



Plenary sitting

A9-0178/2021

31.5.2021

*****I**

REPORT

on the proposal for a regulation of the European Parliament and of the Council
establishing the Brexit Adjustment Reserve
(COM(2020)0854 – C9-0433/2020 – 2020/0380(COD))

Committee on Regional Development

Rapporteur: Pascal Arimont

Rapporteurs for the opinion (*):
Valérie Hayer, Committee on Budgets,
François-Xavier Bellamy, Committee on Fisheries

(*) Associated committees – Rule 57 of the Rules of Procedure

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5
EXPLANATORY STATEMENT	50
OPINION OF THE COMMITTEE ON BUDGETS	54
OPINION OF THE COMMITTEE ON FISHERIES	97
PROCEDURE – COMMITTEE RESPONSIBLE	125
FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE	126

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council establishing the Brexit Adjustment Reserve (COM(2020)0854 – C9-0433/2020 – 2020/0380(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2020)0854),
- having regard to Article 294(2), Article 322 and the third paragraph of Article 175 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0433/2020),
- having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
- having regard to the opinion of the European Economic and Social Committee of ...¹,
- having regard to the opinion of the Committee of the Regions of 19 March 2021²,
- having regard to the opinion of the Court of Auditors of 25 February 2021³,
- having regard to Rule 59 of its Rules of Procedure,
- having regard to the European Council conclusions, agreed at its special meeting of 17-21 July 2020, to provide for the establishment of a new special Brexit Adjustment Reserve,
- having regard to the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012,
- having regard to the opinions of the Committee on Budgets and the Committee on Fisheries,

¹ Not yet published in the Official Journal.

² Not yet published in the Official Journal.

³ OJ C 101, 23.3.2021, p.1.

- having regard to the report of the Committee on Regional Development (A9-0178/2021),
- 1. Adopts its position at first reading hereinafter set out;
- 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
- 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation

Recital 1

Text proposed by the Commission

(1) On 1 February 2020, the United Kingdom of Great Britain and Northern Ireland ('United Kingdom') left the European Union and the European Atomic Energy Community ('Euratom') – hereafter referred together as the 'Union', entering a transition period. That time-limited period was agreed as part of the Withdrawal Agreement¹¹ and *is to last until* 31 December 2020. During the transition period, the Union and the United Kingdom started formal negotiations on a future relationship.

¹¹ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community ('Withdrawal Agreement') (OJ L 29, 31.1.2020, p. 7).

Amendment

(1) On 1 February 2020, the United Kingdom of Great Britain and Northern Ireland ('United Kingdom') left the European Union and the European Atomic Energy Community ('Euratom') – hereafter referred together as the 'Union', entering a transition period. That time-limited period was agreed as part of the Withdrawal Agreement¹¹ and *ended on* 31 December 2020. During the transition period, the Union and the United Kingdom started formal negotiations on a future relationship.

¹¹ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community ('Withdrawal Agreement') (OJ L 29, 31.1.2020, p. 7).

Amendment 2

Proposal for a regulation
Recital 2

Text proposed by the Commission

(2) Following the end of the transition period, barriers to trade **and** to cross-border exchanges between the Union and the United Kingdom **will be present**. Broad and far-reaching consequences for businesses, **citizens** and public administrations **are expected**. Those consequences are unavoidable and stakeholders need to make sure that they are ready for them.

Amendment

(2) Following the end of the transition period, barriers to trade, to cross-border exchanges **and to the free movement of persons, services and capital** between the Union and the United Kingdom **have become reality with** broad and far-reaching consequences for businesses, **particularly SMEs, and their workers, as well as for local communities** and public administrations **and citizens**. **As** those consequences are unavoidable, **they need to be mitigated as much as possible**, and stakeholders need to make sure that they are ready for them.

Amendment 3

Proposal for a regulation
Recital 3

Text proposed by the Commission

(3) The Union is committed to mitigating the economic **impact** of the withdrawal of the United Kingdom from the Union and to show solidarity with all Member States, especially the most affected ones in such exceptional circumstances.

Amendment

(3) The Union is committed to mitigating the **adverse economic, social, environmental and territorial consequences** of the withdrawal of the United Kingdom from the Union and to show solidarity with all Member States, **including their regions and local communities, as well as economic sectors**, especially the most **adversely** affected ones, in such exceptional circumstances.

Amendment 4

Proposal for a regulation
Recital 3 a (new)

Text proposed by the Commission

Amendment

(3a) The Union is also committed to

sustainable fisheries management in line with the objectives of the CFP, including the principle of achieving maximum sustainable yield for all stocks according to the best available scientific advice, ending over fishing, restoring populations of harvested species and protecting the marine environment, as also provided for by international commitments.

Amendment 5

Proposal for a regulation

Recital 4

Text proposed by the Commission

(4) A Brexit Adjustment Reserve (the ‘Reserve’) should be established to provide support to counter adverse consequences in Member States, regions and sectors, in particular those that are worst affected by the withdrawal of the United Kingdom from the Union, and thus to mitigate the related impact on the economic, social and territorial cohesion. It should cover in whole or in part the additional **public** expenditure incurred by Member States for measures specifically taken to mitigate those consequences.

Amendment

(4) A Brexit Adjustment Reserve (the ‘Reserve’) should be established to provide support to counter adverse consequences in Member States, regions and sectors, in particular those that are worst affected by the withdrawal of the United Kingdom from the Union, and thus to mitigate the related **negative** impact on the economic, social and territorial cohesion. It should cover in whole or in part the additional expenditure incurred by **national, regional, or local public authorities in** Member States for measures specifically taken to mitigate those consequences. ***The reference period, as defined in this Regulation, determining the eligibility of expenditure should apply to payments made by public authorities in the Member States, including payments to public or private entities, for measures carried out.***

Amendment 6

Proposal for a regulation

Recital 4 a (new)

Text proposed by the Commission

Amendment

(4a) It is the opinion that Member

States benefitting from the Brexit Adjustment Reserve have to provide all of the 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.

Amendment 7

Proposal for a regulation Recital 5

Text proposed by the Commission

(5) For the purposes of contributing to economic, social and territorial cohesion, it is appropriate that Member States, when designing support measures, focus in particular on the regions, areas and local communities, including those dependent on fishing activities *in the United Kingdom waters*, that are *likely to be* most negatively impacted by the withdrawal of the United Kingdom. Member States *may have to take specific* measures *notably* to support businesses *and economic sectors* adversely affected by the withdrawal. It is therefore appropriate to provide a non-exhaustive list of the type of measures that are most likely to achieve *this objective*.

Amendment

(5) For the purposes of contributing to economic, social and territorial cohesion, it is appropriate that Member States, when designing support measures, focus in particular on *and allocate funds from the Reserve to* the regions, areas and local communities, including those dependent on fishing activities, that are most negatively impacted by the withdrawal of the United Kingdom. *For the purposes of countering the adverse consequences of the withdrawal of the United Kingdom,* Member States *should use a substantial part of the contribution from the Reserve on* measures to support *private and public* businesses adversely affected by the withdrawal, *in particular SMEs and their workers, as well as self-employed, as they now face barriers to trade flows, an increase in administrative and custom procedures, and greater regulatory and financial burden.* It is therefore appropriate to provide a non-exhaustive list of the type of measures that are most likely to achieve *those objectives. In their efforts to support their adversely affected sectors, regions, areas and local communities, Member States should apply the principles laid down in the European Code of Conduct on Partnership and rely on their regional and local public entities to identify the most appropriate measures.*

Support measures should take into account the European Green Deal and the Digital agenda, respect the ‘Do no significant harm’ principle within the meaning of Article 17 of Regulation (EU) No 2020/852 and be in accordance with the principles set out in the European Pillar of Social Rights including its inherent contribution to eliminate inequalities and to promote gender equality and gender mainstreaming.

Amendment 8

Proposal for a regulation Recital 5 a (new)

Text proposed by the Commission

Amendment

(5a) In view of the importance of tackling climate change in line with the Union’s commitments to implement the Paris Agreement and the UN Sustainable Development Goals, the Funds and programmes will contribute to mainstream climate actions and to the achievement of an overall target of 30 % of the Union budget expenditure supporting climate objectives. The Brexit Adjustment Reserve is expected to contribute 30% of the overall financial envelope to climate objective according to the specific needs and priorities of each Member State.

Amendment 9

Proposal for a regulation Recital 5 b (new)

Text proposed by the Commission

Amendment

(5b) At the initiative of the Member States, expenditure for technical assistance should be eligible in order to

reduce the administrative burden and to help local, regional and national authorities to implement the Reserve in assisting particularly SMEs, which due to their size lack the resources and knowledge to overcome the increased administrative burden and costs.

Amendment 10

Proposal for a regulation

Recital 6

Text proposed by the Commission

(6) At the same time, it is important to clearly specify any exclusions from support provided by the Reserve. The Reserve should exclude from support the value added tax as it constitutes a Member State revenue, which offsets the related cost for the Member State budget. ***In order to concentrate the use of limited resources in the most efficient way, technical assistance used by the bodies responsible for the implementation of the Reserve should not be eligible for support from the Reserve.*** In line with the general approach for cohesion policy, expenditure linked to relocations or contrary to any applicable Union or national law should not be supported.

Amendment

(6) At the same time, it is important to clearly specify any exclusions from support provided by the Reserve. The Reserve should exclude from support the value added tax as it constitutes a Member State revenue, which offsets the related cost for the Member State budget. In line with the general approach for cohesion policy, expenditure linked to relocations or contrary to any applicable Union or national law should not be supported. ***In order to concentrate the limited resources and to be in line with the objectives of this regulation to focus on the most adversely affected Member States and sectors by the withdrawal the United Kingdom from the Union, financial sector entities including entities of the banking sector that benefitted from the withdrawal should not be eligible for support from the Reserve.***

Amendment 11

Proposal for a regulation

Recital 7

Text proposed by the Commission

(7) In order to take into account the ***immediate*** impact of the adverse

Amendment

(7) In order to take into account the impact of the adverse ***economic, social,***

consequences of the withdrawal of the United Kingdom from the Union on the Member States and their economies and ***the need to adopt mitigating measures, as appropriate, prior to the expiry of the transition period, the eligibility period for implementing such measures*** should start as from 1 July **2020** and be concentrated over a limited period of **30** months.

environmental and territorial consequences of the withdrawal of the United Kingdom from the Union on the Member States and their economies and, ***where appropriate, measures taken by the Member States to mitigate the expected negative effects of the withdrawal*** prior to the expiry of the transition period, the eligibility period should start as from 1 July **2019** and be concentrated over a limited period of **54** months.

Amendment 12

Proposal for a regulation Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) Calls on the European Commission to provide the European Parliament with an impact assessment on the fluctuation of the British pound (GBP) in relation to the euro (EUR) in order to highlight the adverse consequences of the UK's withdrawal on EU businesses and economic sectors, beginning 1 January 2019, the start of the reference period for financial contribution from the Reserve.

Amendment 13

Proposal for a regulation Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) Member States, together with the European Commission, while implementing the Brexit Adjustment Reserve, have to seek to establish synergies with support received from the European Structural Funds, as well as to avoid overlaps between the use of this

Amendment 14

Proposal for a regulation

Recital 9

Text proposed by the Commission

(9) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union (TFEU) apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the general regime of conditionality for the protection of the Union budget.

Amendment

(9) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union (TFEU) apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the general regime of conditionality for the protection of the Union budget ***in cases of generalised deficiencies as regards the rule of law and the respect for fundamental rights in the Member States, as the respect for the rule of law and the fundamental rights is an essential precondition for sound financial management and effective EU funding.***

Amendment 15

Proposal for a regulation

Recital 10

Text proposed by the Commission

(10) For the purpose of sound financial management, specific rules should be laid down for budget commitments, payments, carry-overs and the recovery of the Reserve. While respecting the principle that the Union budget is set annually, this Regulation should provide for possibilities

Amendment

(10) ***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.***
For the purpose of sound financial

to carry-over unused funds beyond those set out in the Financial Regulation, thus maximising the Reserve's capacity to address adverse consequences of the withdrawal of the United Kingdom from the Union on the Member States and their economies.

management, specific rules should be laid down for budget commitments, payments, carry-overs and the recovery of the Reserve. While respecting the principle that the Union budget is set annually, this Regulation should, *on account of the exceptional and specific nature of the Reserve*, provide for possibilities to carry-over unused funds beyond those set out in the Financial Regulation, thus maximising the Reserve's capacity to address adverse consequences of the withdrawal of the United Kingdom from the Union on the Member States, *including on regional and local level*, and their economies.

Amendment 16

Proposal for a regulation Recital 11

Text proposed by the Commission

(11) In order to enable Member States to deploy the additional resources and to ensure sufficient financial means to swiftly implement measures under the Reserve, a substantial amount thereof should be disbursed *in 2021* as pre-financing. *The distribution* method should take into account the importance of trade with the United Kingdom and the importance of fisheries in the United Kingdom exclusive economic zone, based on reliable and official statistics. Given the unique nature of the event that the withdrawal of the United Kingdom from the Union constitutes and the uncertainty that has surrounded key aspects of the relationship between the United Kingdom and the Union after the expiry of the transition period, it is difficult to anticipate the appropriate measures Member States will have to take rapidly to counter the effects of the withdrawal. It is therefore necessary to grant Member States flexibility and in particular to allow the Commission to adopt the financing decision providing the

Amendment

(11) In order to enable Member States to deploy the additional resources and to ensure sufficient financial means to swiftly implement measures under the Reserve, a substantial amount thereof should be disbursed as pre-financing, *in two equal instalments, in 2021 and 2022*. *The allocation method for the Resources of the Reserve* should take into account the importance of trade with the United Kingdom and the importance of fisheries in the United Kingdom exclusive economic zone, *and the importance of the neighbouring maritime border regions and their communities* based on reliable and official statistics. Given the unique nature of the event that the withdrawal of the United Kingdom from the Union constitutes and the uncertainty that has surrounded key aspects of the relationship between the United Kingdom and the Union after the expiry of the transition period, it is difficult to anticipate the appropriate measures Member States will have to take rapidly to counter the effects

pre-financing without the obligation pursuant to Article 110(2) of the Financial Regulation to provide a description of the concrete actions to be financed.

of the withdrawal. It is therefore necessary to grant Member States flexibility and in particular to allow the Commission to adopt the financing decision providing the pre-financing without the obligation pursuant to Article 110(2) of the Financial Regulation to provide a description of the concrete actions to be financed.

