) of all persons in Ireland lived in Leinster compared to 43.3% of UK nationals, while 11.8% of the total population lived in Connacht compared to 17% of UK nationals. 5) Of the 112,259 UK nationals in the State in 2011, 46,902 were at work and 15,093 were unemployed. 6) Thus UK nationals were slightly more likely to be at work than</p> <p>the total population, with 41.8% of UK nationals at work compared to 39.3% of the total population. 7) UK nationals were also more likely to be unemployed, with 13.4% unemployed compared to 9.3% of the total population. 8) There were 8,295 residents from Ireland in 2011 who were in full-time education or in employment in Northern Ireland. 9) Of the 8,295 Irish residents who commuted across the border with Northern Ireland, 2,316 (28%) were aged 35-44 while 2,196 (26%) were aged 25-34. Just over half (54%) of the Irish residents who commuted across the border were female. 10) Flows of direct investment into Ireland were €169.8bn in 2015, an increase from €28.2bn in 2014. The United Kingdom had a disinvestment of €4.1bn in 2015 compared with an investment into Ireland of €0.8bn in 2014. 11) Direct investment flows abroad from Ireland were €149.9bn in 2015, an increase from €31.2bn in 2014. There was a flow of direct investment into the United Kingdom from Ireland of €0.5bn in 2015. 12) Irish stocks of direct investment abroad increased from €510.2bn at the end of 2014 to €815.2bn at the end of 2015. The United Kingdom accounted for 10.9% of total direct investment abroad in 2015, down from 15.3% in 2014. 13) Exports of services rose from €92.7bn in 2013 to €101.8bn in 2014. The largest components of exports of services in 2014 were Computer services at €47.9bn and Business services at €19.1bn. Exports of services to the United Kingdom were €15.7bn in 2013 and increased to €18bn by 2014. Thus United Kingdom exports of services accounted for 18% of all exports of services in 2014. The largest components of exports of services to the United Kingdom in 2014 were Computer services at €6.1bn and Business services at €3.2bn. 14) Exports to Great Britain accounted for 12.3% of total goods exported in 2015 while exports to Northern Ireland accounted for 1.6%. More than half (57.1%) of all goods exported in 2015 are in the category "Chemicals and related products" and just 6.4% of these exports went to the United Kingdom. Nearly 15% of all goods exported in 2015 were in the category "Machinery and transport equipment" and just over 16% of these goods went to the United Kingdom.</p>	<p>1) Local authorities will be encouraged to Brexit proof all of their key planning documents such as the County Development Plans, Local Area Plans, etc. so as to respond to the issues posed by Brexit. 2) It is proposed that local authorities use whatever economic levers are available to them – including the LEOs and LDCs – to mitigate the impacts of Brexit and, equally, to be able to take advantage of any opportunities presented. 3) To consider any legislative amendments that need to be made to allow councils to amend statutory documents such as development plans to take account of the implications of Brexit. 4) To convene a forum to bring together local government leaders, elected and executive, to discuss "Brexit" related issues and how local government can be empowered to deal with the implications – both those which are challenging and which are positive – arising from the future relationship of the EU and the UK. 5) Local Enterprise Offices in each local authority will continue to support and advise local businesses in terms of identifying and responding to both the potential and the challenges presented by Brexit. 6) Arrangements for the cross-border delivery of services – e.g. agreements on cross-border fire services cover – should be assessed to ensure that they are resilient in the face of Brexit. 7) It is timely for local authorities to re-visit town twinning links to assess opportunities for maintaining links and reinforcing connections with communities in EU member states bearing in mind the roles that personal, social and sporting connections play in sustaining commitment to the ideals of the European Union.</p>	<p>1) The European Union must be urged to recognise Ireland's extra periphery following a full Brexit. 2) Already peripheral being on the western extremity of the continent, Ireland will now find itself separated from the European mainland by a non-EU member state straddling many transport routes to the continent. 3) The EU must be conscious of the need to support transport investment relating to road, rail and marine connections which will help to ensure efficient connection between Ireland and the European Union. 4) The programmes funded by the EU/UK/ Irish co-funded "Peace" and "Inter-Reg" schemes need to be protected in the light of any funding challenges that might emerge after Brexit. 5) The programmes funded under these projects include the key crossborder programmes as well as the Inter-Reg programmes connecting the South East of Ireland and Wales. 6) These programmes have immense importance in terms of cultural and social support to communities.</p>



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Ireland - Irish LRA - Dr Michael BRENNAN (on behalf of IE Delegation)

