Brexit Adjustment Reserve

2020/0380(COD) - 15/09/2021 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 652 votes to 32, with 11 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council establishing the Brexit adjustment reserve.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

Brexit adjustment reserve

The proposed Regulation aims to establish the Brexit adjustment reserve in order to provide support to **alleviate the negative consequences of the withdrawal of the United Kingdom from the Union** in the different Member States, regions and sectors, in particular those most affected by the withdrawal, and to mitigate the negative impact on economic, social and territorial cohesion. The objectives of the reserve should be pursued in line with the objective of promoting sustainable development.

The reserve should cover in whole or in part measures introduced by Member States **between 1 January 2020 and 31 December 2023**.

Geographical coverage and resources for the reserve

All Member States are eligible for support from the reserve.

The maximum resources of the reserve amount to **EUR 5 470 435 000** in current prices. They will be provisionally allocated, both in commitment and payment appropriations, as follows:

- a pre-financing amount of EUR 4 321 749 000 in current prices shall be made available and paid in three instalments of EUR 1 697 933 000 in 2021, EUR 1 298 919 000 in 2022 and EUR 1 324 897 000 in 2023;

- **a remaining provisionally allocated amount of EUR 1 148 686 000** in current prices shall be made available in 2025.

Of the financial contribution to the reserve for each Member State, 2.5% is paid for technical assistance for the management, monitoring, information, communication, control and audit of the reserve, including at regional and local level, as appropriate.

Member States whose provisional allocation from the resources of the Reserve includes an amount exceeding EUR 10 million determined on the basis of the factor linked to fish caught in the United Kingdom’s exclusive economic zone should spend at least 50 % of that amount or 7 % of their provisionally allocated amount, whichever is lower, to support local and regional coastal communities, including the fisheries sector, in particular the small-scale coastal fisheries sector dependent on fishing activities.

Eligibility

The financial contribution should only support measures specifically implemented by Member States, including at regional and local level. Eligible measures should include:

- support to private and public businesses, in particular **SMEs**, the self-employed, local communities and organisations adversely affected by the withdrawal of the United Kingdom from the Union;

- support to the **economic sectors most adversely affected** by the withdrawal of the United Kingdom from the Union;

- support to **businesses, regional and local communities and organisations**, including small-scale coastal fisheries, dependent on fishing activities in United Kingdom waters, in waters of territories with special status or in waters covered by fisheries agreements with coastal states where fishing opportunities for Union fleets have been reduced as a result of the United Kingdom's withdrawal from the Union;

- support for **job creation** and protection, including green jobs, short-time work schemes, re-skilling and training in sectors most adversely affected;

- ensuring the **functioning of border, customs**, sanitary and phytosanitary, security and fisheries controls, as well as the collection of indirect taxation, including additional personnel and their training, and infrastructure;

- the **reintegration of Union citizens** as well as persons having the right to reside in the EU who left the United Kingdom, as a result Brexit.

Support measures in the fisheries sector should contribute to the sustainable management of fish stocks and seek to support those fishermen most affected by Brexit, including small-scale coastal fishermen.

Allocation

The allocation method will be based on **three main factors**: (1) the value of the fish caught in the UK exclusive economic zone; (2) the share of trade with the UK and (3) the population of the maritime border regions with the UK.

The factor linked to fish caught in the United Kingdom's exclusive economic zone is used to allocate EUR 656 452 200. The factor linked to trade with the United Kingdom is used to allocate EUR 4 540 461 050. The factor linked to maritime border regions with the United Kingdom is used to allocate EUR 273 521 750.

Management, control and monitoring

Member States should establish a management and control system for the reserve. Each Member State should designate a body or, where the constitutional framework of the Member State so requires, several bodies responsible for the management of the reserve and an independent audit body and notify the Commission of the identity of the designated body or bodies.

To enhance the protection of the EU budget, the Commission should make available an integrated and interoperable information and monitoring system, including a single data-mining and risk-scoring tool to access and analyse the relevant data, and should encourage its use with a view to a generalised application by Member States.

With a view to alleviating the negative impact on businesses and economic sectors, and to avoid administrative bottlenecks, Member States and regions should target their information campaigns to raise awareness of the EU contribution from the Reserve.