Amendment 17

Proposal for a regulation Recital 12

Text proposed by the Commission

(12) Prior to the payment of the pre-financing, Member States should notify the Commission of the identity of the bodies designated and of the body to which the pre-financing shall be paid, and confirm that the systems' descriptions have been drawn up, within three months of the entry into force of this Regulation.

Amendment

(12) Prior to the payment of the pre-financing, Member States should notify the Commission of the identity of the bodies designated and of the body to which the pre-financing shall be paid, and confirm that the systems' descriptions have been drawn up, within three months of the entry into force of this Regulation. ***Member States should designate the relevant bodies at the appropriate territorial level, in accordance with their institutional, legal and financial framework.***

Amendment 18

Proposal for a regulation Recital 13

Text proposed by the Commission

(13) To ensure equal treatment of all Member States, there should be one single deadline applicable to all Member States for the submission of applications ***for a*** financial contribution from the Reserve. The specific nature of the instrument and the relatively short implementation period justify the establishment of a tailor-made reference period and would make disproportionate the requirement for

Amendment

(13) To ensure equal treatment of all Member States, there should be one single deadline applicable to all Member States for the submission of applications ***fora*** financial contribution from the Reserve. The specific nature of the instrument and the relatively short implementation period justify the establishment of a tailor-made reference period and would make disproportionate the requirement for

Member States to provide the documents required in paragraphs 5, 6 and 7 of Article 63 of the Financial Regulation, on an annual basis. Given that at the same time, the risks for the Union budget are mitigated by the requirement for *a* solid management and control system to be set up by Member States, it is justified to derogate from the obligation to submit the required documents in February or March of each year. In order to enable the Commission to check the correctness of the use of the financial contribution of the Reserve, Member States should also be required to submit, as part of the application, implementation reports providing more detail on the actions financed, a management declaration as well as an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards.

Member States to provide the documents required in paragraphs 5, 6 and 7 of Article 63 of the Financial Regulation, on an annual basis. Given that at the same time, the risks for the Union budget are mitigated by the requirement for *making use of* solid management and control system *already existing in, or where appropriate*, to be set up by Member States, it is justified to derogate from the obligation to submit the required documents in February or March of each year. In order to enable the Commission to check the correctness of the use of the financial contribution of the Reserve, Member States should also be required to submit, as part of the application, implementation reports providing more detail on the actions financed, *the elements of accounts, the controls carried out*, a management declaration as well as an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards.

Amendment 19

Proposal for a regulation

Recital 14

Text proposed by the Commission

(14) Pursuant to paragraphs 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016¹³, there is a need to evaluate the Reserve on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burden, *in particular on Member States*. These requirements, where appropriate, should include measurable indicators, as a basis for the evaluation of the Reserve.

¹³ Interinstitutional Agreement between the European Parliament, the Council of the

Amendment

(14) Pursuant to paragraphs 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016¹³, there is a need to evaluate the Reserve on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burden *on national, regional and local authorities*. These requirements, where appropriate, should include measurable indicators, as a basis for the evaluation of the Reserve.

¹³ Interinstitutional Agreement between the European Parliament, the Council of the

Amendment 20

Proposal for a regulation Recital 15

Text proposed by the Commission

(15) To ensure equal treatment of all Member States and consistency in the evaluation of the applications, the Commission should assess the applications in a package. It should look in particular into the eligibility and the accuracy of the expenditure declared, the direct link of the expenditure with measures taken to address the consequences of the withdrawal and the measures put in place by the Member State concerned to avoid double funding. Upon assessment of the applications for a financial contribution from the Reserve, the Commission should clear the pre-financing paid, **and** recover the unused amount. ***In order to concentrate the support on Member States most affected by the withdrawal, where the expenditure in the Member State concerned, accepted as eligible by the Commission, exceeds the amount paid as pre-financing and 0.06% of the nominal Gross National Income (GNI) for 2021 of the Member State concerned, it should be possible to allow for a further allocation from the Reserve to that Member State within the limits of the financial resources available.*** Given the extent of the expected economic shock, the ***possibility to use the amounts recovered from the pre-financing for the reimbursement of additional expenditure by Member States should be provided for.***

Amendment

(15) To ensure equal treatment of all Member States and consistency in the evaluation of the applications, the Commission should assess the applications in a package. It should look in particular into the eligibility and the accuracy of the expenditure declared, the direct link of the expenditure with measures taken to address the ***adverse*** consequences of the withdrawal and the measures put in place by the Member State concerned to avoid double funding. Upon assessment of the applications for a financial contribution from the Reserve, the Commission should clear the pre-financing paid, recover the unused amount, ***and decide on additional payments up to*** the limits of the ***provisional allocation***. Given the extent of the expected economic shock, the ***unused amounts from the provisional allocation should be made available to*** Member States ***whose total accepted amount exceeds their respective provisional allocation.***

Amendment 21

Proposal for a regulation
Recital 15 a (new)

Text proposed by the Commission

Amendment

(15a) Given the unprecedented and exceptional nature of the instrument and its purpose, it is appropriate that the Commission assists Member States in order to help them identifying measures that were carried out or are to be carried out to counter the adverse consequences of the withdrawal of the United Kingdom, including on how to assess the direct link of the expenditure with the withdrawal of the United Kingdom from the Union.

Amendment 22

Proposal for a regulation
Recital 16

Text proposed by the Commission

Amendment

(16) In order to ensure the proper functioning of shared management, Member States should establish a management and control system, designate and notify the Commission of the bodies responsible for the management of the Reserve as well as a separate independent audit body. ***For simplification reasons, Member States may make use of existing bodies designated and systems*** set up for the purpose of the management and control of cohesion policy funding or the European Union Solidarity Fund. It is necessary to specify the responsibilities of the Member States and lay down the specific requirements for the bodies designated.

(16) In order to ensure the proper functioning of shared management, Member States should establish a management and control system designate and notify the Commission of the bodies responsible ***at the appropriate territorial level*** for the management of the Reserve as well as a separate independent audit body. Member States ***should*** make use of existing ***systems where possible, and should delegate tasks to existing designated bodies at the appropriate territorial level,*** set up for the purpose of the management and control of cohesion policy funding or the European Union Solidarity Fund. It is necessary to specify the responsibilities of the Member States and lay down the specific requirements for the bodies designated. ***Member States will ensure that the local and regional authorities concerned are involved in the monitoring bodies, if they are not already part of them.***

Amendment 23

Proposal for a regulation Recital 16 a (new)

Text proposed by the Commission

Amendment

(16a) To ensure effective controls and audits for the purposes of avoiding double funding and preventing, detecting and correcting fraud, corruption and conflict of interests in relation to the measures supported by the Reserve, it is essential that Member States collect and record data on recipients of a financial contribution from the Reserve and their beneficial owners in an electronic standardised and interoperable format and use the single data mining tool to be provided by the Commission.

Amendment 24

Proposal for a regulation Recital 16 b (new)

Text proposed by the Commission

Amendment

(16b) In order to reduce bureaucracy it is recommended to use existing techniques such as the simplified costs option to contribute to faster distribution of the financial resources

Amendment 25

Proposal for a regulation Recital 17

Text proposed by the Commission

Amendment

(17) In accordance with the Financial Regulation, Council Regulation (EC,

(17) In accordance with the Financial Regulation, Council Regulation (EC,

Euratom) No 2988/95¹⁴, Council Regulation (Euratom, EC) No 2185/96¹⁵ and Council Regulation (EU) 2017/1939¹⁶, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council¹⁷ and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council¹⁸. In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

¹⁴ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995,

Euratom) No 2988/95¹⁴, Council Regulation (Euratom, EC) No 2185/96¹⁵ and Council Regulation (EU) 2017/1939¹⁶ **and Regulation (EU, Euratom) No 2020/2092 on a general regime of Rule of Law conditionality for the protection of the Union budget**, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council¹⁷ and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council¹⁸. In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

¹⁴ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995,

p. 1).

¹⁵ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

¹⁶ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1).

¹⁷ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

¹⁸ Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

p. 1).

¹⁵ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

¹⁶ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1).

¹⁷ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

¹⁸ Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

Amendment 26

Proposal for a regulation Recital 18

Text proposed by the Commission

(18) Member States should raise awareness on the Union contribution from the Reserve and inform the public accordingly as transparency, communication and visibility activities are essential in making Union action visible on the ground. Those activities should be based on accurate and updated information.

Amendment

(18) Member States, **regions and local communities** should raise awareness on the Union contribution from the Reserve and inform the public **and in particular recipients** accordingly as transparency, communication and visibility activities are essential in making Union action visible on the ground. Those activities should be based on accurate and updated information.

Amendment 27

Proposal for a regulation Recital 19

Text proposed by the Commission

(19) In order to enhance transparency on the use of the Union contribution, the Commission should provide a final report **to the European Parliament and the Council** on the implementation of the Reserve.

Amendment

(19) In order to enhance transparency on the use of the Union contribution, the Commission should provide a final report on the implementation of the Reserve **to the European Parliament, the Council, the Committee of the Regions and the European Economic and Social Committee.**

Amendment 28

Proposal for a regulation Article 2 – paragraph 1 – point 1

Text proposed by the Commission

(1) ‘reference period’ means the reference period referred to in Article 63(5), point (a), of the Financial Regulation, which shall be from 1 July **2020** to 31 December **2022**;

Amendment

(1) ‘reference period’ means the reference period referred to in Article 63(5), point (a), of the Financial Regulation, which shall be from 1 July **2019** to 31 December **2023**;

Amendment 29

Proposal for a regulation Article 2 – paragraph 1 – point 6 a (new)

Text proposed by the Commission

Amendment

(6a) "Special Status Territories" means, where appropriate, the British Overseas Territories and the Crown Dependencies;

Amendment 30

Proposal for a regulation Article 3 – paragraph 1

Text proposed by the Commission

The Reserve shall provide support to counter the adverse consequences of the withdrawal of the United Kingdom from the Union in Member States, regions and sectors, in particular those that are **worst** affected by that withdrawal, and to mitigate the related impact on the economic, social and territorial cohesion.

Amendment

The Reserve shall 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.

Amendment 31

Proposal for a regulation
Article 4 – paragraph 2

Text proposed by the Commission

2. The maximum resources for the Reserve shall be EUR **5 370 994 000 in current** prices.

Amendment

2. The maximum resources for the Reserve shall be EUR **5 000 000 000 in 2018** prices.

Amendment 32

Proposal for a regulation
Article 4 – paragraph 3 – introductory part

Text proposed by the Commission

3. The resources referred to in paragraph 2 shall be allocated as follows:

Amendment

3. The resources referred to in paragraph 2 shall be **provisionally** allocated **pursuant to the method and resulting amounts set out in Annex I. They shall be made available** as follows:

Amendment 33

Proposal for a regulation
Article 4 – paragraph 3 – point a

Text proposed by the Commission

(a) a pre-financing amount of EUR **4 244 832 000** shall be made available in 2021 in accordance with Article 8;

Amendment

(a) a pre-financing amount of EUR **4 000 000 000 in 2018 prices** shall be made available **and paid in two instalments of EUR 2 000 000 000 in 2021 and EUR 2 000 000 000 in 2022** in accordance with Article 8;

Amendment 34

Proposal for a regulation

Article 4 – paragraph 3 – point b

Text proposed by the Commission

(b) additional amounts of EUR **1 126 162 000** shall be made available in **2024** in accordance with Article 11.

Amendment

(b) additional amounts of EUR **1 000 000 000 in 2018 prices** shall be made available in **2025** in accordance with Article 11.

Amendment 35

Proposal for a regulation

Article 5 – paragraph 1 – introductory part

Text proposed by the Commission

1. The financial contribution from the Reserve shall only support **the public expenditure directly linked to** measures specifically taken by Member States to contribute to the objectives referred to in Article 3, and may cover, in particular the following:

Amendment

1. The financial contribution from the Reserve shall only support measures specifically taken by Member States, **including at regional and local authorities' level**, to contribute to the objectives referred to in Article 3, and may cover, in particular the following:

Amendment 36

Proposal for a regulation

Article 5 – paragraph 1 – point a

Text proposed by the Commission

(a) measures to **assist** businesses **and**

Amendment

(a) measures to **support private and**

local communities adversely affected by the withdrawal;

public businesses, in particular SMEs, self-employed, local communities and organisations adversely affected by the withdrawal;

Amendment 37

Proposal for a regulation Article 5 – paragraph 1 – point b

Text proposed by the Commission

(b) measures to support the most affected economic sectors;

Amendment

(b) measures to support the most **adversely** affected economic sectors;

Amendment 38

Proposal for a regulation Article 5 – paragraph 1 – point c

Text proposed by the Commission

(c) measures to support **businesses** and local communities dependent on fishing activities in the United Kingdom waters;

Amendment

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

Amendment 39

Proposal for a regulation Article 5 – paragraph 1 – point d

Text proposed by the Commission

(d) measures to support **employment,** including **through** short-time work schemes, re-skilling and training in affected sectors;

Amendment

(d) measures to support **job creation and protection,** including **green jobs,** short-time work schemes, re-skilling and training in **adversely** affected sectors, **and**

to take accommodating steps to facilitate the re-integration of Union citizens as well as persons with having the right to stay on the territory of the Union or on the territory of a Member State who left the United Kingdom as a result of its withdrawal;

Amendment 40

Proposal for a regulation

Article 5 – paragraph 1 – point e

Text proposed by the Commission

(e) measures to ensure the functioning of border, customs, sanitary and phytosanitary, security and fisheries controls, as well as the collection of indirect taxation including additional personnel and infrastructure;

Amendment

(e) measures to ensure the functioning of border, customs, sanitary and phytosanitary, security and fisheries controls, as well as the collection of indirect taxation, including additional personnel and *its training, and* infrastructure;

Amendment 41

Proposal for a regulation

Article 5 – paragraph 1 – point e a (new)

Text proposed by the Commission

Amendment

(ea) measures to mitigate disruptions caused by the withdrawal of the United Kingdom for local and regional cross-border cooperation and exchange programmes;

Amendment 42

Proposal for a regulation

Article 5 – paragraph 2

Text proposed by the Commission

2. Expenditure shall be eligible if it is incurred and paid during the reference

Amendment

2. Expenditure shall be eligible *for a financial contribution from the Reserve* if

period for measures carried out in the Member State concerned or for the benefit of the Member State concerned.

it is incurred and paid *by public national, regional or local authorities in the Member States, including payments to public and/or private entities*, during the reference period for measures carried out in the Member State concerned or for the benefit of the Member State concerned.