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>1) Maritime sector; 2) agri-food; 3) fluctuation of sterling which may negatively impacts Irish competitiveness versus the UK; 4) Tourism from the UK; 5) Cross-border trade with Northern Ireland will be particularly affected (sectoral analysis here); 6) Fossil fuel dependency: Ireland imports 89% of its oil products and 93% of its gas from the UK; 7) The Irish and UK energy networks are also closely linked (since 2007 there has been a Single Electricity Market for the whole island). 8) Post-Brexit, this single market will be affected and Irish energy security may be weakened. 9) Lastly, Brexit forces all Irish actors to reconsider the political positions they take within the EU. 10) Ireland and the UK frequently found common ground on free trade, taxation, the internal market, financial services and justice and home affairs. 11) Brexit sees Ireland losing a valuable ally in the EU, which could result in more pressure being put on Ireland to raise its corporate tax rate, as one example.</p>	<p>1) Exposure to Brexit varies both between (and within) Regions, with urban areas in general less exposed than rural areas, due to the concentration and diversity of the population, services and sectors. 2) The NWRRA is the most exposed Region to Brexit effects due to its high volume of cross-border trade and relative deficits in transport infrastructure (international airports, high-speed motorway, rail services and ports) and digital services. 3) Irish local authorities develop spatial, economic and community plans (consistent with regional policy) that guide and facilitate economic and social development at the local level. 4) Each of Ireland's 31 local authorities is differently exposed to Brexit depending on its location, population, indigenous and foreign economic activities and access to infrastructure. 5) Every local authority is acutely aware of Brexit and is attempting, despite the continuing uncertainty around the exact nature of the EU-UK relationship post-Brexit, to develop policies, plans and actions to mitigate the effects. For example; each local authority contains a Local Enterprise Office (LEO), which are a one-stop-shop providing information and support on starting or growing a business in Ireland. 6) LEOs provide already direct finance, advice on alternate finance options, capacity building and connection with national level supports, and now provide direction to a range of Brexit supports.</p>	<p>1) Regional policy is set by the three Regional Assemblies. 2) The Assemblies coordinate both spatial and economic strategy within their respective boundaries, and in 2018 will each publish Regional Spatial and Economic Strategies (RSES). 3) Each RSES will consider the qualities, population, service offering and strategic location of their towns and cities and provide a coordination function for local spatial and economic policies and plans, taking Brexit into account. 4) Besides the forthcoming RSES, there are regional-level responses have been initiated by national, regional and consortia of local actors. Examples include: - Co-Innovate programme: A five year €16.6 million project funded under INTERREG VA Programme, aims to increase the numbers of SMEs involved in research and innovation from 22% to 33% across the border region of Ireland (within NWRRA, local authorities of Cavan, Donegal, Leitrim, Louth, Monaghan, Sligo), Northern Ireland and parts of western Scotland. 5) New and existing strategic alliances and joint formal research and policy development between Irish and Northern Irish local authorities have been initiated and strengthened: - Initial Analysis of the Challenges and Opportunities of Brexit for the Derry City &amp; Strabane and Donegal County Council areas - The North West City Region. 6) Brexit and the Border Corridor on the Island of Ireland: Risks, Opportunities and Issues to Consider; research commissioned by the eleven local authorities who comprise the Ireland/Northern Ireland Border Corridor</p>	<p>1) Brexit will result in two EU Agencies currently located in the UK - the European Medicines Agency (EMA) and the European Banking Authority (EBA) - relocating elsewhere in the EU. Ireland has submitted formal bids for both Agencies to relocate to Dublin. Ireland's position is that relocation to Dublin would be the least disruptive move for EMA and EBA staff, while also offering an excellent quality of life in a safe, vibrant and multicultural city, with good air connectivity, where English is the main language. 2) The necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

### Italy - Region of Emilia-Romagna - Simonetta SALIERA

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Economy Tourism Migration	<p>1) Among Italian regions, Basilicata is the most exposed to trade with the UK, with nearly 15% of its exports sent to the UK. Emilia-Romagna comes in 4th position.</p> <p>2) With 3.1 million arrivals and 11.9 million overnight stays in 2014, the UK holds fourth position among the markets for visitors.</p> <p>3) The UK is a major destination for emigrants from Bologna and Milan, although Bologna only ranks 6th, below Genoa, which is notable for its very British character.</p>	No mention of measures in the contribution.	No mention of this in the contribution.



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

### Lithuania - Lithuanian delegation - Arnoldas ABRAMAVICIUS

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Economy Budget Migration	<p>1) Lithuania will not feel any negative effects in the short - to mid-term perspective. A 0.2% GDP loss is estimated as the UK is the 9th trading partner. The food and beverage industry expect to face the biggest impact of Brexit.</p> <p>2) A majority of investments in municipalities have been made using EU financial support, these will most probably be impacted.</p> <p>3) It is believed that a large proportion of current emigrants should abandon Lithuanian citizenship in order to stay in the UK.</p>	<p>There is no debate on Brexit at municipal level at the moment. Lithuanian municipalities do not prepare any special plans or programs to avoid the „Brexit“ impact. It would be appropriate to take joint actions on LRA level and start to think about establishment of special funds or financial mechanisms of LRAs.</p>	<p>The contribution makes no specific mention of this.</p>



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

the Netherlands - Emmen (northern part of the Netherlands - Drenthe) - Bouke ARENDS

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Economy Industry Tourism	<p>1) According to research by ING in May 2017, within the Netherlands, the North of Netherlands is the least sensitive to the Brexit. 2) Within the North, the province of Drenthe has the lowest export to the UK.</p> <p>3) The Drenthe export package is reasonably balanced in composition and countries. 4) However Drenthe exports proportionately slightly more own product to the UK than to the rest of the Netherlands. 5) Re-export to the UK is very low, which is not very surprising given the location. 6) The biochemistry and the synthetic fibre industry are important sectors, which are concentrated in the city of Emmen. Emmen has in several major exporting companies, such as DSM and Teijin Aramid. 7) The exports of chemical and industrial products to the UK are above average and constitute half the goods exports from Emmen. 8) Although access to the UK market for companies in Emmen may be more difficult, a British withdrawal also opens new windows of opportunity. The British chemistry and industry are focused on the EU for their exports. That makes companies in Emmen can take advantage of the deteriorating marketing position of British competitors.</p>	<p>1) To be able to make a fist in North Netherlands and also attract business from the UK there is a joint strategy of policy makers and business. 2) These can be based on the leading innovative position in the green chemistry and biobased cluster in Emmen has built up within Europe.</p>	<p>The necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



