



Treaty Series No. 17 (2023)

Agreement

regarding the Withdrawal of the United Kingdom of Great Britain and Northern
Ireland from the European University Institute

Rome and Florence, 9 May 2023

[The Agreement entered into force 9 May 2023]

*Presented to Parliament
by the Secretary of State for Foreign, Commonwealth and Development Affairs
by Command of His Majesty
May 2023*



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**AGREEMENT REGARDING THE WITHDRAWAL OF THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FROM
THE EUROPEAN UNIVERSITY INSTITUTE**

Note No. 1

British Embassy Rome to the European University Institute, Florence

Rome

9 May 2023

The Embassy of the United Kingdom of Great Britain and Northern Ireland presents its compliments to the European University Institute and refers to the letters between the Government of the United Kingdom of Great Britain and Northern Ireland and the European University Institute dated 13 December 2022.

Following discussions between the Government of the United Kingdom of Great Britain and Northern Ireland and the European University Institute, the Embassy of the United Kingdom of Great Britain and Northern Ireland proposes, on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland that the understanding contained in those letters be replaced with the Agreement regarding the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European University Institute (the "Agreement") attached to this Note.

If this proposal is acceptable to the European University Institute, the Embassy of the United Kingdom of Great Britain and Northern Ireland further proposes that this Note (including its attachment), together with the European University Institute's affirmative Note of reply shall constitute an agreement between the United Kingdom of Great Britain and Northern Ireland and the European University Institute which shall enter into force on the date of the later Note.

The Government of the United Kingdom of Great Britain and Northern Ireland and the European University Institute are hopeful of reaching an agreement at a later date on a future relationship that promotes the deepening of knowledge in areas of shared interest in the field of social sciences and humanities and stimulates joint research efforts in this field.

The Embassy takes advantage of this opportunity to renew the assurances of its highest consideration to the European University Institute.

AREEMENT REGARDING THE WITHDRAWAL OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FROM THE EUROPEAN UNIVERSITY INSTITUTE

The United Kingdom of Great Britain and Northern Ireland, hereinafter referred to as “the UK”, and the European University Institute, hereinafter referred to as “the EUI” (jointly referred to as “the Parties,” or individually as a “Party”),

Desiring, notwithstanding this Agreement, to promote the deepening of knowledge in areas of shared interest in the field of social sciences and humanities, and to stimulate joint research efforts in this field, noting that the UK and the EUI were unable to reach an agreement on a future relationship at this time with both Parties hopeful of such an agreement being reached in future,

Desiring to set out the arrangements for an orderly withdrawal of the UK’s participation in the EUI and that existing UK-linked PhD students and Fellows at the EUI are able to finish their courses of study,

Mindful of the power of the EUI to conclude agreements with states and international bodies in accordance with Article 3, paragraph 3 of the Convention Setting up a European University Institute (“the Convention”), have agreed as follows¹:

UK-funded PhD students studying at the EUI

1. This Agreement relates to the 27 UK-funded PhD students identified as studying at the EUI as of 17 November 2022 who are in years 1-5 of their PhD programmes (as identified in Annex A² of the letter from the UK to the EUI dated 13 December 2022).
2. In this Agreement “Year of Study” means each year of a student’s PhD during which they receive tuition from the EUI. Annex A of the letter from the UK to the EUI dated 13 December 2022 sets out the first Year of Study for which payments relating to each student will accrue under the provisions of this Agreement. It is assumed that the student will continue their studies in consecutive years up to and including a fifth Year of Study³.
3. The UK shall pay the EUI as set out in Articles 4-11 below, and the EUI shall allow the UK-linked students set out in Annex A of the letter from the UK to the EUI dated 13 December 2022 to continue with their PhD studies as they would otherwise have done, were the UK not to have left the Convention.

¹ All payments to be made by the UK to the EUI are to be made in Euros.

² Annex A is not published with this treaty as it contains personal data

³ For example, the UK will therefore pay for 4 years for a student who entered their second Year of Study in September 2023. Except where required by UK regulations, the payments will not be adjusted to allow for different study patterns that the named students in fact follow.

Teaching and administrative costs

4. The UK shall pay €22,500 per annum per student for the Years of Study 1-4 and €18,000 for the fifth Year of Study.

Living and other costs

5. The UK shall pay the EUI up to €18,099 per annum per student relating to the grants for Years of Study 1-3 which shall be paid in accordance with established practice and applicable UK regulations.
6. The UK shall pay the EUI €15,780 per student relating to grants for the fourth Year of Study⁴.
7. The UK shall pay the EUI €1,024 per annum per student for the Years of Study 1-4, to cover students' health insurance costs. For payment in relation to Years of Study 1-3 this shall be in accordance with established practice and applicable UK regulations.