Amendment 43

Proposal for a regulation Article 5 – paragraph 3

Text proposed by the Commission

3. When designing support measures, Member States shall take into account the varied impact of the withdrawal of the United Kingdom from the Union on different regions and local communities and focus support from the Reserve on those most affected, *as appropriate*.

Amendment

3. When designing support measures, Member States shall take into account the varied impact of the withdrawal of the United Kingdom from the Union on different regions and local communities and focus support from the Reserve on those most *adversely* affected.

Amendment 44

Proposal for a regulation Article 5 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. When designing support measures in the field of fisheries, Member States shall take into account the objectives of the Common Fisheries Policy, making sure those measures contribute to the sustainable management of fish stocks and shall endeavour to support fishers most adversely affected by the United Kingdom withdrawal from the Union, in particular small-scale fisheries.

Amendment 45

Proposal for a regulation Article 5 – paragraph 3 b (new)

Text proposed by the Commission

Amendment

3b. In accordance with their institutional, legal and financial framework and in accordance with the partnership principle laid down in Article 6 of Regulation(EU) .../... [new CPR], Member States shall establish a multi-level dialogue with local and regional authorities and communities of regions and sectors most adversely affected, social partners and civil society, aimed at defining and implementing mutually agreed measures to be supported by the Reserve as well as a monitoring mechanism.

Amendment 46

Proposal for a regulation Article 5 – paragraph 4

Text proposed by the Commission

Amendment

4. The measures referred to in paragraph 1 shall comply with applicable law.

4. The measures referred to in paragraph 1 shall comply with applicable law **and with the principles set out in the European Pillar of Social Rights including its inherent contribution to eliminate inequalities and to promote gender equality and gender mainstreaming, take into account the European Green Deal, respect the ‘Do no significant harm’ principle and contribute to the Union’s environmental targets in line with the objectives of the Paris Agreement and to the UN Sustainable Development Goals.**

Amendment 47

Proposal for a regulation Article 5 – paragraph 5

Text proposed by the Commission

5. Measures eligible under paragraph 1 may receive support from other Union programmes and instruments provided that such support does not cover the same cost.

Amendment

5. Measures eligible under paragraph 1 may receive support from other Union programmes and instruments provided that such support does not cover the same cost. ***Members States shall consult the relevant local and regional authorities that act as managing authorities or intermediate bodies for EU funds in order to avoid any overlapping of funding.***

Amendment 48

Proposal for a regulation Article 5 a (new)

Text proposed by the Commission

Amendment

Article 5a

Technical assistance

Each Member State may use up to 2.5% of its allocation from Reserve for technical assistance to help local, regional, national authorities to manage, monitor, communicate and control the implementation of the measures taken to counter the adverse consequences of the withdrawal of the United Kingdom from the Union and to help SMEs in particular to overcome the increased administrative burden and costs.

Amendment 49

Proposal for a regulation Article 6 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) technical assistance for the management, monitoring, information and communication, complaint resolution, and control and auditing of

deleted

the Reserve;

Amendment 50

Proposal for a regulation

Article 6 – paragraph 1 – point d a (new)

Text proposed by the Commission

Amendment

(da) expenditure supporting financial sector entities, including entities of the banking sector, that benefitted from the withdrawal of the United Kingdom from the Union;

Amendment 51

Proposal for a regulation

Article 7 – paragraph 2

Text proposed by the Commission

Amendment

2. Member States shall use the contribution from the Reserve to implement the measures referred to in Article 5 to provide non-repayable forms of support. The Union contribution shall take the form of reimbursement of eligible costs actually incurred and paid by Member States in implementing the measures.

2. Member States, shall use the contribution from the Reserve to implement the measures referred to in Article 5 to provide non-repayable forms of support. The Union contribution shall take the form of reimbursement of eligible costs actually incurred and paid by **competent authorities in the Member States including payments to public and/or private entities**, in implementing the measures **and for technical assistance**.

Amendment 52

Proposal for a regulation

Article 7 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. Member States whose share from the resources of the Reserve is determined on the basis of fish caught in the waters that belong to the UK Exclusive

Economic Zone (EEZ) pursuant to Annex I shall allocate at least 7% of their provisionally allocated amount on measures to support local and regional communities, in the particular the small scale fisheries sector, dependent on fishing activities.

Amendment 53

Proposal for a regulation Article 8 – paragraph 1

Text proposed by the Commission

1. The allocation criteria for ***pre-financing*** to be paid by the Commission to Member States are set out in Annex I.

Amendment

1. The allocation criteria for ***resources*** to be paid by the Commission to Member States are set out in Annex I.

Amendment 54

Proposal for a regulation Article 8 – paragraph 3

Text proposed by the Commission

3. The Commission shall pay the pre-financing within **60** days of the date of the adoption of the implementing act referred to in paragraph 2. It shall be cleared in accordance with Article 11.

Amendment

3. The Commission shall pay the pre-financing within **30** days of the date of the adoption of the implementing act referred to in paragraph 2. It shall be cleared in accordance with Article 11.

Amendment 55

Proposal for a regulation Article 9 – paragraph 1

Text proposed by the Commission

1. The Member States shall submit an application to the Commission for a financial contribution from the Reserve by 30 **September 2023**. The Commission shall assess this application and establish whether additional amounts are due to

Amendment

1. The Member States, ***after consulting the stakeholders as referred to in Article 5 paragraph 3 b***, shall submit an application to the Commission for a financial contribution from the Reserve by 30 **June 2024**. The Commission shall

Member States or any amounts should be recovered from the Member States in accordance with Article 11.

assess this application and establish whether additional amounts are due to Member States or any amounts should be recovered from the Member States in accordance with Article 11.

Amendment 56

Proposal for a regulation Article 9 – paragraph 2

Text proposed by the Commission

2. Where a Member State does not submit an application for a financial contribution from the Reserve by 30 **September 2023**, the Commission shall recover the total amount paid as pre-financing to that Member State.

Amendment

2. Where a Member State does not submit an application for a financial contribution from the Reserve by 30 **June 2024**, the Commission shall recover the total amount paid as pre-financing to that Member State.

Amendment 57

Proposal for a regulation Article 10 – paragraph 1

Text proposed by the Commission

1. The application shall be based on the template set out in Annex II. The application shall include information on the total **public** expenditure incurred and paid by Member States and the values of output indicators for the measures supported. It shall be accompanied by the documents referred to in paragraphs 5, 6 and 7 of Article 63 of the Financial Regulation and by an implementation report.

Amendment

1. The application shall be based on the template set out in Annex II. The application shall include information on the total expenditure incurred and paid by **national, regional or local public authorities in** Member States, **including the territorial distribution of the expenditure at NUTS level 2**, and the values of output indicators for the measures supported. It shall be accompanied by the documents referred to in paragraphs 5, 6 and 7 of Article 63 of the Financial Regulation and by an implementation report.

Amendment 58

Proposal for a regulation
Article 10 – paragraph 2 – point a

Text proposed by the Commission

(a) a description of the impact of the withdrawal of the United Kingdom from the Union in economic **and** social terms including an identification of the regions, areas and **sectors** most affected;

Amendment

(a) a description of the **negative** impact of the withdrawal of the United Kingdom from the Union in economic, social, **territorial, and environmental** terms including an identification of the **sectors**, regions, areas and **local communities** most **adversely** affected;

Amendment 59

Proposal for a regulation
Article 10 – paragraph 2 – point c a (new)

Text proposed by the Commission

Amendment

(ca) upon request by the Commission, a provision of evidence of the adverse consequences of the withdrawal on the businesses and economic sectors that received support from the Reserve, taking into account the movement of economic sectors from the United Kingdom to the Union;

Amendment 60

Proposal for a regulation
Article 10 – paragraph 2 – point e

Text proposed by the Commission

(e) a description of the contribution of the measures to **climate change mitigation and adaptation**.

Amendment

(e) a description of the contribution of the measures to **the principles set out in the European Pillar of Social Rights including on the promotion of gender equality and gender mainstreaming, to the Digital Agenda, to the Union's environmental targets in line with the objectives of the Green Deal and the Paris Agreement, to the UN Sustainable Development Goals**.

Amendment 61

Proposal for a regulation

Article 11 – paragraph 2 – point a

Text proposed by the Commission

(a) the **total** amount of eligible **public** expenditure (**the 'accepted amount'**);

Amendment

(a) the amount of eligible expenditure accepted;

Amendment 62

Proposal for a regulation

Article 11 – paragraph 2 – point a a (new)

Text proposed by the Commission

Amendment

(aa) the amount of technical assistance as referred to in Article 5a

Amendment 63

Proposal for a regulation

Article 11 – paragraph 2 – point a b (new)

Text proposed by the Commission

Amendment

(ab) the sum of the amounts in (a) and (a a) ('total accepted amount')

Amendment 64

Proposal for a regulation

Article 11 – paragraph 2 – point b

Text proposed by the Commission

Amendment

(b) whether additional amounts are due to the Member State, in line with paragraph 3, or whether amounts need to be recovered pursuant to paragraph 5.

(b) whether additional amounts are due to the Member State, in line with paragraph 3, or whether amounts need to be recovered pursuant to paragraph 6.

Amendment 65

Proposal for a regulation Article 11 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Where the accepted amount exceeds **both** the amount of pre-financing **and 0.06% of the nominal GNI of 2021 of the Member State concerned**, an additional amount shall be due to that Member State from the allocation referred to in Article 4(3), point (b), **and any amounts carried over pursuant to Article 8(4)**.

Amendment

Where the **total** accepted amount exceeds the amount of pre-financing **paid**, an additional amount shall be due to that Member State from the allocation referred to in Article 4(3), point (b), **until the amount provisionally allocated to that Member State in accordance with Annex I is reached**.

Amendment 66

Proposal for a regulation Article 11 – paragraph 3 – subparagraph 2

Text proposed by the Commission

In such a case, the Commission shall pay the amount exceeding the pre-financing paid to the Member State concerned or 0.06% of the nominal GNI of 2021, whichever is higher.

Amendment

The part of the provisional allocation of a Member State not covered by the total accepted amount, and any amounts carried over pursuant to Article 8(3) shall be made available to Member States whose total accepted amount exceeds their provisional allocation.

Amendment 67

Proposal for a regulation Article 11 – paragraph 3 – subparagraph 3

Text proposed by the Commission

Where the sum of the additional amounts for all Member States **calculated** pursuant to the first subparagraph of this paragraph exceeds the resources available according to Article 4(3), point (b), the contributions from the Reserve shall be reduced proportionately.

Amendment

Where the sum of the additional amounts **calculated** for all Member States pursuant to the first subparagraph of this paragraph exceeds the resources available according to Article 4(3), point (b) **and the second subparagraph of this paragraph**, the contributions from the Reserve **for the amounts exceeding the provisional**

allocations shall be reduced proportionately.

Amendment 68

Proposal for a regulation Article 11 – paragraph 5

Text proposed by the Commission

5. The Commission shall clear the respective pre-financing and pay any additional amount due within **60** days of adoption of the implementing act referred to in paragraph 2.

Amendment

5. The Commission shall clear the respective pre-financing and pay any additional amount due within **30** days of adoption of the implementing act referred to in paragraph 2.

Amendment 69

Proposal for a regulation Article 11 – paragraph 6

Text proposed by the Commission

6. Where the accepted amount is lower than the pre-financing *for* the Member State concerned, the difference shall be recovered in accordance with the Financial Regulation, and in particular its Part I, Chapter 6, Sections 3, 4 and 5. The recovered amounts shall be treated as internal assigned revenue in accordance with Article 21(3), point (b), of the Financial Regulation and, where the third subparagraph of paragraph 3 of this Article has been applied, shall be used to increase proportionately the contributions paid to Member States eligible for additional amounts under paragraph 3 of this Article up to a maximum of 100 %. In case payments to Member States pursuant to paragraph 3 of this Article have been made at a rate of 100 %, the amounts recovered shall be returned to the general budget of the Union.

Amendment

6. Where the **total** accepted amount is lower than the pre-financing **paid to** the Member State concerned, the difference shall be recovered in accordance with the Financial Regulation, and in particular its Part I, **Title IV**, Chapter 6, Sections 3, 4 and 5. The recovered amounts shall be treated as internal assigned revenue in accordance with Article 21(3), point (b), of the Financial Regulation and, where the third subparagraph of paragraph 3 of this Article has been applied, shall be used to increase proportionately the contributions paid to Member States eligible for additional amounts under paragraph 3 of this Article up to a maximum of 100 %. In case payments to Member States pursuant to paragraph 3 of this Article have been made at a rate of 100 %, the amounts recovered shall be returned to the general budget of the Union.

Amendment 70

Proposal for a regulation Article 11 – paragraph 7

Text proposed by the Commission

7. The Commission shall, by means of an implementing act, set out the additional amounts due pursuant to the second sentence of paragraph 6 of this Article. That implementing act shall constitute a financing decision within the meaning of Article 110(1) of the Financial Regulation and the legal commitment within the meaning of that Regulation. The Commission shall pay any additional amount due within **60** days of adoption of that act.

Amendment

7. The Commission shall, by means of an implementing act, set out the additional amounts due pursuant to the second sentence of paragraph 6 of this Article. That implementing act shall constitute a financing decision within the meaning of Article 110(1) of the Financial Regulation and the legal commitment within the meaning of that Regulation. The Commission shall pay any additional amount due within **30** days of adoption of that act.