## the Netherlands

Region/city	Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Summary - Dutch Delegation	Various but top 3: Agro-Food Fisheries Gas Background: • NL exports 39 billion a year to the UK • 45 000 British ex-pats live in NL • 84 billion of direct investment by UK companies.	<ul style="list-style-type: none"> <li>• Smaller EU budget post 2020, impact on availability EU funds for LRAs in the next programming period.</li> <li>• Increase since Art. 50: Meat (dried, smoked, brined) &amp; electricity.</li> <li>• Decrease since Art. 50: Machinery &amp; steel products.</li> <li>• Overall increase in export since Art. 50</li> </ul>	No common strategy adopted by the Dutch local and regional authorities regarding the Brexit. LRA initiatives to attract intl HQ to the Netherlands as a result of Brexit.	Keep LRA's informed on the progress and the consequences.
Province of Drenthe 8th BREXIT-sensitive region of NL	Economy Tourism Budget	Half of the exports of chemical and industrial products from Emmen go to the UK. However, British chemical industry is focused on the EU, this might be a window of opportunity for Emmen. 25% of all hotel guests that stay in Drenthe are UK residents. EU budget will be lower so less money for the LRA	At the moment, no official strategy but Drenthe is working with Europa Decentral in order to analyse the potential consequences and be able to inform and advise companies and industries in its region. This includes indirect import/export flows.	At moment, no specific actions are expected
Municipality of Weststellingwerf (province of Friesland - 7th BREXIT-sensitive region of NL)	Food Paint	1% of the province's export goes to the UK. Friesland Campina: cuts own brand and other labels including an English supermarket chain (refrigerated transport to UK). Molip Dupli: UK is large market any increase export cost will impact the its competitive position.	At moment, no measures have been planned.	At moment, no specific actions are expected
Province of Overijssel 7th BREXIT-sensitive region of NL	Fishing Agro-Food (horticulture) Carpet industry	See also Zwolle	No formal strategy has been adopted due to the uncertainty surrounding the process.	At moment, no specific actions are expected
Zwolle - Province of Overijssel	Economy Food Carpet industry Transport Tourism Citizenship	Regional export of own products is 6%. However the carpet industry and the food sector have the UK as the most important sales market. SCANIA exports part of its production to the UK. A limited number of individual companies will be touched as well as we expect a limited impact on tourism and the exchange of citizens.	No measures have been taken yet by the Zwolle region. However, the BREXIT process is monitored by the Economic Board of the Zwolle Region. EWRC saw an exchange of views with NL delegation and MEP P. van Dalen (incl. A visit of a delegation of the Zwolle Region).	Ensure free movement of goods and services to be maintained as much as possible. Limit the financial consequences from BREXIT: ex. different way of implementing the future cohesion policy. Keep LRA's informed on the progress and the consequences. Premature to have specific support measures at the moment.
Province of Zuid-Holland 6th BREXIT-sensitive region of NL	Agro-Food Transport & Logistics Fisheries	The small fleet of fisherman has joined the fleet of UK for their access to the British territorial waters.	Innovation Quarter & Netherlands Foreign Investment Agency are working to keep an attractive investment climate.	At moment, no specific actions are expected
Province of Utrecht 1st BREXIT-sensitive region of NL	not mentioned	8,5% of export goes to the UK.	At moment, no measures have been planned.	At moment, no specific actions are expected



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Region/city	Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Province of Groningen 10th BREXIT-sensitive region of NL	Gas Education	3.5% of the province's export go to the UK. Reexportation is relatively small. Gas is important trade product and is an important part of UK's energy system (60% of own production in 2015). University of Groningen may attract less students and less students might to the UK thru Erasmus. With 2.3% of the tourists coming from UK no great impact is expected in this sector.	At moment, no measures have been planned.	At moment, no specific actions are expected
Province of Flevoland 5th BREXIT-sensitive region of NL	Economic Fisheries Territory	Aircraft landing rights will be affected (both ways). 40% of UK municipality's activity is fishing. 60% of the fish sold in GB is processed in UK. Reduced access to British North Sea Fishing grounds.	The municipality of UK undertakes action with other MS to draw the attention to consequences of Brexit on fishing. Opportunities have been identified.	
Province of Noord-Brabant 3rd BREXIT-sensitive region of NL	Economic EU Budget	The uncertainty on the outcome may have a major impact on the significant trade done with UK partners in various areas (25% of rural export which is 10% of the areas total export). Reduction of EU budget may impact the implication of the province in the Interreg Two Seas Programme.	The contribution makes no mention of any measures under discussion or currently being taken.	
P10 municipalities (network of rural municipalities)	Agriculture	Main exporter of food in EU and second in the world. The UK is important export market.	No measures have been mentioned	In future trade agreements, no additional barriers should be raised (avoiding extra costs). Consequences for rural areas must be taken into account.
Randstad Region	Economy	Randstad area represents 50% of Dutch GDP. Some consequences will show immediately or even already now but some may become visible in several years.	No formal strategy has been adopted due to the uncertainty surrounding the process.	At moment, no specific actions are expected

This analysis refers to both contribution of the NL Delegation and the ING Report.

