

Brexit Adjustment Reserve

2020/0380(COD) - 31/05/2021 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Regional Development adopted the report by Pascal ARIMONT (EPP, BE) on the proposal for a regulation of the European Parliament and of the Council establishing the Brexit Adjustment Reserve.

The committee recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure be amended as follows:

Objective of the Reserve

Members specified that the Brexit adjustment reserve should provide support to counter the adverse economic, environmental, social and territorial consequences of the withdrawal of the United Kingdom from the Union in Member States, including their regions and local communities, as well as economic sectors, in particular those that are **most adversely affected** by that withdrawal, and to mitigate the related negative impact on the economic, social and territorial cohesion.

The eligibility period would cover investments made from **1 July 2019 to 31 December 2023**.

Resources for the reserve

The maximum resources for the reserve will amount to EUR 5 billion at 2018 prices.

Members proposed that a pre-financing amount of **EUR 4 billion** be made available and paid in two instalments, namely EUR 2 billion in **2021** and EUR 2 billion in **2022**.

An additional **EUR 1 billion would be made available in 2025** on the basis of expenditure reported to the European Commission, taking into account the pre-financing.

Each Member State could use up to **2.5%** of its allocation from the reserve for technical assistance to help local, regional and national authorities manage, monitor and control the implementation of the measures taken.

Eligibility

According to Members, the financial contribution from the reserve should support public expenditure directly related to the following measures:

- measures to support public and private enterprises, in particular **SMEs**, self-employed people and local communities and organisations hard hit by the withdrawal, in order to overcome the administrative burden and increased operational costs;
- measures to support regional and local organisations and communities, in particular the artisanal fishing sector, which depend on **fishing activities** in UK waters, in the waters of its special status territories and in waters covered by fisheries agreements with coastal states where fishing opportunities for EU fleets have been reduced as a result of Brexit;

- measures to: (i) support the **job creation and protection**, including green jobs, short-time working, reskilling and training programmes in hard-hit sectors; (ii) facilitate the reintegration of EU nationals who have left the UK as a result of its withdrawal;

- measures to mitigate the disruption caused by the UK's withdrawal for local and regional cross-border cooperation and exchange programmes.

Design of support measures

When designing fisheries support measures, Member States should: (i) take into account the objectives of the Common Fisheries Policy and ensure that such measures contribute to the sustainable management of fish stocks; (ii) endeavour to support those fishermen most affected by the UK's withdrawal from the Union.

Small-scale fisheries and local communities dependent on fishing activities in UK waters should receive at least 7% of the national allocation (for the countries concerned).

Member States should establish a **multi-level dialogue** with local and regional authorities and communities in the most affected regions and sectors, social partners and civil society, with a view to defining and implementing measures to be supported by the reserve, as well as a monitoring mechanism.

The measures should (i) be in line with the principles set out in the European Charter of Social Rights; (ii) take into account the European Green Deal; (iii) respect the principle of 'no significant harm'; and (iv) contribute to the Union's environmental objectives in line with the Paris Agreement and the UN Sustainable Development Goals.

In addition, Member States and the European Commission should look for **synergies** with the support provided by the European Structural Funds and ensure that the reserve does not overlap with them.

Members also called for those in the **financial sector**, including banking, who have benefited from the UK's withdrawal from the EU, to be excluded from support.

Implementation

Member States benefiting from the reserve should provide all necessary public support evidence to maintain and create quality jobs where employment was negatively affected or lost due to the withdrawal of the UK from the EU.

The Reserve should be implemented in accordance with the principle of sound financial management, including the effective prevention and prosecution of tax fraud, tax evasion, tax avoidance and aggressive tax planning.