Amendment 71

Proposal for a regulation Article 13 – paragraph 1 – introductory part

Text proposed by the Commission

1. When executing tasks relating to the implementation of the Reserve, Member States shall take all the necessary measures, including legislative, regulatory and administrative measures, to protect the financial interests of the Union, namely by:

Amendment

1. When executing tasks relating to the implementation of the Reserve, Member States, ***including, when applicable, their regional or local authorities***, shall take all the necessary measures, including legislative, regulatory and administrative measures, to protect the financial interests of the Union, namely by:

Amendment 72

Proposal for a regulation Article 13 – paragraph 1 – point a

Text proposed by the Commission

(a) designating a body responsible for the management of the financial contribution from the Reserve and an

Amendment

(a) designating ***at the appropriate territorial level*** a body, ***or where required by the Member State's institutional, legal***

independent audit body in accordance with Article 63(3) of the Financial Regulation, and supervising such bodies;

and financial framework, bodies responsible for the management of the financial contribution from the Reserve and an independent audit body in accordance with Article 63(3) of the Financial Regulation, and supervising such bodies;

Amendment 73

Proposal for a regulation Article 13 – paragraph 1 – point d

Text proposed by the Commission

(d) notifying the Commission of the identity of the bodies designated **and of the body** to which the pre-financing shall be paid, and confirming that the systems' descriptions have been drawn up, within **three** months of the entry into force of this Regulation;

Amendment

(d) notifying the Commission of the identity of the **body or** bodies designated to which the pre-financing shall be paid **including, where applicable, the bodies to which tasks and funds from the Reserve have been delegated**, and confirming that the systems' descriptions have been drawn up, within **two** months of the entry into force of this Regulation;

Amendment 74

Proposal for a regulation Article 13 – paragraph 2

Text proposed by the Commission

2. For the purposes of points (a) and (b) of paragraph 1, the Member States **may** make use of bodies **and** management and control systems already in place for the implementation of cohesion policy funding or the European Union Solidarity Fund.

Amendment

2. For the purposes of points (a) and (b) of paragraph 1, the Member States **shall** make use of bodies **at the appropriate territorial level, and may make use of newly set up** management and control systems **or** already in place for the implementation of cohesion policy funding or the European Union Solidarity Fund.

Amendment 75

Proposal for a regulation Article 13 – paragraph 3 – introductory part

Text proposed by the Commission

3. The body responsible for managing the financial contribution from the Reserve shall:

Amendment

3. The body *or bodies* responsible for managing the financial contribution from the Reserve shall:

Amendment 76

Proposal for a regulation

Article 13 – paragraph 4 – subparagraph 4

Text proposed by the Commission

Where the population consists of less than 300 sampling units, a non-statistical sampling method may be used based on the professional judgment of the independent audit body. In such cases, the size of the sample shall be sufficient to enable the independent audit body to draw up a valid audit opinion. The non-statistical sampling method shall cover a minimum of 10% of the sampling units in the population of the *accounting year*, selected randomly.

Amendment

Where the population consists of less than 300 sampling units, a non-statistical sampling method may be used based on the professional judgment of the independent audit body. In such cases, the size of the sample shall be sufficient to enable the independent audit body to draw up a valid audit opinion. The non-statistical sampling method shall cover a minimum of 10% of the sampling units in the population of the *reference period*, selected randomly.

Amendment 77

Proposal for a regulation

Article 13 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. Where a Member State decides not to use, for the purposes of the Reserve, its management and control systems set up for the implementation of cohesion policy funding or the European Union Solidarity Fund but to set up a new system, the Commission shall, within six months of the entry into force of this Regulation, assess whether the system is effective and provides a sufficient level of protection of the financial interests of the Union. Where the Commission concludes that the system is not effective and does not

provide a sufficient level of protection of the financial interests of the Union, it shall recommend corrective measures to the Member State concerned. That Member State shall implement those measures within two months after the Commission recommendation.

Amendment 78

Proposal for a regulation Article 14 – paragraph 1

Text proposed by the Commission

1. The financial corrections made by the Member State in accordance with Article 13(1), point (f), shall consist of cancelling all or part of the financial contribution from the **Fund**. The Member State shall recover any amount lost as a result of an irregularity detected.

Amendment

1. The financial corrections made by the Member State in accordance with Article 13(1), point (f), shall consist of cancelling all or part of the financial contribution from the **Reserve**. The Member State shall recover any amount lost as a result of an irregularity detected.

Amendment 79

Proposal for a regulation Article 15 – paragraph 1

Text proposed by the Commission

Member States shall be responsible for informing and publicising to Union citizens the role, the results and impact of the Union contribution from the Reserve through information and communication actions.

Amendment

Member States **and regions** shall be responsible for informing and publicising to Union citizens the role, the results and impact of the Union contribution from the Reserve through information and communication actions ***in order to alleviate the negative impact on businesses and economic sectors, to avoid administrative bottlenecks and to strengthen their information campaigns to raise awareness about the new rules in place after the withdrawal of the United Kingdom from the Union, and in particular shall ensure that recipients of the measures referred to in Article 5 are informed of the contribution from the***

Amendment 80

Proposal for a regulation Article 16 – paragraph 1

Text proposed by the Commission

1. By 30 June 2026, **the Commission shall carry out** an evaluation to examine the effectiveness, efficiency, relevance, coherence and EU added value of the Reserve. The Commission **may make use of** all relevant information already available in accordance with Article 128 of the Financial Regulation.

Amendment

1. By 30 June 2026, an evaluation **shall be carried out** to examine the effectiveness, efficiency, relevance, coherence and EU added value of the Reserve. The Commission **shall provide** all relevant information already available in accordance with Article 128 of the Financial Regulation.

Amendment 81

Proposal for a regulation Article 16 – paragraph 2

Text proposed by the Commission

2. By 30 June **2027**, the Commission shall submit to the European Parliament and **to** the Council a report on the implementation of the Reserve.

Amendment

2. By 30 June **2024** the Commission shall submit to the European Parliament and the Council a **detailed report on the implementation process of this regulation accompanied by a legislative proposal when necessary, and by 30 June 2027 the Commission shall submit a final** report on the implementation of the Reserve **to the European Parliament, the Council, the Committee of the Regions and the European Economic and Social Committee.**

Amendment 82

Proposal for a regulation Annex I – subheading 1

Text proposed by the Commission

Amendment

Allocation method for the **pre-financing** of the Brexit Adjustment Reserve

Allocation method for the **resources** of the Brexit Adjustment Reserve

Amendment 83

Proposal for a regulation Annex I – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

The **pre-financing** of the Brexit Adjustment Reserve shall be distributed between the Member States according to the following methodology:

The **resources** of the Brexit Adjustment Reserve shall be distributed between the Member States according to the following methodology:

Amendment 84

Proposal for a regulation Annex I – paragraph 1 – point 1

Text proposed by the Commission

Amendment

1. Each Member State's share from **pre-financing** of the Brexit Adjustment Reserve is determined as the sum of a factor linked to the fish caught in the waters that belong to the UK Exclusive Economic Zone (EEZ) and a factor linked to trade with the UK.

1. Each Member State's share from **resources** of the Brexit Adjustment Reserve is determined as the sum of a factor linked to the fish caught in the waters that belong to the UK Exclusive Economic Zone (EEZ) and a factor linked to trade with the UK, **and a factor linked to the population of maritime border regions with the UK.**

Amendment 85

Proposal for a regulation Annex I – paragraph 1 – point 2

Text proposed by the Commission

Amendment

2. The factor linked to fish caught in the UK EEZ is used to allocate EUR 600 million. The factor linked to trade is used

2. The factor linked to fish caught in the UK EEZ is used to allocate EUR 600 million. The factor linked to trade is used

to allocate EUR **3 400** million. *Both* amounts *are* expressed in 2018 prices.

to allocate EUR **4 150** million. *The factor linked to maritime border regions is used to allocate EUR 250 million. Each of these* amounts *is* expressed in 2018 prices.

Amendment 86

Proposal for a regulation

Annex I – paragraph 1 – point 3 – point b – point ii

Text proposed by the Commission

(ii) the initial share of the value of fish caught in the UK EEZ is adjusted by multiplying it with the Member State's index of dependency;

Amendment

(ii) the initial share of the value of fish caught in the UK EEZ is adjusted by multiplying it with the Member State's index of dependency ***raised to the power of 75%***;

Amendment 87

Proposal for a regulation

Annex I – paragraph 1 – point 4 – point c

Text proposed by the Commission

c) the initial share of trade with the UK is adjusted by multiplying it with the Member State's index of dependency;

Amendment

c) the initial share of trade with the UK is adjusted by multiplying it with the Member State's index of dependency ***raised to the power of 75%***;

Amendment 88

Proposal for a regulation

Annex I – paragraph 1 – point 4 – point g

Text proposed by the Commission

g) if this calculation leads to an allocation exceeding **0.35%** of a Member State's GNI (measured in Euro), that Member State's allocation is capped at the level of **0.35%** of its GNI. The resources deducted due to this capping are redistributed to the other Member States, proportionally to their non-capped shares;

Amendment

g) if this calculation leads to an allocation exceeding **0,36%** of a Member State's GNI (measured in Euro), that Member State's allocation is capped at the level of **0,36%** of its GNI. The resources deducted due to this capping are redistributed to the other Member States, proportionally to their non-capped shares;

Amendment 89

Proposal for a regulation

Annex I – paragraph 1 – point 4 – point h

Text proposed by the Commission

h) if the calculation referred to in point g) results in an aid intensity of more than EUR **190/inhabitant**, that Member State's allocation is capped at the level corresponding to an aid intensity of EUR **190/inhabitant**. The resources deducted due to this capping are distributed to the Member States not capped under points g) or h), proportionally to their shares as calculated in point g).

Amendment

h) if the calculation referred to in point g) results in an aid intensity of more than EUR **195/inhabitant**, that Member State's allocation is capped at the level corresponding to an aid intensity of EUR **195/inhabitant**. The resources deducted due to this capping are distributed to the Member States not capped under points g) or h), proportionally to their shares as calculated in point g).

Amendment 90

Proposal for a regulation

Annex I – paragraph 1 – point 4 a (new)

Text proposed by the Commission

Amendment

4 a. The factor linked to the maritime border regions is obtained by calculating the share of each Member State in the total population of maritime border regions with the UK. Maritime border regions are NUTS level 3 regions along border coastlines and other NUTS level 3 regions of which at least half of the regional population lives within 25 kilometres of the border coastlines. Border coastlines are defined as coastlines that are located at maximum 150 km from the UK coastline.

Amendment 91

Proposal for a regulation

Annex I – paragraph 1 – point 5 – introductory part

Text proposed by the Commission

Amendment

5. For the purposes of calculating the distribution of the ***pre-financing*** of the Brexit Adjustment Reserve:

5. For the purposes of calculating the distribution of the ***resources*** of the Brexit Adjustment Reserve:

Amendment 92

Proposal for a regulation

Annex I – paragraph 1 – point 5 – point f a (new)

Text proposed by the Commission

Amendment

f a) for population of the NUTS level 3 regions the reference period shall be 2017.

Amendment 93

Proposal for a regulation

Annex II – table – row 7a (new)

Text proposed by the Commission

Amendment

<i>7a</i>	<i>Body or bodies to which tasks and funds from the Reserve have been delegated, where applicable.</i>	
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Amendment 94

Proposal for a regulation

Annex II – table – row 8 – column 2

Text proposed by the Commission

Amendment

Short description of the areas and sectors affected and the response measures put in place

Description of the areas and sectors affected and the response measures put in place

Amendment 95

Proposal for a regulation
Annex II – table – row 8 a (new)

Text proposed by the Commission

Amendment

8a	<i>Description of the Multi-Level-Dialogue and the monitoring mechanism</i>	
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Amendment 96

Proposal for a regulation
Annex II – table – row 9 – column 2

Text proposed by the Commission

Amendment

Total **public** expenditure incurred and paid before deductions

Total expenditure incurred and paid before deductions

Amendment 97

Proposal for a regulation
Annex II – table – row 14 a (new)

Text proposed by the Commission

Amendment

14a	<i>Territorial distribution of the expenditure at NUTS level 2</i>	
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Amendment 98

Proposal for a regulation

Annex II – table – row 15.1 – column 2

Text proposed by the Commission

Measures to **assist** businesses **adversely and** local communities affected by the withdrawal

Amendment

Measures to **support private and public** businesses, **in particular SMEs, self-employed**, local communities **and organisations adversely** affected by the withdrawal

Amendment 99

Proposal for a regulation

Annex II – table – row 15.2 – column 2

Text proposed by the Commission

Measures to support the most affected economic sectors

Amendment

Measures to support the most **adversely** affected economic sectors

Amendment 100

Proposal for a regulation

Annex II – table – row 15.3 – column 2

Text proposed by the Commission

Measures to support businesses and local communities dependent on fishing activities in the United Kingdom waters

Amendment

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

Amendment 101

Proposal for a regulation

Annex II – table – row 15.4 – column 2

Text proposed by the Commission

Measures to support employment through short-time work schemes, re-skilling and training in affected sectors

Amendment

Measures to support **job creation and employment, including green jobs** -, short-time work schemes, re-skilling and training in **adversely** affected sectors **and to take accommodating steps to facilitate the re-integration of Union citizens as well as persons with having the right to stay on the territory of the Union or on the territory of a Member State who left the United Kingdom as a result of its withdrawal;**

Amendment 102

Proposal for a regulation

Annex II – table – row 15.4 a (new)

Text proposed by the Commission

Amendment

15.4 a	<i>Measures to mitigate disruptions caused by the withdrawal of the United Kingdom for local and regional cross-border cooperation and exchange programmes;</i>			
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Amendment 103

Proposal for a regulation

Annex II – table – row 15.5 – column 2

Text proposed by the Commission

Measures to ensure the functioning of border, and security controls, including additional personnel and infrastructure

Amendment

Measures to ensure the functioning of border, and security controls, including additional personnel **and its training**, and infrastructure

Amendment 104

Proposal for a regulation

Annex II – table – row 16 – column 2 – paragraph 2

Text proposed by the Commission

Amendment

Short description / amount
(e.g. use of Cohesion Policy funding/
REACT-EU/JTF/RRF/other – please
specify)

Description / amount
(e.g. use of Cohesion Policy funding/
REACT-EU/JTF/RRF/other – please
specify)

Amendment 105

Proposal for a regulation

Annex II – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

**(b a) the control systems put in place
ensure the legality and regularity of the
underlying transactions.**

Amendment 106

Proposal for a regulation

Annex III – point 1 – point 1.3 – point a a (new)

Text proposed by the Commission

Amendment

**a a) where applicable, the body or
bodies to which tasks and funds from the
Reserve have been delegated (name,
address and contact point in the body):**

EXPLANATORY STATEMENT

1. Introduction and context of the proposal

The United Kingdom of Great Britain and Northern Ireland (“UK”) left the Union on 1 February 2020, when the Withdrawal Agreement entered into force, including provisions for a transition period that lasted until 31 December 2020.

On 24 December 2020 both sides concluded a new EU-UK Trade and Cooperation Agreement to limit the adverse consequences of the UK’s withdrawal and to establish a cooperation framework which should form the basis of a strong and constructive future partnership, avoiding the most disruptive elements of a ‘no-deal’ scenario, and providing legal certainty for the medium-to-long term.