## BREXIT-sensitive regions of NL (source ING report May 2017)

- 1 Utrecht
- 2 North-Holland
- 3 North-Brabant & Zeeland
- 4 Limburg
- 5 Flevoland
- 6 South-Holland
- 7 Friesland & Overijssel
- 8 Drenthe
- 9 Gelderland
- 10 Groningen

Gas the Netherlands are good for +25% of all EU gas (source wiki retrieved 31/10/2017 at 15:20)

<b>Gas</b>	the Netherlands are good for +25% of all EU gas (source wiki retrieved 31/10/2017 at 15:20)	
<b>Randstad Reg.</b>	<p>North Holland, South Holland Utrecht, Flevoland Amsterdam Rotterdam The Hague Utrecht</p> <p><b>P10</b> 16 rural municipalities from different provinces. Rural Municipalities: large areas with several small villages but without large urban groupings. Sluis, Hulst, Peel en Maas, Schouwen-Duiveland, Goeree-Overflakkee, Bronckhorst, Berkelland, Hof van Twente, Westerveld, Borger-Odoorn, Ooststellingwerf, Aa en Hunze, Tynaarlo, Opsterland, Hollands Kroon, Medenblik</p>	



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

the Netherlands - Friesland - Rob JONKMAN

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>"(...) on what the future relationship between the UK's local governments and those of other member states should look like – is one that we have been addressing at the Committee of the Regions. This EU body needs to continue to act as a platform for cooperation at the local level: many of the modern day challenges we face, ranging from radicalisation in our communities to pollution, require local action and global coordination. Things like terrorism and climate change know no borders, so we need to think about how we can work together on such issues. It is also in the interest of our fishermen and businesses that we continue dialogue and cooperation at all levels of government. As legislation starts to diverge, we need to continue to be aware of the supply chains that our businesses on both sides of the channel depend on for their mutual success.</p> <p>From a Dutch perspective, while we are sad to see the UK leaving, we are also keen to ensure that a mutually beneficial deal is struck. We are keen to ensure that our local cooperation, our business and trade relations continue. Our local and regional impact assessments as well as our national impact assessments all underline the Dutch desire to continue working closely. For example, our Dutch national parliament stressed in its report that "any restriction on free trade with Britain would inevitably be at the cost of Dutch exports, prosperity and employment," while adding that "there's no reason at all to allow Britain to cherry pick, but there's also no reason to prevent Britain from receiving trade advantages. (...) While existing models of cooperation with non-EU countries can form a basis for shaping the future UK-EU cooperation at the level of local government and devolved administrations, we should aim to build a new network through the Committee of the Regions that would not only cover climate change and migration but also areas such as economic cooperation. As Europe, we are competing against global powers and face on-going transnational challenges in our continent – be they linked to our security, environment or prosperity. Our comparative success as western nations will not depend on whether we legislate together but on how well we cooperate with each other."</p> <p>(extract from "Brexit going local" - article from President Rob JONKMAN sent to the CoR for information and published on the UK in a changing Europe website, which presents a local government perspective on Brexit: <a href="http://ukandeu.ac.uk/brexit-going-local/">http://ukandeu.ac.uk/brexit-going-local/</a>).</p>			



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Poland - Opolskie region - Andrzej BUŁA

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Budget Migration	<p>1) The consequences for the Opolskie region are mostly indirect effects, resulting from the consequences of Brexit for Poland.</p> <p>2) The closest link between the United Kingdom and the Opolskie region (and Poland as a whole) concerns cohesion policy, and the UK's contribution to cohesion policy resources. The UK's withdrawal from the EU could have an impact on the funding available for Poland under the cohesion policy after 2020.</p> <p>3) Data on long-term migration: Return migration from the United Kingdom amounted to 79 persons in 2012, 60 in 2013, 59 in 2014 and 45 in 2016. Thus, the number of people migrating from the UK to Poland has been falling every year since 2012.</p> <p>4) The UK is not among the main export markets of the Opolskie region. According to 2009 figures, exports to Great Britain amounted to around 3.1% of total overseas sales by value.</p>	<p>The lack of clear guidelines for the United Kingdom's withdrawal from the EU makes it difficult to establish credible scenarios for the development of the situation, including implementation of remedial measures.</p>	<p>The contribution does not mention these.</p>



