



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Lord Boswell of Aynho
Chair, European Union Committee
House of Lords
London
SW1A 0AA

23 January 2019

Dear Tim,

9980/18: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the InvestEU Programme

Thank you for your letter of 22 November outlining the European Union Committee's interest in the proposed InvestEU programme and specifically the issue of third country participation and governance rights.

Since my original letter, the UK and EU have reached agreement on a Political Declaration on the framework for the UK's future relationship with the EU, which establishes the scope and terms for the future relationship. This sets out that the UK and EU will: 'establish general principles, terms and conditions for the United Kingdom's participation in Union programmes, subject to the conditions set out in the corresponding Union instruments, in areas such as science and innovation, youth, culture and education, overseas development and external action, defence capabilities, civil protection and space.' It also makes clear that these should provide for 'management and consultation appropriate to the nature of the cooperation between the Parties'.

The precise terms will be subject to bilateral negotiation. In leaving the EU, the UK has made clear that we will have control over how UK money is spent and if we are to make contributions as a third country then this spending will need to adhere



to the usual guidance on the use of public money, including sufficient control over funding. Of course, this will also be subject to conditions set out in the programme regulations. Alongside EU-UK bilateral negotiations on the issue at a cross-cutting level, we will continue to engage at working-group level in Brussels to promote UK interests – seeking to shape programme regulations where it is in our interest to do so, including on governance rights where relevant. The regulations remain subject to change through this process, including the article regarding third country decisional making power.

InvestEU is envisaged to provide guarantees to complement the grant financing of other EU programmes. Therefore, the UK's decision on whether to participate will not simply be based on the shape of the finalised InvestEU regulations, but rather the final shape of all programmes in which the UK seeks participation.

I am copying this letter to Sir William Cash, Chair of the European Scrutiny Committee; Philip Aylett, Clerk of the House of Commons European Scrutiny Committee; Christopher Johnson, Clerk to the Lords Committee; Matthew Manning, Clerk to the Lords Financial Affairs Subcommittee; Les Saunders, Department for Exiting the EU and to Barbara Armstrong and Daniel Jones, HM Treasury.

A handwritten signature in blue ink, reading 'Elizabeth Truss'.

RT HON ELIZABETH TRUSS MP