However, due the fact that the UK is no longer participating in Union policies since the end of the transition period disruptive effects on the economic, commercial and social relationship became already apparent.

Although the withdrawal affects the Union as a whole, some Member States, regions, sectors and businesses, especially those with a significant exposure to the UK, will be more negatively impacted and are expected to experience significant economic and financial losses.

The Rapporteur recalls the European Council conclusions, agreed at its special meeting of 17-21 July 2020, when these unavoidable consequences had been already anticipated and when the decision was taken to establish the Brexit Adjustment Reserve (the ‘Reserve’) as a solidarity tool aimed at providing financial support to the most affected Member States, regions and sectors to deal with the adverse consequences of the withdrawal of the UK from the Union.

The Rapporteur welcomes the Commission proposal that follows the European Council agreement and recalls that it is part of the preparation for the end of the transition period and builds on and complements the work done by the EU institutions and Member States in the context of the preparedness measures taken under the respective Union policies during the negotiations under Article 50 TEU.

2. Choice of the instrument

The Rapporteur welcomes that the proposal for the Reserve draws inspiration from the long-standing experience of the European Union Solidarity Fund and cohesion policy, while adapting to the completely new circumstances and objective of countering the effects of the withdrawal of the UK from the Union.

Furthermore, he welcomes that the proposed regulation will be adopted under the co-decision procedure and that the Reserve will be implemented under shared management.

He agrees with Commission that the Reserve should take into account the unprecedented situation for Member States, its uniqueness and the need for them to react quickly and flexibly

to the challenges as they arise in their economies.

3. Resources from the Reserve

The rapporteur takes note of the maximum resources for the implementation of the Reserve which will be EUR 5 370 994 000 in current prices, to be financed as a special instrument outside of the EU budget ceilings of the Multiannual Financial Framework.

He draws attention to the fact that the overall economic and financial losses related to the withdrawal of the UK from the Union on some Member States, regions and public as well as private businesses and sectors will be significant but are not yet possible to quantify. It should be avoided to create the impression that the overall amount available from the Reserve will be sufficient to cover all these losses.

4. Objectives and eligible categories of measures

The Reserve will provide financial contributions to Member States to counter adverse consequences in Member States, regions and sectors, in particular those that are worst affected by the withdrawal, with the objective of mitigating its impact on the economic, social and territorial cohesion.

While the rapporteur supports the non-exhaustive and indicative list of eligible categories of measures as proposed by the Commission, to achieve this objective, the rapporteur is of the opinion that a substantial part of the contribution from the Reserve should be used on measures to support businesses, especially SMEs, allowing them to adapt to the new business environment and to protect employment levels.

To limit the risk of the Reserve being used to support measures that may not contribute to the intended objective or even not be eligible and, consequently, to limit the risk for the Member States to not be reimbursed for their expenses, the rapporteur suggests that the Commission assists Member States in order to help their preparation of the measures to be supported.

5. Earmarking for fisheries sector

The rapporteur believes that the Withdrawal Agreement was not only reached at a very late stage, but due to the agreed limitation of fishing activities, the fisheries sector will be one of the sectors that is likely to be severely affected. Therefore, he proposes to earmark the share of total pre-financing amount that is linked to fish caught, per Member State, to be spent on measures to support businesses and local communities dependent on fishing activities.

6. Eligibility period and eligibility expenditure

Given the specific nature of the Reserve the rapporteur agrees with a relatively short implementation period proposed by the Commission. The rapporteur takes the view, however, that the eligibility period should take more account of measures taken by the Member States

to mitigate the expected disruptive effects of the withdrawal prior to the expiry of the transition period, and suggests the eligibility period for implementing such measures should run from 1 January 2019 to 31 December 2022. The rapporteur further clarifies that the contribution from the Reserve should take the form of reimbursement of eligible costs actually incurred during the reference period, including on the level of recipients, and paid until 30 June 2023 by Member States for measures carried out in the Member State.

7. Involvement of LRAs, social partners and civil society

When designing support measures, Member States should focus particularly on the regions, areas, local communities and businesses that are worst affected by the withdrawal, including on those dependent on fishing activities, the rapporteur wishes to ensure that Member States establish a multi-level dialogue at least with local and regional authorities of regions and areas most affected, social partners and civil society, as this involvement will help to target needs and implement the Reserve more effectively.

8. Pre-financing and additional amount

The rapporteur considers that the two factors, trade in goods and services with the UK and fish caught in the UK exclusive economic zone, chosen and applied by the Commission in the methodology for calculating the Member States' pre-financing, demonstrate the historically strong links and close relations in economic terms between the individual Member States and the UK. He is aware of the risk that the chosen allocation method may not fully reflect the specific direct or indirect exposure of each Member State's economy to the UK, but the methodology sufficiently reflects the spirit of solidarity that underlies the establishment of the Reserve, and should also be seen in the context of the recently concluded negotiations on the Multiannual Financial Framework and on Next Generation EU.

The rapporteur also supports the proposal to activate the Reserve in two rounds of allocations, the first (EUR 4 244 832 000) paid in 2021 in the form of pre-financing and the second (EUR 1 126 162 000), paid in 2024 as additional contributions, based on real expenditure, following the submission of an application and an implementation report. This approach should enable Member States to react quickly to the exceptional situation and to counter the negative effects of UK's withdrawal more effectively.

9. Submission of applications for financial contribution from the Reserve

Member States will have until 30 September 2023 to apply for a financial contribution from the Reserve, giving details of the expenditure incurred. The rapporteur considers that the Commission should give special attention to the implementation report that will accompany the application, describing which measures were taken and how they were implemented, as well as a management declaration and an independent audit report. For its assessment of the eligibility and appropriateness of the measures chosen by each Member States the Commission should in any case verify the direct link to the withdrawal, and take into account the movement of economic sectors activity from the UK to the Union.

10. Management and control

Given the one-off nature of the withdrawal of the UK, the rapporteur considers the design of the Reserve and its derogations from the Financial Regulation - an unusually high pre-financing, a second payment, no annual commitments, payments and annual reporting - to be appropriate, but proposes that Member States should make use of the currently existing bodies designated and systems for irregularities and fraud prevention set up under the shared management rules governing cohesion policy funds and the EU Solidarity Fund.

The Commission proposal envisages a designated body responsible for the management of the financial contribution from the Reserve, an independent audit body and a body to which the Commission pays the pre-financing. The rapporteur wishes to clarify that Member States should designate additional bodies, including on regional and local level and delegate tasks as well as funds from the Reserve to them, in accordance with their institutional, legal and financial framework.

11. Communication and visibility

The rapporteur supports the Commission's proposed obligation for Member States to raise awareness on the Union contribution from the Reserve and to inform, potential beneficiaries, participants and the general public of the existence, volume and the support stemming from the Reserve, as transparency, communication and visibility activities are essential in making Union action visible on the ground.

In addition, he suggests that in particular final recipients should be informed of the contribution from the Reserve as a Union initiative.

Last but not least, the rapporteur takes the opportunity to remind the Member States that not only the EU has a responsibility to communicate its decisions and activities to EU citizens, but also the Member States, in order to offer citizens better access and a better understanding of the impact of EU policies at EU, national and local level.

11.5.2021

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Regional Development

on the proposal for a regulation of the European Parliament and of the Council on establishing the Brexit Adjustment Reserve
(COM(2020)0854 – C9-0433/2020 – 2020/0380(COD))

Rapporteur for opinion (*) : Valérie Hayer

(*) Associated committee – Rule 57 of the Rules of Procedure

AMENDMENTS

The Committee on Budgets calls on the Committee on Regional Development, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation Recital 1

Text proposed by the Commission

(1) On 1 February 2020, the United Kingdom of Great Britain and Northern Ireland ('United Kingdom') left the European Union and the European Atomic Energy Community ('Euratom') – hereafter referred together as the 'Union', entering a transition period. That time-limited period was agreed as part of the Withdrawal Agreement¹¹ and ***is to last until*** 31 December 2020. During the transition period, the Union and the United Kingdom started formal negotiations on a

Amendment

(1) On 1 February 2020, the United Kingdom of Great Britain and Northern Ireland ('United Kingdom') left the European Union and the European Atomic Energy Community ('Euratom') – hereafter referred together as the 'Union', entering a transition period. That time-limited period was agreed as part of the Withdrawal Agreement¹¹ and ***ended on*** 31 December 2020. During the transition period, the Union and the United Kingdom started formal negotiations on a future

future relationship.

relationship.

¹¹ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community ('Withdrawal Agreement') (OJ L 29, 31.1.2020, p. 7).

¹¹ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community ('Withdrawal Agreement') (OJ L 29, 31.1.2020, p. 7).

Amendment 2

Proposal for a regulation

Recital 2

Text proposed by the Commission

(2) ***Following the end of*** the transition period, barriers to trade and to cross-border exchanges between the Union and the United Kingdom ***will be present***. Broad and far-reaching consequences for businesses, citizens and public administrations ***are expected***. Those consequences ***are unavoidable and stakeholders need to make sure that they are ready for them***.

Amendment

(2) ***Now that*** the transition period ***has come to an end, there are*** barriers to trade and to cross-border exchanges between the Union and the United Kingdom. ***That has*** broad and far-reaching ***social and economic*** consequences for businesses, ***especially SMEs including micro-enterprises***, citizens and public administrations, ***local communities and regions, including administrative procedures for providing services and for importing and exporting businesses, thus creating difficult border bottlenecks, impeding trade and hampering the economic recovery***. Those consequences ***should be mitigated to the greatest possible extent***.

Amendment 3

Proposal for a regulation

Recital 3

Text proposed by the Commission

(3) The Union is committed to mitigating the economic impact of the withdrawal of the United Kingdom from the Union and to show solidarity with all Member States, especially the most

Amendment

(3) The Union is committed to mitigating the economic, ***social and territorial impacts*** of the withdrawal of the United Kingdom from the Union and to show solidarity with all Member States,

affected ones in such exceptional circumstances.

and regions and sectors especially the most affected ones in such exceptional circumstances. *However, many uncertainties associated with the impact of the United Kingdom's withdrawal remain, which make it difficult to determine the specific exposure of a Member State's economy. For example, possible positive gains can be expected from the movement of economic activities from the United Kingdom to the Union.*

Amendment 4

Proposal for a regulation Recital 4

Text proposed by the Commission

(4) A Brexit Adjustment Reserve (the 'Reserve') should be established to provide support to counter adverse consequences in Member States, regions and sectors, in particular those that are worst affected by the withdrawal of the United Kingdom from the Union, and thus to mitigate the related impact on the economic, social and territorial cohesion. It should cover in whole or in part the additional public expenditure incurred by Member States for measures specifically taken to mitigate those consequences.

Amendment

(4) A Brexit Adjustment Reserve (the 'Reserve') should be established to provide support to counter adverse consequences in Member States, regions and sectors **and on workers and local communities**, in particular those that are worst affected by the withdrawal of the United Kingdom from the Union, and thus to mitigate the related impact on the economic, social and territorial cohesion. It should cover in whole or in part the additional public expenditure incurred by Member States **and regions** for measures specifically taken to mitigate those consequences.

Amendment 5

Proposal for a regulation Recital 5

Text proposed by the Commission

(5) For the purposes of contributing to economic, social and territorial cohesion, it is appropriate that Member States, when designing support measures, focus in particular on the regions, areas **and** local communities, **including those dependent**

Amendment

(5) For the purposes of contributing to economic, social and territorial cohesion, it is appropriate that Member States, when designing support measures, focus in particular on, **and allocate funds from the Reserve to**, regions, areas, **sectors**,

on fishing activities in the United Kingdom waters, that are likely to be most negatively impacted by the withdrawal of the United Kingdom. *Member States may have to take specific measures notably to support businesses and economic sectors adversely affected by the withdrawal*. It is therefore appropriate to provide a non-exhaustive list of the type of measures that are most likely to achieve *this objective*.

workers, organisations, businesses, local communities and economic sectors that are likely to be most negatively impacted by the withdrawal of the United Kingdom, *for example by providing assistance in finding new export markets or in diversifying supply chains and giving special attention to SMEs, including micro-enterprises, as they tend to lack the administrative, legal and financial capacity to prepare and implement contingency plans, with the aim of securing quality employment*. *Member States should ensure that high-quality jobs are created in those regions and local communities particularly affected*. *In this regard, regions, areas and local communities highly dependent on fishing activities in the United Kingdom waters deserve particular attention*. It is therefore appropriate to provide a non-exhaustive list of the type of measures that are most likely to achieve *these objectives*.

Amendment 6

Proposal for a regulation Recital 6

Text proposed by the Commission

(6) At the same time, it is important to clearly specify any exclusions from support provided by the Reserve. The Reserve should exclude from support the value added tax as it constitutes a Member State revenue, which offsets the related cost for the Member State budget. *In order to concentrate the use of limited resources in the most efficient way, technical assistance used by the bodies responsible for the implementation of the Reserve should not be eligible for support from the Reserve*. In line with the general approach for cohesion policy, expenditure linked to relocations or contrary to any applicable Union or national law should not be

Amendment

(6) At the same time, it is important to clearly specify any exclusions from support provided by the Reserve. The Reserve should exclude from support the value added tax as it constitutes a Member State revenue, which offsets the related cost for the Member State budget. In line with the general approach for cohesion policy, expenditure linked to relocations or contrary to any applicable Union or national law should not, *in principle*, be supported.

supported.

Amendment 7

Proposal for a regulation

Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) In order to ensure that the resources of the Reserve are used in the most efficient way, it should be possible for Member States to make use of a proportionate amount of their allocation for technical assistance for the bodies responsible for the implementation of the Reserve.

Amendment 8

Proposal for a regulation

Recital 7

Text proposed by the Commission

Amendment

(7) In order to take into account the immediate impact of the adverse consequences of the withdrawal of the United Kingdom from the Union on the Member States and their economies and the need to adopt mitigating measures, as appropriate, prior to the expiry of the transition period, the eligibility period for implementing such measures should start as from 1 July 2020 and be concentrated over a limited period of 30 months.

(7) The eligibility period for implementing measures to mitigate and to adapt to the impact of the adverse consequences of the withdrawal of the United Kingdom from the Union on the Member States and their economies should be set, taking into account that the United Kingdom left the Union on 1 February 2020; that Member States began to adopt such measures before the end of the transition period; and that certain border control measures, such as those imposed by the United Kingdom on Union exports, are to be applied progressively. The eligibility period should therefore start on 1 January 2020 and last until 31 December 2023.