Poland - Lublin - Sławomir SOSNOWSKI

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>1) Limitation of the financial envelope available in the framework of multiannual EU budget after 2020 (structural funds, investment funds, CAP, European Strategic Investment Fund).</p> <p>2) Reduction of the value of export from the Lubelskie Voivodeship (in particular for agricultural and agri-food products).</p> <p>3) Education.</p> <p>4) Situation of the PL citizens in UK.</p>	<p>1) Withdrawal of UK from the EU can be perceivable for the Lubelskie Voivodeship primarily because of probable limitation of the financial envelope available in the framework of multiannual EU budget after 2020. UK, as the third net payer when it comes to the financial contribution, provided i.a. financing and efficient spending of the allocations from the European structural funds and investment funds, Common Agricultural Policy and the European Strategic Investment Fund.</p> <p>2) UK is the most important European trading partner for the remaining EU Member States. Withdrawal of UK from the EU and possibly from the European Economic Area (which will result in the abolition of the four EU freedoms) might result in the reduction of the value of export from the Lubelskie Voivodeship. The introduction of custom duties and non-tariff barriers will create serious restrictions on the export of Lubelskie's products, especially agricultural and agri-food products. Since the commencement of the migration of Polish citizens to the UK, the British market has become increasingly important. The addition of duties as well as other costs related to additional border controls will, in our opinion, reduce the attractiveness of prices of Lubelskie's goods. Extension of procedures at borders will hinder efficient and timely delivery of perishable food products. Longer checks will be associated with additional costs such as the need to rent storage for the bordered goods. Ultimately, the consequences of the decision to leave the Community will be borne by Lubelskie's farmers and British consumers. 3) Due to the type of business activity, the scope of difficulties and complications for Lublin shipping companies may increase. This may be related to i.a. greater logistical risk, decrease in the number of courses to Great Britain as well as formal problems in employment and work of drivers. 4) Brexit-caused barriers to hitherto consistent European market might be significant premises to the occurrence of greater difficulties in concluding contracts and business agreements between British and Polish partners. Withdrawal of UK will abolish today existing elements of cohesion between Polish and British law. Each new legislative differentiation brings new business conditions and this can potentially have an impact on increasing the company's operating costs. 5) Selecting the option of so-called "hard Brexit" can have negative consequences also for higher education students in Lublin. Any resignation of the British authorities from participation in the Erasmus program will limit the chances of gaining knowledge and experience at universities such as Oxford or Cambridge. Negative consequences resulting from this situation may also affect the research and teaching staff. 6) The future of emigrants from Poland, including the Lublin Voivodeship, in UK is uncertain. Negotiations should guarantee the maintenance of the status of Poles from before the withdrawal of this country from the European Union. An additional problem in the context of the rights of Polish citizens is also the issue of ending the jurisdiction of the European Court of Justice in the United Kingdom. Poles will thus lose an important remedy in the pursuit of their rights.</p>	<p>The uncertainty regarding their situation in the UK can create pressure towards remigration. The return of Polish citizens to the region can be positive and thus provide a greater number of emerging companies and, of course, greater regional consumption. Over the last 15 years more than 20% of foreign investment in the EU has been committed in the UK, Poland, including the Lubelskie Voivodeship, in view of the UK's fragile future may gain the status of a "safe harbor" for investors. Restricting free access to the EU financial services market for the British companies, which may result from Great Britain's withdrawal from the EU and from the EEA, creates opportunities for the development of business entities, i.a. from Lublin Voivodeship, in the sectors hitherto unnoticeable.</p>	<p>1) The threat of a possible reduction of the EU budget as a result of Brexit should be compensated by greater financial involvement from the other EU members. Financial envelope available under, for example, the Cohesion Policy after 2020 cannot be limited. At the same time, Great Britain operating within the European Economic Area (EEA) should create a financial mechanism similar to the Norwegian Financial Mechanism and the Swiss-Polish Cooperation Program. 2) Reduction of trade flows should be countered by encouraging the UK to remain in the European Economic Area. The return to WTO rules will not pay off to either party. 3) Problem: Each new legislative differentiation brings new business conditions and this can potentially have an impact on increasing the company's operating costs. A possible solution to this problem is introduction of an optional mechanism of consulting economic law changes between UK and decreased EU. Opportunities for developing this mechanism depend on the course of the withdrawal negotiation process.</p>