Costs breakdown

8. Table 1 in Annex 1 sets out how these costs are likely to accrue (for the Years of Study 1-3 this will depend on specific circumstances and eligibility for grants of the student in question) and the payments to be made in respect of each calendar year, from the 2023 calendar year up to and including the 2027 calendar year.
9. Notwithstanding how these sums are set out in Annex 1, the payments ordinarily paid by the UK referred to in Articles 5 and 7, shall be paid in accordance with established practice and applicable UK regulations.
10. Table 1 in Annex 1 shows the breakdown per Year of Study for 27 students. The cumulative total amount the UK shall pay the EUI for these costs is no greater than €2,680,305 in full and final settlement of costs for all UK-linked students, subject to Article 9.

UK-linked Fellows studying at the EUI

11. The UK shall pay €186,380 for the 2023 calendar year and €32,080 for the 2024 calendar year, the latter payment representing full and final payment for all 18 UK-linked Fellows.
12. The EUI shall allow the UK-linked Fellows to continue with their studies as they would otherwise have done, were the UK not to have left the Convention.

⁴ This amount is only payable under this Agreement and not under the terms of UK regulations.

Liabilities relating to UK-linked EUI staff

13. The Parties agree that the UK has completed its contributions towards recapitalization of the EUI pension reserve fund, with the last payment owed by the UK having been made in 2022.
14. The UK has contributed the following sums towards liabilities relating to UK-linked EUI staff: €1,187,233 in 2021 and €773,000 in 2022.
15. The UK shall pay its share of the EUI's liability for pension rights and rights to other employment-related benefits, and the EUI's liability for other financial liabilities, accrued on or before 31 December 2020.
16. The UK will not be liable for any share of the EUI's liability for pension rights and rights to other employment-related benefits, or any share of the EUI's liability for other financial liabilities, accrued after 31 December 2020.
17. The UK amounts referred to in Article 15 are collectively referred to in this Agreement and its annexes as the "Relevant Liability Amount", which is to be calculated and paid as set out in Articles 18 to 20. In the absence of payment by the UK by the due date, the EUI shall send a formal letter of reminder. Any delay in the payment of the Relevant Liability Amount shall give rise to the payment of default interest by the UK on the outstanding amount as from the due date until the day on which that outstanding amount is paid in full. The interest rate for amounts receivable but not paid on the due date shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Union*, in force on the first day of the month in which the due date falls, or 0 per cent, whichever is higher.
18. The UK shall make 8 annual payments of the Relevant Liability Amount divided by 8 to the EUI. The Relevant Liability Amount will be determined in accordance with Article 19 and Annex 2, and will be firstly calculated in 2023 and then recalculated in 2027.
19. The calculation referred to in paragraph (c) of Annex 2 is to be carried out by the EUI and the results communicated to the UK by the EUI during the first quarter of 2023 and 2027 respectively. The UK shall review and respond to the EUI's calculation of the Post Employment Liability Amount within 30 days of receipt. If the Parties do not agree on the calculation and the subsequent payment amounts due, within 60 days of the UK's receipt of the EUI's calculation, either Party may make a written request for amicable settlement in accordance with Article 24, and if the matter is not settled amicably, may subsequently refer the matter to arbitration in accordance with Article 25.
20. For the payments referred to in Article 18 that immediately follow the calculations of the Post Employment Liability Amount, the payment will be made within 30 days of the determination of the Post Employment Liability

Amount, whether by agreement or arbitration. Other payments should be made either by paying seven 12ths of the amount due not later than 15 January of the calendar year concerned with the balance of five 12ths of the amount due to be paid not later than 15 July of that calendar year, or by paying the amount due in full by 20 March of the calendar year concerned.

21. If either Party considers that it is necessary to engage external experts for the calculation or review of the Post Employment Liability Amount, the costs of such external experts shall be shared equally between the two Parties provided that the engaging Party has consulted the other Party in advance and that the other Party agrees that the engagement is necessary and that the cost estimate is reasonable.
22. The UK may increase the amount of any of its annual payments, or make additional payments at any time, and make corresponding decreases to the annual payments which follow.

Other provision

Applicable law and dispute resolution

23. This Agreement is concluded under international law.
24. The Parties shall endeavour to resolve disputes concerning the interpretation or application of any provision of this Agreement, by entering into consultations in good faith with the aim of reaching a mutually agreed solution. Such consultations shall be deemed concluded within 60 days after receipt by one Party of the other Party's written request for consultations, unless the Parties agree to continue.
25. If consultations under Article 24 have concluded without a mutually agreed solution, either Party may notify the other Party in writing that it is referring the dispute to arbitration.
26. The Parties shall endeavour to agree on a sole arbitrator. If they do not reach agreement concerning the arbitrator within sixty days after the receipt of the notice of referral to arbitration each of them shall nominate one arbitrator and the two nominated arbitrators shall agree on a third arbitrator. If either Party does not nominate an arbitrator within the required time period, the arbitrator nominated by the other Party shall act as the sole arbitrator.
27. The Parties shall take any necessary measures to comply with the arbitration ruling within a reasonable period of time.