Amendment 9

Proposal for a regulation

Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) Financial actions under the Reserve should be consistent with and complementary to Union programmes and priorities, such as the digital transition, a just climate transition and the European Pillar of Social Rights, while avoiding double funding for the same expenditure.

Amendment 10

Proposal for a regulation

Recital 10

Text proposed by the Commission

Amendment

(10) For the purpose of sound financial management, specific rules should be laid down for budget commitments, payments, carry-overs and the recovery of the Reserve. While respecting the principle that the Union budget is set annually, this Regulation should provide for possibilities to carry-over unused funds beyond those set out in the Financial Regulation, thus maximising the Reserve's capacity to address adverse consequences of the withdrawal of the United Kingdom from the Union on the Member States and their economies.

(10) 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.
For the purpose of sound financial management, specific rules should be laid down for budget commitments, payments, carry-overs and the recovery of the Reserve. While respecting the principle that the Union budget is set annually, this Regulation should, ***on account of the Reserve's very exceptional and specific nature***, provide for possibilities to carry-over unused funds beyond those set out in the Financial Regulation, thus maximising the Reserve's capacity to address adverse consequences of the withdrawal of the United Kingdom from the Union on the Member States and their economies.

Amendment 11

Proposal for a regulation

Recital 11

Text proposed by the Commission

(11) In order to enable Member States to deploy the additional resources and to ensure sufficient financial means to swiftly implement measures under the Reserve, a substantial amount thereof should be disbursed **in 2021** as pre-financing. The distribution method should take into account the importance of trade with the United Kingdom and the importance of fisheries in the United Kingdom exclusive economic zone, based on reliable and official statistics. Given the unique nature of the event that the withdrawal of the United Kingdom from the Union constitutes and the uncertainty that has surrounded key aspects of the relationship between the United Kingdom and the Union after the expiry of the transition period, it is difficult to anticipate the appropriate measures Member States will have to take rapidly to counter the effects of the withdrawal. It is therefore necessary to grant Member States flexibility and in particular to allow the Commission to adopt the financing decision providing the pre-financing without the obligation pursuant to Article 110(2) of the Financial Regulation to provide a description of the concrete actions to be financed.

Amendment

(11) In order to enable Member States to deploy the additional resources and to ensure sufficient financial means to swiftly implement measures under the Reserve, a substantial amount thereof should be disbursed as pre-financing, **in three instalments, in 2021, 2022, and 2023**. The distribution method should take into account the importance of trade with the United Kingdom **expressed as a percentage of GDP**, the importance of fisheries in the United Kingdom exclusive economic zone, **the importance of the neighbouring links for the maritime border regions and their communities and the importance of trade with the United Kingdom in the internal market**, based on **the latest** reliable and official statistics **and should ensure equal treatment of all Member States. Moreover, as the Trade and Cooperation Agreement does not address market access for companies in the financial services sector and because positive spill-over effects are already visible within the Union, such as the relocation of a number of activities, this sector should be excluded from the overall volume of goods and services considered for the calculation of the factor linked to trade in the internal market**. Given the unique nature of the event that the withdrawal of the United Kingdom from the Union constitutes and the uncertainty that has surrounded key aspects of the relationship between the United Kingdom and the Union after the expiry of the transition period, it is difficult to anticipate the appropriate measures Member States will have to take rapidly to counter the effects of the withdrawal. It is therefore necessary to grant Member States flexibility and in particular to allow the Commission to adopt the financing decision providing the pre-financing without the obligation pursuant to Article 110(2) of the Financial Regulation to

provide a description of the concrete actions to be financed.

Amendment 12

Proposal for a regulation Recital 12

Text proposed by the Commission

(12) Prior to the payment of the pre-financing, Member States should notify the Commission of the identity of the bodies designated and of the body to which the pre-financing shall be paid, and confirm that the systems' descriptions have been drawn up, within three months of the entry into force of this Regulation.

Amendment

(12) Prior to the payment of the pre-financing, Member States should notify the Commission of the identity of the bodies designated and of the body to which the pre-financing shall be paid, and confirm that the systems' descriptions have been drawn up, within three months of the entry into force of this Regulation. ***Member States should designate the relevant body or bodies at the appropriate territorial level, in accordance with their institutional, legal and financial framework.***

Amendment 13

Proposal for a regulation Recital 13

Text proposed by the Commission

(13) To ensure equal treatment of all Member States, there should be one single deadline applicable to all Member States for the submission of applications for a financial contribution from the Reserve. The specific nature of the instrument and the relatively short implementation period justify the establishment of a tailor-made reference period and would make disproportionate the requirement for Member States to provide the documents required in paragraphs 5, 6 and 7 of Article 63 of the Financial Regulation, on an annual basis. Given that at the same time, the risks for the Union budget are mitigated by the requirement for ***a*** solid management

Amendment

(13) To ensure equal treatment of all Member States, there should be one single deadline applicable to all Member States for the submission of applications for a financial contribution from the Reserve. The specific nature of the instrument and the relatively short implementation period justify the establishment of a tailor-made reference period and would make disproportionate the requirement for Member States to provide the documents required in paragraphs 5, 6 and 7 of Article 63 of the Financial Regulation, on an annual basis. Given that at the same time, the risks for the Union budget are mitigated by the requirement for ***Member States to***

and control *system to be set up by Member States*, it is justified to derogate from the obligation to submit the required documents in February or March of each year. In order to enable the Commission to check the correctness of the use of the financial contribution of the Reserve, Member States should also be required to submit, as part of the application, implementation reports providing more detail on the actions financed, a management declaration as well as an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards.

make use of their existing, or create, solid management and control *systems*, it is justified to derogate from the obligation to submit the required documents in February or March of each year. In order to enable the Commission to check the correctness of the use of the financial contribution of the Reserve, Member States should also be required to submit, as part of the application, implementation reports providing more detail on the actions financed, *the elements of accounts, a summary of the final audit reports and controls carried out*, a management declaration as well as an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards. *In order to ensure compliance with the management and control requirements and a prompt implementation of the Reserve, the Commission should organise information sessions for the Member States and draw up an implementation guide.*

Amendment 14

Proposal for a regulation

Recital 14

Text proposed by the Commission

(14) Pursuant to paragraphs 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016¹³, there is a need to evaluate the Reserve on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burden, in particular on Member States. These requirements, where appropriate, should include measurable indicators, as a basis for the evaluation of the Reserve.

¹³ Interinstitutional Agreement between the European Parliament, the Council of the

Amendment

(14) Pursuant to paragraphs 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016¹³, there is a need to evaluate the Reserve on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burden, in particular on Member States *and national, regional or local authorities*. These requirements, where appropriate, should include measurable indicators, as a basis for the evaluation of the Reserve.

¹³ Interinstitutional Agreement between the European Parliament, the Council of the

Amendment 15

Proposal for a regulation

Recital 15

Text proposed by the Commission

(15) To ensure equal treatment of all Member States and consistency in the evaluation of the applications, the Commission should assess the applications in a package. It should look in particular into the eligibility and the accuracy of the expenditure declared, the direct link of the expenditure with measures taken to address the consequences of the withdrawal and the measures put in place by the Member State concerned to avoid double funding. Upon assessment of the applications for a financial contribution from the Reserve, the Commission should clear the pre-financing paid, **and** recover the unused amount. ***In order to concentrate the support on Member States most affected by the withdrawal, where the expenditure in the Member State concerned, accepted as eligible by the Commission, exceeds the amount paid as pre-financing and 0.06% of the nominal Gross National Income (GNI) for 2021 of the Member State concerned, it should be possible to allow for a further allocation from the Reserve to that Member State within the limits of the financial resources available.*** Given the extent of the expected economic shock, the ***possibility to use the amounts recovered from the pre-financing for the reimbursement of additional expenditure by Member States should be provided for.***

Amendment

(15) To ensure equal treatment of all Member States and consistency in the evaluation of the applications, the Commission should assess the applications in a package. It should look in particular into the eligibility and the accuracy of the expenditure declared, the direct link of the expenditure with measures taken to address the consequences of the withdrawal and the measures put in place by the Member State concerned to avoid double funding. Upon assessment of the applications for a financial contribution from the Reserve, the Commission should clear the pre-financing paid, recover the unused amount, ***and decide on additional payments up to the limits of the provisional allocation.*** Given the extent of the expected economic shock, the ***unused amounts from the provisional allocation should be made available to Member States whose total accepted amount exceeds their respective provisional allocation.***

Amendment 16

Proposal for a regulation
Recital 16

Text proposed by the Commission

(16) In order to ensure the proper functioning of shared management, Member States should establish a management and control system, designate and notify the Commission of the bodies responsible for the management of the Reserve as well as a separate independent audit body. ***For simplification reasons, Member States may make use of existing bodies designated and systems set up for the purpose of the management and control of cohesion policy funding or the European Union Solidarity Fund. It is necessary to specify the responsibilities of the Member States and lay down the specific requirements for the bodies designated.***

Amendment

(16) In order to ensure the proper functioning of shared management, Member States should establish a management and control system, designate and notify the Commission of the bodies responsible for the management of the Reserve as well as a separate independent audit body. Member States ***should*** make use of ***existing systems and should delegate tasks to*** existing designated ***bodies, including those at regional and local level,*** set up for the purpose of the management and control of cohesion policy funding or the European Union Solidarity Fund. It is necessary to specify the responsibilities of the Member States and lay down the specific requirements for the bodies designated. ***Where new bodies are created by the Member States, the Commission should, within six months of the entry into force of this Regulation, assess whether they provide sufficient protection of the financial interests of the Union. The Commission should ensure a consistent and comparable audit approach in all Member States.***

Amendment 17

Proposal for a regulation
Recital 17

Text proposed by the Commission

(17) In accordance with the Financial Regulation, Council Regulation (EC, Euratom) No 2988/95¹⁴, Council Regulation (Euratom, EC) No 2185/96 and Council Regulation (EU) 2017/1939¹⁶, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of

Amendment

(17) In accordance with the Financial Regulation, Council Regulation (EC, Euratom) No 2988/95¹⁴, Council Regulation (Euratom, EC) No 2185/96 and Council Regulation (EU) 2017/1939¹⁶ ***and Regulation (EU, Euratom) No 2020/2092 on a general regime of conditionality for the protection of the Union budget,*** the financial interests of the Union are to be

irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council¹⁷ and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council¹⁸. In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

¹⁴ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

¹⁵ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other

protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council¹⁷ and Regulation (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council¹⁸. In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

¹⁴ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

¹⁵ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other

irregularities (OJ L 292, 15.11.1996, p. 2).

¹⁶ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1).

¹⁷ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

¹⁸ Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

irregularities (OJ L 292, 15.11.1996, p. 2).

¹⁶ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1).

¹⁷ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

¹⁸ Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

Amendment 18

Proposal for a regulation

Recital 18

Text proposed by the Commission

(18) Member States should raise awareness on the Union contribution from the Reserve and inform the public accordingly as transparency, communication and visibility activities are essential in making Union action visible on the ground. Those activities should be based on accurate and updated information.

Amendment 19

Proposal for a regulation

Recital 19

Text proposed by the Commission

(19) In order to enhance transparency on
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Amendment

(18) Member States should raise awareness on the Union contribution from the Reserve and inform the public **and the recipients in particular** accordingly as transparency, communication and visibility activities are essential in making Union action visible on the ground. Those activities should be based on accurate and updated information.

Amendment

(19) In order to enhance transparency on

the use of the Union contribution, the Commission should provide **a** final report to the European Parliament and the Council on the implementation of the Reserve.

the use of the Union contribution, the Commission should provide **an independent** final report **containing an analysis for each Member State** to the European Parliament and the Council on the implementation of the Reserve. **The report should evaluate in particular whether resources were used in an effective and efficient way and provided EU added value. The evaluation should also report to what extent Member States' measures mitigated the adverse consequences of the United Kingdom's withdrawal from the Union on Member States, regions, local communities, sectors, businesses, including SMEs, and on economic, social and territorial cohesion.**

Amendment 20

Proposal for a regulation Article 2 – paragraph 1 – point 1

Text proposed by the Commission

(1) ‘reference period’ means the reference period referred to in Article 63(5), point (a), of the Financial Regulation, which shall be from 1 **July** 2020 to 31 December **2022**;

Amendment

(1) ‘reference period’ means the reference period referred to in Article 63(5), point (a), of the Financial Regulation, which shall be from 1 **January** 2020 to 31 December **2023**;

Amendment 21

Proposal for a regulation Article 3 – paragraph 1

Text proposed by the Commission

The Reserve shall provide support to counter the adverse consequences of the withdrawal of the United Kingdom from the Union in Member States, regions **and** sectors, in particular those that are worst affected by that withdrawal, and to mitigate the related impact on the economic, social

Amendment

The Reserve shall provide support to counter the adverse consequences of the withdrawal of the United Kingdom from the Union in Member States, regions, **local communities**, sectors, **organisations, businesses, especially SMEs, including micro-enterprises, and on workers**, in particular those that are worst affected by

and territorial cohesion.

that withdrawal, and to mitigate the related impact on the economic, social and territorial cohesion.

Amendment 22

Proposal for a regulation

Article 4

Text proposed by the Commission

1. All Member States shall be eligible for support from the Reserve.

2. The maximum resources for the Reserve shall be EUR **5 370 994 000** in **current** prices.

3. The resources referred to in paragraph 2 shall be allocated as follows:

(a) a pre-financing amount of EUR **4 244 832 000** shall be made available **in 2021** in accordance with Article 8;

(b) additional amounts of EUR **1 126 162 000** shall be made available in **2024** in accordance with Article 11.

The amounts referred to in point (a) of the first subparagraph of this paragraph shall be considered pre-financing within the meaning of Article 115(2), point (b)(i), of the Financial Regulation.

Amendment

1. All Member States shall be eligible for support from the Reserve. ***The Member States shall allocate such support primarily to the most impacted regions.***

2. The maximum resources for the Reserve shall be EUR **5 000 000 000** in **2018** prices.

3. The resources referred to in paragraph 2 shall be ***provisionally*** allocated ***pursuant to the method set out in Annex I. They shall be made available*** as follows:

(a) a pre-financing amount of EUR **4 000 000 000 in 2018 prices** shall be made available ***and paid in three instalments from 2021 until 2023*** in accordance with Article 8 ***and divided as follows:***

(i) EUR 1 600 000 000 in 2018 prices in 2021,

(ii) EUR 1 200 000 000 in 2018 prices in 2022,

(iii) EUR 1 200 000 000 in 2018 prices in 2023;

(b) additional amounts of EUR **1 000 000 000 in 2018 prices** shall be made available in **2025** in accordance with Article 11.