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

## Portugal - Madeira \_ Mário Sérgio Quaresma MARQUES

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Wine sector, Labour, Tourism, market, investment	<p>1) The Autonomous Region of Madeira will be affected by the exit of the UK from the EU and its situation as an outermost region heightens its vulnerability in this respect. Madeira is a geographically isolated island with a small economy that is highly concentrated on a limited range of products, and it also depends on demand in the British market. Examples are exports of Madeira wine and tourism from UK visitors to the Region. 2) Furthermore, a very large proportion of citizens of the Madeira archipelago are resident in the UK, most of them for employment reasons. Investment and jobs in this outermost region also depend on European funds allocated under the EU Cohesion Policy and the various European programmes relevant to regional competitiveness, meaning that the EU budget will need to be adjusted to cope with the impact of the UK's exit. 3) As a result, the following are considered to be high priority, highly sensitive areas: - <u>Madreia wine</u>: taxes and customs duties regulating shipments to the UK as a third country; - <u>Tourism</u>: this is the mainstay of the regional economy, and as the majority of foreign tourists come from the UK, any changes in the British economy - such as a reduction in disposable income, the depreciation of sterling, customs or tax constraints - could have an extremely negative impact on the tourism sector and, consequently, on the whole of the regional economy; - <u>Labour market</u> in the <u>Autonomous Region of Madeira</u>: any change in citizens' rights in the UK could trigger large-scale returns of citizens of the Madeira archipelago who are resident in the UK or active in the UK labour market. This would result in an <u>immediate and significant increase in unemployment</u> in the Region (1), one that already has a high level of unemployment; <u>Investment and job creation in the Autonomous Region of Madeira</u>: these will also be affected if the EU decides to introduce budget cuts in response to the UK's exit and reduce funding under the Cohesion Policy - one of the European policies that makes the most significant contribution to development in this Region - and a range of other European programmes.</p>	<p>1) Given the importance of the British market for the main sector of the economy of the Autonomous Region of Madeira, budget allocations have been increased for implementing tourism promotion measures targeting consumers and trade partners in the UK. 2) As regards citizenship, the regional authorities and the Consulate General of Portugal in London have advised Portuguese residents in the UK to ensure that their papers are duly completed and kept up-to-date. Portuguese citizens who have been resident in the UK for more than five years have been advised to request permanent residence permits. 3) Portuguese citizens intending to obtain British citizenship prior to the UK's definitive departure from the EU are being provided with assistance in the completion of documentation, under the Directive on free movement of persons. 4) A more cross-cutting, comprehensive initiative is being put in place by the regional and national authorities to anticipate the range of possible consequences, depending on the various scenarios as to how the UK leaves the EU.</p>	<p>The Autonomous Region of Madeira strongly recommends using European and other financial mechanisms, at regional and local level, to help to offset the consequences for the outermost regions, as most of them and their municipalities will be affected by the UK's departure from the EU (1).</p>



## Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

Romania - Sfantu - Árpád-András ANTAL

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
No specific domains have been identified	As this stage, no specific impact has been identified.	As this stage, no specific measures have been identified.	However, we may argue that at the EU level, the necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.



Sweden - Stockholm - Paul LINDQUIST

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
Trade, Exports, workshop products, manufacturing products, pharmaceutical products, competition, Services	<p>1) Certainly, Brexit may have consequences for the Stockholm region. On trade flows, Stockholm Chamber of Commerce shows how exports are affected negatively, as does competition, among other things. UK announced reduced corporate income tax to 15%. In 2016, Sweden exported services to the UK worth SEK 51 billion, corresponding to 8.2% of total exports of services, while exports of goods amounted to SEK 72 billion, corresponding to 6.0% of total Swedish exports of goods. Britain is thus the third largest recipient of Swedish services and the sixth largest recipient of goods. Much of the exports come from the Stockholm region. 2) Sweden exports mainly workshop products (passenger cars, buses and trucks) and other manufacturing products, as well as pharmaceuticals, wood, paper petroleum products and metals. Exports of food and fashion have increased in recent years and are becoming increasingly interesting in the UK market. Service exports mainly consist of the use of intellectual property rights, travel, transport and data, telecommunications and business services, also often originating in the Stockholm region. 3) Both Swedish imports of services and goods totaled 2016 to SEK 62 billion each and the United Kingdom thus places in the first and fifth places on the list of the main countries of dispatch for Swedish imports. This means that 12% of service imports and 5.2% of goods imports in Sweden come from the UK. Many major Swedish industrial companies and the largest Swedish commercial banks have long been represented in the UK. 4) The number of Swedish subsidiaries in the UK amounts to over 1000. British industry is also highly well-represented in Sweden, with almost 1,000 UK-owned companies. 5) The strong business relations between Sweden and the UK are also felt in direct investment. The UK is the third largest foreign investor in Sweden (SEK 305 billion in 2014) and the seventh largest Swedish investment market (SEK 163 billion in 2014). 6) In addition, we have close research collaboration and many stockholders working and studying in the UK, but hard to know what Brexit will mean because divorce conditions are not clear.</p>	<p>It is also hard to say how the EU could compensate for anything other than getting a "good" divorce, which allows us to continue this exchange in some way.</p>	<p>We may argue that at the EU level, the necessary mechanisms should be activated to enable local and regional authorities to offer their perspective on Brexit, given that the UK's withdrawal from the EU will affect national, regional and local interests in equal measure.</p>



# Withdrawal of the UK - Mapping the potential exposure of EU regions and cities

United Kingdom - Scotland - COSLA President & Mr. BUCHANAN

"This submission draws from a range of parliamentary and government submissions on the issue of the Local Government Impacts of EU withdrawal as well as a range of impact assessments carried out by the Scottish CoR nominating body the Convention of Scottish Local Authorities (COSLA) on these issues".