Termination

28. Either Party may terminate this Agreement by written notification to the other Party. This Agreement shall cease to be in force on the first day of the twelfth month following the date of such notification.
29. In the event of termination, students and fellows who are subject to this Agreement and still studying at the EUI at the point of termination shall be allowed to complete their courses of study as they would otherwise have done, were the UK not to have left the Convention. This is subject to an agreement on financial conditions being agreed by both Parties.

Amendments

30. The Parties may agree, in writing, to amend this Agreement. An amendment shall enter into force on the first day of the second month following the date of receipt of the later of the Parties' notifications that they have completed their internal procedures, or on such date as the Parties may agree.

Qualifications recognition

31. Each Party shall recognise the qualifications issued by the other Party.

Notifications

32. All notifications concerning the implementation of this Agreement shall be in writing and shall be sent electronically to the following email addresses:

For the UK:

international.education@education.gov.uk

For the EUI:

Presidents.Office@eui.eu

33. Either Party may, at any time, designate other contact details for the purposes of Article 32. Notification of such designation shall be made to the other Party in accordance with Article 32.

Annexes

34. Annexes 1 and 2 form an integral part of this Agreement.

Annex 1: Breakdown of teach-out costs for UK-linked PhD students at the EUI

Table 1

Breakdown of costs per calendar year for 27 remaining students

	2023	2024	2025	2026	2027	Total
Year 1	5	0	0	0	0	
Year 2	4	5	0	0	0	
Year 3	8	4	5	0	0	
Year 4	6	8	4	5	0	
Year 5	4	6	8	4	5	
	27	23	17	9	5	81

Tuition Fees (per EUI figures)

€22,500 / Year (0.8 in Year 5)	589,500	490,500	346,500	184,500	90,000	1,701,000
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Living Costs Grant

€18,099 / Year 1-3	307,683	162,891	90,495	0	0	561,069
€15,780 / Year 4	94,680	126,240	63,120	78,900	0	362,940
€1,024 Health insurance (Year 1-4)	23,552	17,408	9,216	5,120	0	55,296
						979,305
	1,015,415	797,039	509,331	268,520	90,000	2,680,305

Annex 2 – Calculation of the Relevant Liability Amount

- a) The “Relevant Liability Amount” is (Post Employment Liability Amount + Other Liabilities Amount – Pension Reserve Fund Assets Amount – Other Assets Amounts) x 17.06% – “Actual UK contributions paid”.
- b) The “Post Employment Liability Amount” is a sum which is calculated in the same way as the calculation of the pension and Joint Sickness Insurance Scheme (JSIS) liability recorded in the 31 December 2020 EUI accounts with the following modification:

The discount rates to be used will be single equivalent discount rates based on the yield curve for all bonds that is published by the European Central Bank (ECB) for the dates referred to in paragraph [b]. If no such yield curve is available for the date referred to in paragraph [b] then use the last that is published by the ECB before then.

- c) The Post Employment Liability Amount will be calculated using the 31 December 2022 discount rate for payments made under paragraph 21 of this document after that date and re-calculated using the 31 December 2026 discount rate for payments made under paragraph 21 of this document after that date.
- d) The “Pension Reserve Fund Assets Amount” is a notional calculation of assets that ‘belong to the UK’ and is equal to the Notional Balance for 31 December 2022.
- e) The “Notional balance” for 31 December 2020 is €56,600,427.61. The Notional Balance for 31 December 2021 and 31 December 2022 is the Notional Balance for the previous 31 December + Notional Investment Return for that year. The Notional Investment Return for 2022 is a calculation made on the basis of the asset valuation recognized in the 2022 final annual accounts of the European University Institute.
- f) The “Notional Investment Return for that year” is the Notional Balance at 31 December of the previous year multiplied by the Rate of Return for the year.
- g) The “Rate of Return” for the year is (the Notional Balance at 31 December of the year in question – Notional Balance at 31 December of previous year)/ (Notional Balance at 31 December of the previous year). Cash flows operations of 2021 and 2022 are excluded from the calculation of “Notional balance”.
- h) The “Other Liabilities Amount” is €27,591,770.79 and the “Other Assets Amount” is €74,999,882.77.
- i) The “Actual UK contributions paid” is €1,960,233, being the sum of UK payments referred to at Article 14 of the Agreement.

Note Verbale No. 2.

European University Institute, Florence to the British Embassy Rome

Florence

9 May 2023

The European University Institute sends its compliments to the Embassy of the United Kingdom of Great Britain and Northern Ireland and has the honour of referring to Note no. 1 of the Embassy, proposing the agreement regarding withdrawal of the United Kingdom of Great Britain and Northern Ireland, dated 9 May 2023 which reads as follows:

'As Above'

The European University Institute confirms that the foregoing proposals are acceptable to it, and this Note of reply and Note no. 1, dated 9 May 2023, from the Embassy shall constitute an agreement between the UK and the EUI, which enters into force on the date of this Note.

The European University Institute takes advantage of this opportunity to renew the assurances of its highest consideration to the Embassy of the United Kingdom of Great Britain and Northern Ireland.

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