The amounts referred to in point (a) of the first subparagraph of this paragraph shall be considered pre-financing within the meaning of Article 115(2), point (b)(i), of the Financial Regulation.

Amendment 23

Proposal for a regulation Article 5 – paragraph 1

Text proposed by the Commission

1. The financial contribution from the Reserve shall only support the public expenditure directly linked to measures specifically taken by Member States to contribute to the objectives referred to in Article 3, and may cover, in particular the following:

- (a) measures to assist businesses and local communities adversely affected by the withdrawal;
- (b) measures to support the most affected economic sectors;
- (c) measures to support businesses and local communities dependent on fishing activities in the United Kingdom waters;
- (d) measures to support employment, including through short-time work schemes, re-skilling and training in

Amendment

1. The financial contribution from the Reserve shall only support the public expenditure directly linked to measures specifically taken by Member States **and regional authorities** to contribute to the objectives referred to in Article 3, and may cover, in particular the following:

- (a) measures to **support and** assist businesses, **in particular SMEs, including micro-enterprises, organisations, workers** and local communities adversely affected by the withdrawal, **particularly in the most affected regions**;
- (b) measures to support the most affected economic sectors, **and those employed therein**;
- (c) measures to support businesses, **especially SMEs, including micro-enterprises, workers** and local communities dependent on fishing activities in the United Kingdom waters, **in particular those which cannot relocate their activities in different waters**;
- (ca) **measures to support fishers and operators for the permanent cessation of fishing activities as defined in [Regulation (EU) No XX/20XX (EMFAF Regulation)] and compensation for operators in the fishery and aquaculture sectors, including the processing of fishery and aquaculture products, for their income foregone or additional costs due to the withdrawal of the United Kingdom from the Union and the decreasing access to United Kingdom waters**;
- (d) measures to support **employment, inclusion and job creation, especially in those regions and local communities most**

affected sectors;

(e) measures to ensure the functioning of border, customs, sanitary and phytosanitary, security and fisheries controls, as well as the collection of indirect taxation including additional personnel and infrastructure;

(f) measures to facilitate regimes for certification and authorisation of products, to assist in meeting establishment requirements, to facilitate labelling and marking, for example for safety, health and environmental standards, as well as to assist in mutual recognition;

(g) measures for communication, information and awareness-raising of citizens and businesses about changes stemming from the withdrawal to their rights and obligations.

*affected, with the aim of securing quality employment, including through short-time work schemes, re-skilling and **upskilling and** training in affected sectors, **including the tourism sector**;*

(e) measures to ensure the functioning of border, customs, sanitary and phytosanitary, security and fisheries controls, as well as the collection of indirect taxation including additional personnel, **training** and infrastructure;

(f) measures to facilitate regimes for certification and authorisation of products, to assist in meeting establishment requirements, to facilitate labelling and marking, for example for safety, health and environmental **and social** standards, as well as to assist in mutual recognition, **including additional personnel and infrastructure**;

(fa) measures designed to support the re-integration of Union citizens that leave the United Kingdom, such as assistance and guidance;

(g) measures for communication, **legal advice**, information and awareness-raising of citizens and businesses about changes stemming from the withdrawal to their rights and obligations;

(ga) technical assistance for the bodies responsible for the implementation of the Reserve,

up to a maximum of 2.5% of a Member State's allocation for Member States with an allocation of less than EUR 30 million,

up to a maximum of EUR 750 000 for Member States with an allocation between EUR 30 million and EUR 50 million,

up to a maximum of 1.5% of a Member State's allocation for Member States with an allocation of more than EUR 50 million.

Amendment 24

Proposal for a regulation
Article 5 – paragraph 2

Text proposed by the Commission

2. Expenditure shall be eligible if it is incurred and paid during the reference period for measures carried out in the Member State concerned or for the benefit of the Member State concerned.

Amendment

2. Expenditure shall be eligible if it is incurred and paid, ***at the level both of the designated bodies and of the final recipients***, during the reference period for measures carried out in the Member State ***and region*** concerned or for the benefit of the Member State ***or region*** concerned.

Amendment 25

Proposal for a regulation
Article 5 – paragraph 3

Text proposed by the Commission

3. When designing support measures, Member States shall take into account the varied impact of the withdrawal of the United Kingdom from the Union on different regions and local communities and focus support from the Reserve on those most affected, as appropriate.

Amendment

3. When designing support measures, Member States shall take into account the varied impact of the withdrawal of the United Kingdom from the Union on different regions and local communities and focus support from the Reserve on those most affected, as appropriate. ***Member States shall engage in meaningful, inclusive and accessible consultations with relevant stakeholders, including social partners.***

Amendment 26

Proposal for a regulation
Article 6

Text proposed by the Commission

The Reserve shall not support:

- (a) value added tax;
- (b) ***technical assistance for the management, monitoring, information and communication, complaint resolution, and control and auditing of the Reserve;***

Amendment

The Reserve shall not support:

- (a) value added tax;

(c) expenditure supporting relocation as defined in Article 2(6);

(d) expenditure supporting relocation in accordance with Article 14(16) of Commission Regulation (EU) No 651/2014, where a contribution from the Reserve constitutes State aid.

(c) expenditure supporting relocation as defined in Article 2(6);

(d) expenditure supporting relocation in accordance with Article 14(16) of Commission Regulation (EU) No 651/2014, where a contribution from the Reserve constitutes State aid;

(da) measures to support those parts of the financial and banking sector that are positively affected by the withdrawal of the United Kingdom from the Union;

(db) measures not respecting the environmental objectives of the Union, the Paris Agreement, the ‘do no harm principle’ as set out in the European Green Deal, the European Pillar of Social Rights or the UN Sustainable Development Goals.

Amendment 27

Proposal for a regulation Article 7 – paragraph 2

Text proposed by the Commission

2. Member States shall use the contribution from the Reserve to implement the measures referred to in Article 5 to provide non-repayable forms of support. The Union contribution shall take the form of reimbursement of eligible costs actually incurred and paid by Member States in implementing the measures.

Amendment

2. Member States shall use the contribution from the Reserve to implement the measures referred to in Article 5 to provide non-repayable forms of support. The Union contribution shall take the form of reimbursement of eligible costs actually incurred and paid by Member States in implementing the measures, ***at the level both of the designated bodies and of the final recipients.***

Amendment 28

Proposal for a regulation Article 7 – paragraph 5

Text proposed by the Commission

5. By derogation from Article 12 of the Financial Regulation, unused commitment and payment appropriations under this Regulation shall be automatically carried over and may be used until 31 December **2025**. The appropriations carried over shall be consumed first in the following financial year.

Amendment

5. By derogation from Article 12 of the Financial Regulation, unused commitment and payment appropriations under this Regulation shall be automatically carried over and may be used until 31 December **2026**. The appropriations carried over shall be consumed first in the following financial year.

Amendment 29

Proposal for a regulation
Article 8 – paragraph 1

Text proposed by the Commission

1. *The allocation criteria for pre-financing to be paid by the Commission to Member States are set out in Annex I.*

Amendment

deleted

Amendment 30

Proposal for a regulation
Article 8 – paragraph 3

Text proposed by the Commission

3. The Commission shall pay the pre-financing within **60** days of the date of the adoption of the implementing act referred to in paragraph 2. ***It*** shall be cleared in accordance with Article 11.

Amendment

3. The Commission shall pay the **2021 instalment of the** pre-financing within **30** days of the date of the adoption of the implementing act referred to in paragraph 2. ***The 2022 and 2023 instalments of the pre-financing shall be paid in accordance with the arrangements set out in the implementing act. The pre-financing*** shall be cleared in accordance with Article 11.

Amendment 31

Proposal for a regulation
Article 9 – paragraph 1

Text proposed by the Commission

1. The Member States shall submit an application to the Commission for a financial contribution from the Reserve by 30 September **2023**. The Commission shall assess this application and establish whether additional amounts are due to Member States or any amounts should be recovered from the Member States in accordance with Article 11.

Amendment

1. The Member States shall submit an application to the Commission for a financial contribution from the Reserve by 30 September **2024**. The Commission shall assess this application and establish whether additional amounts are due to Member States or any amounts should be recovered from the Member States in accordance with Article 11.

Amendment 32

Proposal for a regulation
Article 9 – paragraph 2

Text proposed by the Commission

2. Where a Member State does not submit an application for a financial contribution from the Reserve by 30 September **2023**, the Commission shall recover the total amount paid as pre-financing to that Member State.

Amendment

2. Where a Member State does not submit an application for a financial contribution from the Reserve by 30 September **2024**, the Commission shall recover the total amount paid as pre-financing to that Member State.

Amendment 33

Proposal for a regulation
Article 10 – paragraph 1

Text proposed by the Commission

1. The application shall be based on the template set out in Annex II. The application shall include information on the total public expenditure incurred and paid by Member States **and** the values of output indicators for the measures supported. It shall be accompanied by the documents referred to in paragraphs 5, 6 and 7 of Article 63 of the Financial Regulation and by an implementation report.

Amendment

1. The application shall be based on the template set out in Annex II. The application shall include information on the total public expenditure incurred and paid by Member States, ***disaggregated by the NUTS 2 region in which the expenditure was incurred***, the values of output ***and result indicators and, where feasible, impact*** indicators for the measures supported. ***For each indicator the applicant shall assign, where appropriate, a set of targets to measure the effectiveness of the expenditure.*** It shall be

accompanied by the documents referred to in paragraphs 5, 6 and 7 of Article 63 of the Financial Regulation and by an implementation report **that includes a justification of the distribution of the spending between the NUTS 2 regions demonstrating that support has been primarily allocated to the most impacted regions, where relevant. The Commission shall publish the applications and accompanying documents.**

Amendment 34

Proposal for a regulation Article 10 – paragraph 2

Text proposed by the Commission

2. The implementation report for the Reserve shall include:
- (a) a description of the impact of the withdrawal of the United Kingdom from the Union in economic **and** social terms including an identification of the regions, areas **and** sectors most affected;
 - (b) a description of the measures taken to counter the adverse consequences of the withdrawal of the United Kingdom from the Union, of the extent to which those measures alleviated the regional and sectoral impact referred to in point (a), and how they were implemented;
 - (c) a justification of the eligibility of the expenditure incurred and paid and its direct link to the withdrawal of the United Kingdom from the Union;

Amendment

2. The implementation report for the Reserve shall include:
- (a) a description of the impact of the withdrawal of the United Kingdom from the Union in economic, social **and environmental** terms, **especially on employment**, including an identification of the regions, areas, sectors **and workers** most affected;
 - (b) a description of the measures taken to counter the adverse consequences of the withdrawal of the United Kingdom from the Union, of the extent to which those measures alleviated the regional, **local** and sectoral impact referred to in point (a), and **of** how they were implemented, **as well as a description of whether the measures created high quality jobs in those regions and local communities particularly affected**;
 - (c) a justification of the eligibility of the expenditure incurred and paid and its direct link to the withdrawal of the United Kingdom from the Union, **as well as an assessment whether the measures taken respect the exclusions from support laid down in Article 6**;

(d) a description of the measures taken to avoid double funding and to ensure complementarity with other Union instruments and national funding;

(e) a description of the contribution of the measures to climate change mitigation and adaptation.

(d) a description of the measures taken to avoid double funding and to ensure complementarity with other Union instruments and national funding ***including an identification of those measures that received complementary funding from other Union instruments or national funding and a description of the complementary funding that they received;***

(e) a description of the contribution of the measures to climate change mitigation and adaptation ***and to the digital transition, where relevant.***

Amendment 35

Proposal for a regulation Article 11 – paragraph 2

Text proposed by the Commission

2. Based on the assessment, the Commission shall, by means of an implementing act, establish the following:

(a) the total amount of eligible public expenditure (the 'accepted amount');

(b) whether additional amounts are due to the Member State, in line with paragraph 3, or whether amounts need to be recovered pursuant to ***paragraph 5***.

Amendment

2. Based on the assessment, the Commission shall, by means of an implementing act, establish the following:

(a) the total amount of eligible public expenditure (the 'accepted amount');

(aa) the amount of technical assistance calculated in accordance with Article 5(1)(ga);

(ab) the sum of the amounts in (a) and (aa) ('total accepted amount');

(b) whether additional amounts are due to the Member State, in line with paragraph 3, or whether amounts need to be recovered pursuant to ***paragraph 6***.

Amendment 36

Proposal for a regulation Article 11 – paragraph 3

Text proposed by the Commission

3. Where the accepted amount exceeds **both** the amount of pre-financing **and 0.06% of the nominal GNI of 2021 of the Member State concerned**, an additional amount shall be due to that Member State from the allocation referred to in Article 4(3), point (b), and any amounts carried over pursuant to Article 8(4).

In such a case, the Commission shall pay the amount exceeding the pre-financing paid to the Member State concerned or 0.06% of the nominal GNI of 2021, whichever is higher.

Where the sum of the additional amounts for all Member States **calculated** pursuant to the first subparagraph of this paragraph exceeds the resources available according to Article 4(3), point (b), the contributions from the Reserve shall be reduced proportionately.

Amendment 37

**Proposal for a regulation
Article 11 – paragraph 5**

Text proposed by the Commission

5. The Commission shall clear the respective pre-financing and pay any additional amount due within **60** days of adoption of the implementing act referred

Amendment

3. Where the accepted amount exceeds the amount of pre-financing **paid**, an additional amount shall be due to that Member State from the allocation referred to in Article 4(3), point (b), **until the amount provisionally allocated to that Member State in accordance with Annex I is reached.**

The part of the provisional allocation of a Member State not covered by the total accepted amount, and any amounts carried over pursuant to Article 8(4) shall be made available to Member States whose total accepted amount exceeds their provisional allocation.

Where the sum of the additional amounts **calculated** for all Member States pursuant to the first subparagraph of this paragraph exceeds the resources available according to Article 4(3), point (b) **and the second subparagraph of this paragraph**, the contributions from the Reserve **for the amounts exceeding the provisional allocations** shall be reduced proportionately.