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
1) Devolution of Powers, Shared Competences, State Aid, Internal Market; 2) Our research has identified a range of important sectors that trade with the rest of the EU will have a significant impact if there is not a sufficiently barrier free access to the EU Single Market post Withdrawal. These include: Media, Chemicals, Creative Industries, Science & Research, Disabling, Business Administration, Electronics, Aerospace, Technology, Defence, Energy, Light Engineering, Energy, Fabrication, Knitwear, Textiles, Harris Tweed, 3) Needless to say that the same impacts would be replicated in those local areas of the continuing EU27 that trade with, are customers of or are part of the assembly chain of our own municipalities.	1) Some of the impacts of UK withdrawal, particular concerning interregional co-operation, may have a corresponding effect in the continuing EU27. 2) The impacts of UK withdrawal that we have identified locally impact in the continuing EU27, hence it is important that the CoR survey if aware of these findings, as well as our proposals for continued Scottish/UK Councils cooperation with their EU27 counterparts both in terms of policy and project cooperation as well as political dialogue. 3) The loss of skills and young people to other countries where there are more opportunities and less uncertainty there is not a single fruit farm in Scotland that could operate without access to the EU market. This is a hugely important issue for the farming community. 4) Reduction in EU migrants will affect Scotland's ability to grow its economy and tackle problems associated with an ageing population. 5) The loss in value of Sterling may have an impact before we leave the EU. 6) The loss in value of Sterling may have an impact before we leave the EU. 7) As regards to municipal workforce from the rest of the EU some of our municipalities suggest presently dependent on EU nationals, and seasonal). 8) Scottish universities are world leading centres of academic research and tuition. Students from the rest of the EU play a crucial part in ensuring our local areas are vibrant and international. The impact on research will also be felt as collaboration and co-operation is often key to success. A decrease in research funding could also impact on universities international rankings and their potential for EU27 students to come to Scotland. Many EU27 students and young people have also benefited from the EU Erasmus Exchange Programme enabling them to study at seats of learning throughout Scotland. There is no clarity at this stage on how this will be affected by the decision to exit. 9) The UK and Scotland might end up leaving the European Union Membership but they will not leave Europe. Clearly, we will have to develop domestic replacement for EU Structural and other funds. However, the value of many European programmes and projects is not the money as such (the UK being a net contributor) but the partnership and policy learning and transfer that our municipalities(1), elected members and officers currently enjoy with their EU counterparts. 10) The potential exit of UK regions/nations from INTERREG, in particular from the 11 INTERREG A and B programmes in which UK regions/nations participate, is viewed with considerable concern by partners and beneficiaries. 11) Far more important is the qualitative impact that EU legislation and policy has on Scottish Local Government competences and services. A snapshot of recent pieces of EU legislation that COSLA has been working on illustrates the very detailed influence that EU legislation has on Scottish councils: • Services of General Economic Interest (SGEI); • EU Public Procurement; • Environmental Legislation (Waste Emissions, Energy Efficiency); • Employment and social legislation. Clearly the body of EU law is large and the forthcoming negotiations will be difficult. However, compared to other sectors, the Local Government EU negotiations need not be extremely difficult for two reasons: - Most of the EU legislation affecting councils is by way of EU Directives, meaning they are part of the statute book by an implementing UK or Scottish legislative act. Thus, even if the Directive stops having legal effect in the UK, the domestic transposition legislation can remain in force. - A significant part of existing EU legislation sets targets that are less ambitious than current Scottish ones. The crucial difference is that some of these higher domestic targets (e.g. waste) were set out in a less binding way than the EU ones - so the status of the domestic targets may need to be reviewed accordingly moving forward.	1) We will need to plan for any shifts in the workforce as creating replacements will not happen overnight. Our training and upskilling workers budget is very low record of European cooperation at a political and official level. We campaigned to remain in the EU and, although Scotland did vote to stay, the overall result was a different one, I am looking forward to continuing to work with the CoR in the months ahead to ensure that the subnational dimension is not overlooked during the UK-EU negotiations and new partnership arrangements allowing Scottish the EU and UK negotiators make arrangements allowing Scottish municipalities to continue to participate in EU cooperation programmes with their counterparts from the rest of the EU in the same way that Norwegian, Icelandic and Moroccan municipalities do. 2) I look forward to seeing over the next year how the soon to be revised CoR rules can allow it to remain a key platform for political cooperation and policy exchange between our elected members and those of the rest of the EU. 3) Continued freedom of movement for staff and students is a main ask to ensure that the global outlook of the sector and its institutions is not diluted. There appears to have been confirmation that current students and those planning to start next year will continue to receive financial support (grants and loans, fee waivers etc.) for the duration of their course, but there is no guarantee beyond that. 4) In its official Resolution of 22 March 2014 the plenary of the EU Committee of the Regions approved a motion, in presence of EU Brexit Negotiator Michel Barnier, that "12. Stresses that territorial cooperation programmes should remain open to all UK devolved administrations and local government beyond 2020. Highlights that the European Grouping of Territorial Cooperation (EGCT) could be a useful instrument in this regard. 13. Considers that cooperation between local and regional government in the Irish Sea, Channel and North Sea areas deserves particular attention." 5) Participation of Councils on a wider range of EU cooperation projects on research, competitiveness and innovation, culture, lifelong learning, youth, e-government, public sector reform. Retention of access to EIB/EFIS finance should also be prioritised. Our proposal received cross party support at a Resolution voted by the Committee of the Regions following their debate on Brexit with Barnier. In fact, the same Resolution also: "23 (...) calls on the Parties to facilitate the participation of UK local and devolved authorities in the future EU programmes including those for research, competitiveness and innovation, culture, lifelong learning, youth, e-government, public sector reform, in a similar fashion that countries, such as, for instance, Norway or Iceland currently do. Recalls that student exchange (with and without ERASMUS) has been one of the great success stories of European integration and both EU and UK universities have been able to benefit from this to a spectacular extent. Any future agreement should therefore try to preserve the active role of UK universities in this regard, which also hugely benefits local and regional economies."	



United Kingdom - UK Local Government Association - David SIMMONDS (on behalf of the UK Local Government Association)

Areas concerned	Type of impact & consequences	Measures currently discussed/planned by LRA	Measures expected from the EU
<p>Leaving the European Union is the largest economic, social and constitutional changes the United Kingdom has undertaken and is liable to have significant complex effects across the entire local government sector.</p>	<p>The LGA is working with stakeholders to determine and analyse both the risks and opportunities in order to shape a pro-active and forward vision of local government in England post-Brexit.</p>	<p>1) A new constitutional settlement: We are calling on the Government to preserve the consultative role of local government in law-making post-Brexit, a right currently enshrined in the EU Treaty and exercised through the CoR. Through the UK Delegation to CoR, we are also exploring possible arrangements for continuing links and collaboration with local and regional governments in the North-West Europe area and across Europe generally. 2) Future of funding currently sourced from the EU: Central government must ensure that any UK successor regime to European Structural and Investment Funds (ESIFs) is locally driven and of at least equal financial value to EU funds. We are currently consulting with member councils on a range of options for post-Brexit regional funding, which was also included in our 2017 Budget submission. 3) The return of EU powers: Ahead of the intended transfer of EU law into UK law, we have identified those EU laws which impact on local government services most. We have therefore produced a list of those policy areas where decisions whether to keep, review, or amend decisions are urgently needed, including those regulatory powers currently exercised by EU bodies and which UK agencies may take them over. 4) Place based impacts: The LGA is also working with both the Government and local authority colleagues to collect and analyse the various place-based risks and opportunities of leaving the European Union. A summary of these can be found below. This takes place through a variety of mechanisms including regional Brexit sounding boards and calls for information. In November 2016 we released an original call for information with provided some of the information below. This will be followed by another call shortly. 5) The engagement with our member councils, central government and various other stakeholders which is mentioned above has highlighted a number of areas when considering the risks and opportunities of Brexit for local government. These include the following: Funding: - a - Replacements for ESIFs: A large number of local authorities have emphasised the importance of replacing the regional development funding currently sourced from the EU, to ensure the continued growth of their local economies. This is also an opportunity to make successor domestic regimes more flexible and responsive to local needs. - b - Local authorities have also expressed the importance of other EU funds, including Horizon 2020, Interreg, LEADER programmes, Urbact, the Erasmus+ programme as well as those loan and guarantee products provided by the European Investment Bank. - c - Local Growth: Skills &amp; workforce: Our participating member authorities have highlighted possible changes to the composition of local labour markets post-Brexit. Industries most commonly cited for significant change are health and social care, agriculture, engineering, tourism, creative and digital, technology and science, food, logistics, catering, hospitality, construction, retail, and aerospace. - d - Repatriating powers to the UK is also an opportunity for local areas to take on greater responsibilities and resources, alongside local businesses, in delivering skills programmes. Our Work Local proposal identifies several areas where the current skills system in England could be reformed. Our proposal would address both the UK's current skills shortages (especially in the social care sector) and prepare British residents for the post-EU work environment. 6) Trade: Local government has a wealth of expertise in attracting trade and investment as well as an in-depth understanding of their own local economies. Any new trade regime and accompanying regulatory frameworks could give councils the flexibility to support local business, SMEs and local employment in new and innovative ways. 7) Workforce: Local government needs to be able to guarantee the provision of essential public services through a steady supply of skilled workforce. Local government is one of the largest employers in the country and EU nationals are employed in the provision of various services, including making up 7 per cent of the social care workforce. Irrespective of Brexit, there is an existing possibility that local government will not be able to recruit the additional paid workforce needed to keep pace with rising demand in the social care sector. Local government must be able to plan for the sustainability of essential services in a post-Brexit UK. Procurement: The current proposals by the UK Government to transfer the EU acquis onto the UK statute book and then make it subject to review have highlighted the possibility of reforming the regulatory environment for local government in the UK, especially as regards introducing simpler public procurement rules. A simplified and more flexible system could create significant efficiency savings for local authorities as well as making contracts more accessible to local businesses and SMEs. This is also true for current state aid rules, which could better allow for councils to better support their local economies.</p>	<p>There are regular contacts and dialogue between the CoR President, the Members of the Conference of Presidents and the UK National Delegation at the European Committee of the Regions, and with its leader, Sir Albert Bore.</p>







### **Contributions – full length (QR code)**

(The full contributions received from our Members, following the Letter from President Lambertz are available with the QR code)





### **Working document**

The views expressed are used for the purpose of the debate which will take place during the November Plenary Session and do not necessarily reflect any definitive assessment and/or the views of the institution.





## European Committee of the Regions

Created in 1994 following the signing of the Maastricht Treaty, the European Committee of the Regions is the EU's assembly of 350 regional and local representatives from all 28 Member States, representing over 507 million Europeans. Its mission is to involve regional and local authorities and the communities they represent in the EU's decision-making process and to inform them about EU policies. The European Commission, the European Parliament and the Council are obliged to consult the Committee in policy areas affecting regions and cities. It can appeal to the Court of Justice of the European Union if its rights are infringed or it believes that EU law infringes the subsidiarity principle or fails to respect regional or local powers.

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Rue Belliard/Belliardstraat 101 | 1040 Bruxelles/Brussel | BELGIQUE/BELGIË | Tel. +32 22822211  
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