Amendment

5. The Commission shall clear the respective pre-financing and pay any additional amount due within **30** days of adoption of the implementing act referred

to in paragraph 2.

to in paragraph 2.

Amendment 38

Proposal for a regulation Article 11 – paragraph 6

Text proposed by the Commission

6. Where the accepted amount is lower than the pre-financing **for** the Member State concerned, the difference shall be recovered in accordance with the Financial Regulation, and in particular its Part I, Chapter 6, Sections 3, 4 and 5. The recovered amounts shall be treated as internal assigned revenue in accordance with Article 21(3), point (b), of the Financial Regulation and, where the third subparagraph of paragraph 3 of this Article has been applied, shall be used to increase proportionately the contributions paid to Member States eligible for additional amounts under paragraph 3 of this Article up to a maximum of 100 %. In case payments to Member States pursuant to paragraph 3 of this Article have been made at a rate of 100 %, the amounts recovered shall be returned to the general budget of the Union.

Amendment

6. Where the accepted amount is lower than the pre-financing **paid to** the Member State concerned, the difference shall be recovered in accordance with the Financial Regulation, and in particular its Part I, Chapter 6, Sections 3, 4 and 5. The recovered amounts shall be treated as internal assigned revenue in accordance with Article 21(3), point (b), of the Financial Regulation and, where the third subparagraph of paragraph 3 of this Article has been applied, shall be used to increase proportionately the contributions paid to Member States eligible for additional amounts under paragraph 3 of this Article up to a maximum of 100 %. In case payments to Member States pursuant to paragraph 3 of this Article have been made at a rate of 100 %, the amounts recovered shall be returned to the general budget of the Union.

Amendment 39

Proposal for a regulation Article 13 – paragraph 1 – point a

Text proposed by the Commission

(a) designating a body responsible for the management of the financial contribution from the Reserve and an independent audit body in accordance with Article 63(3) of the Financial Regulation, and supervising such bodies;

Amendment

(a) designating a body **or, when required by the Member State's constitutional framework, bodies** responsible for the management of the financial contribution from the Reserve and **an** independent audit **body** in accordance with Article 63(3) of the Financial Regulation, and supervising such bodies;

Amendment 40

Proposal for a regulation

Article 13 – paragraph 1 – point d

Text proposed by the Commission

(d) notifying the Commission of the identity of the bodies designated and of the body to which the pre-financing shall be paid, and confirming that the systems' descriptions have been drawn up, within three months of the entry into force of this Regulation;

Amendment

(d) notifying the Commission of the identity of the bodies designated and of the body **or bodies** to which the pre-financing shall be paid **and of the bodies designated, including, where applicable, the bodies to which tasks and funds from the Reserve have been delegated**, and confirming that the systems' descriptions have been drawn up, within three months of the entry into force of this Regulation;

Amendment 41

Proposal for a regulation

Article 13 – paragraph 2

Text proposed by the Commission

2. For the purposes of points (a) and (b) of paragraph 1, the Member States may make use of bodies and management and control systems already in place for the implementation of cohesion policy funding or the European Union Solidarity Fund.

Amendment

2. For the purposes of points (a) and (b) of paragraph 1, the Member States may make use of bodies, **including on regional and local level**, and management and control systems already in place for the implementation of cohesion policy funding or the European Union Solidarity Fund.

Amendment 42

Proposal for a regulation

Article 13 – paragraph 3 – introductory part

Text proposed by the Commission

3. The body responsible for managing the financial contribution from the Reserve shall:

Amendment

3. The body **or bodies** responsible for managing the financial contribution from the Reserve shall:

Amendment 43

Proposal for a regulation

Article 13 – paragraph 4 – subparagraph 3

Text proposed by the Commission

The audits of the financed measures shall cover expenditure on the basis of a sample.
That sample shall be representative and based on statistical sampling methods.

Amendment

The audits of the financed measures shall cover expenditure on the basis of a sample.

Amendment 44

Proposal for a regulation

Article 13 – paragraph 4 – subparagraph 3 a (new)

Text proposed by the Commission

Amendment

In order to ensure a consistent and comparable audit approach in all Member States, the Commission shall draw up detailed definitions regarding the audit methodology, including the sampling methodology and the quantification and correction of errors, and shall notify them to the Member States, as well as the European Parliament, the Council, and the Court of Auditors within six months of the entry into force of this Regulation.

Amendment 45

Proposal for a regulation

Article 13 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

5a. Where a Member State decides not to use, for the purposes of the Reserve, its management and control systems set up for the implementation of cohesion policy funding or the European Union Solidarity Fund but to establish a new system, the Commission shall, within six months of the entry into force of this Regulation, assess whether the system is effective and

provides a sufficient level of protection of the financial interests of the Union.

Where the Commission concludes that the system is not effective and does not provide a sufficient level of protection of the financial interests of the Union, it shall recommend corrective measures to the Member State concerned. That Member State shall implement those measures within two months after the Commission recommendation.

Amendment 46

Proposal for a regulation Article 14 – paragraph 1

Text proposed by the Commission

1. The financial corrections made by the Member State in accordance with Article 13(1), point (f), shall consist of cancelling all or part of the financial contribution from the **Fund**. The Member State shall recover any amount lost as a result of an irregularity detected.

Amendment

1. The financial corrections made by the Member State in accordance with Article 13(1), point (f), shall consist of cancelling all or part of the financial contribution from the **Reserve**. The Member State shall recover any amount lost as a result of an irregularity detected.

Amendment 47

Proposal for a regulation Article 15 – paragraph 1

Text proposed by the Commission

Member States shall be responsible for informing and publicising to Union citizens the role, the results and impact of the Union contribution from the Reserve through information and communication actions.

Amendment

Member States shall be responsible for informing and publicising to Union citizens the role, the results and impact of the Union contribution from the Reserve through information and communication actions, **and in particular shall ensure that recipients of the measures referred to in Article 5 are informed of the contribution from the Reserve as a European Union initiative. Union contributions from the Reserve may not be labelled as regional contributions.**

Amendment 48

Proposal for a regulation Article 16 – paragraph 1

Text proposed by the Commission

1. By 30 June **2026**, the Commission shall **carry out** an evaluation to examine the effectiveness, efficiency, relevance, coherence and EU added value of the Reserve. The Commission may make use of all relevant information already available in accordance with Article 128 of the Financial Regulation.

Amendment

1. By 30 June **2027**, the Commission shall **arrange for an independent** evaluation **to be carried out** to examine the effectiveness, efficiency, relevance, coherence and EU added value of the Reserve. ***That independent evaluation shall assess to what extent Member States' measures mitigated the adverse consequences of the United Kingdom's withdrawal from the Union on Member States, regions, local communities, sectors, businesses, including SMEs, and on economic, social and territorial cohesion.*** The Commission may make use of all relevant information already available in accordance with Article 128 of the Financial Regulation.

Amendment 49

Proposal for a regulation Article 16 – paragraph 2

Text proposed by the Commission

2. By 30 June **2027**, the Commission shall submit to the European Parliament and to the Council **a** report on the implementation of the Reserve.

Amendment

2. By 30 June **2028**, the Commission shall submit to the European Parliament and to the Council **an independent evaluation** report on the implementation of the Reserve.

Amendment 50

Proposal for a regulation Annex I

Allocation method for the ***pre-financing*** of the Brexit Adjustment Reserve

The ***pre-financing*** of the Brexit Adjustment Reserve shall be distributed between the Member States according to the following methodology:

1. Each Member State's share from ***pre-financing*** of the Brexit Adjustment Reserve is determined as the sum of a factor linked to the fish caught in the waters that belong to the UK Exclusive Economic Zone (EEZ) and a factor linked to trade with the UK.
2. The factor linked to fish caught in the UK EEZ is used to allocate EUR **600** million. The factor linked to trade is used to allocate EUR **3 400** million. ***Both*** amounts ***are*** expressed in 2018 prices.
3. The factor linked to fisheries is determined on the basis of the following criterion and by applying the following steps:
 - a) share of each Member State of the total value of the fish caught in the UK EEZ;
 - b) these shares are increased for Member States with fisheries that have an above average dependency on the fish caught in the UK EEZ and decreased for the ones that have a below average dependency as following:
 - (i) for each Member State, the value of fish caught in UK EEZ as a percentage of

Allocation method for the ***resources*** of the Brexit Adjustment Reserve ***set out in Article 4(3)***

The ***resources*** of the Brexit Adjustment Reserve shall be distributed between the Member States according to the following methodology:

1. Each Member State's share from ***the resources*** of the Brexit Adjustment Reserve is determined as the sum of a factor linked to the fish caught in the waters that belong to the UK Exclusive Economic Zone (EEZ), ***a factor linked to trade with the UK and GDP, a factor linked to the population of maritime border regions with the UK*** and a factor linked to trade with the UK ***in the internal market***.
2. The factor linked to fish caught in the UK EEZ is used to allocate EUR **650** million. The factor linked to trade ***and GDP*** is used to allocate EUR **3 900** million. ***The factor linked to maritime border regions is used to allocate EUR 300 million. The factor linked to trade in the internal market is used to allocate EUR 150 million. Each of these*** amounts ***is*** expressed in 2018 prices.
3. The factor linked to fisheries is determined on the basis of the following criterion and by applying the following steps:
 - a) share of each Member State of the total value of the fish caught in the UK EEZ;
 - b) these shares are increased for Member States with fisheries that have an above average dependency on the fish caught in the UK EEZ and decreased for the ones that have a below average dependency as following:
 - (i) for each Member State, the value of fish caught in UK EEZ as a percentage of

the total value of fish caught by that Member State is expressed as an index of the EU average (index of dependency);

(ii) the initial share of the value of fish caught in the UK EEZ is adjusted by multiplying it with the Member State's index of dependency;

(iii) these adjusted shares are rescaled to ensure that the sum of all Member States' shares equals 100%.

4. The factor linked to trade is obtained by applying the following steps:

a) each Member State's trade with the UK is expressed as share of the EU trade with the UK (trade is the sum of the imports and the exports of good and services);

b) to assess the relative importance of these trade flows for each Member State, the sum of trade flows with the UK are expressed as a percentage of the Member State's GDP and subsequently expressed as an index of the EU average (index of dependency);

c) the initial share of trade with the UK is adjusted by multiplying it with the Member State's index of dependency;

d) these adjusted shares are rescaled to ensure that the sum of all Member States' shares equals 100%;

e) the shares so obtained are adjusted by dividing them with the Member State's GNI per capita (in purchasing power parities) expressed as a percentage of the average GNI per capita of the EU (average expressed as 100%);

f) the resulting shares are rescaled to ensure the sum of shares equals 100%, whereby it is ensured that no Member State can have a share higher than **25%** of the EU total. The resources deducted due to this capping are redistributed to the other Member States, proportionally to their non-

the total value of fish caught by that Member State is expressed as an index of the EU average (index of dependency);

(ii) the initial share of the value of fish caught in the UK EEZ is adjusted by multiplying it with the Member State's index of dependency;

(iii) these adjusted shares are rescaled to ensure that the sum of all Member States' shares equals 100%.

4. The factor linked to trade *and GDP* is obtained by applying the following steps:

a) each Member State's trade with the UK is expressed as share of the EU trade with the UK (trade is the sum of the imports and the exports of good and services);

b) to assess the relative importance of these trade flows for each Member State, the sum of trade flows with the UK are expressed as a percentage of the Member State's GDP and subsequently expressed as an index of the EU average (index of dependency);

c) the initial share of trade with the UK is adjusted by multiplying it with the Member State's index of dependency *raised to the power of 75%*;

d) these adjusted shares are rescaled to ensure that the sum of all Member States' shares equals 100%;

e) the shares so obtained are adjusted by dividing them with the Member State's GNI per capita (in purchasing power parities) expressed as a percentage of the average GNI per capita of the EU (average expressed as 100%);

f) the resulting shares are rescaled to ensure the sum of shares equals 100%, whereby it is ensured that no Member State can have a share higher than **23.4939759036%** of the EU total. The resources deducted due to this capping are redistributed to the other Member States,

capped shares;

g) if this calculation leads to an allocation exceeding **0.35%** of a Member State's GNI (measured in Euro), that Member State's allocation is capped at the level of **0.35%** of its GNI. The resources deducted due to this capping are redistributed to the other Member States, proportionally to their non-capped shares;

h) if the calculation referred to in point g) results in an aid intensity of more than **EUR 190/inhabitant**, that Member State's allocation is capped at the level corresponding to an aid intensity of **EUR 190/inhabitant**. The resources deducted due to this capping are distributed to the Member States not capped under points g) or h), proportionally to their shares as calculated in point g).

proportionally to their non-capped shares;

g) if this calculation leads to an allocation exceeding **0.33831325301%** of a Member State's GNI (measured in Euro), that Member State's allocation is capped at the level of **0.33831325301%** of its GNI. The resources deducted due to this capping are redistributed to the other Member States, proportionally to their non-capped shares;

h) if the calculation referred to in point g) results in an aid intensity of more than **EUR 183,253012048/inhabitant**, that Member State's allocation is capped at the level corresponding to an aid intensity of **EUR 183,253012048/inhabitant**. The resources deducted due to this capping are distributed to the Member States not capped under points g) or h), proportionally to their shares as calculated in point g).

4a. The factor linked to the maritime border regions is obtained by calculating the share of each Member State in the total population of maritime border regions with the UK. Maritime border regions are NUTS level 3 regions along border coastlines and other NUTS level 3 regions of which at least half of the regional population lives within 25 kilometres of the border coastlines. Border coastlines are defined as coastlines that are located at maximum 150 km from the UK coastline.

4b. The factor linked to trade in the single market is obtained by applying the following steps:

a) each Member State's trade with the UK is expressed as a share of EU trade with the UK (trade is the sum of the imports and the exports of goods and services, excluding financial services);

b) to assess the relative importance of these trade flows for each Member State, the sum of trade flows with the UK are expressed as a percentage of the Member

State's overall trade flows, excluding financial services, with the whole EU-28 and subsequently expressed as an index of the EU average (index of dependency);

c) the initial share of trade with the UK is adjusted by multiplying it with the Member State's index of dependency;

d) these adjusted shares are rescaled to ensure that the sum of all Member States' shares equals 100%;

e) the shares so obtained are adjusted by dividing them with the Member State's GNI per capita (in purchasing power parities) expressed as a percentage of the average GNI per capita of the EU (average expressed as 100%);

f) the resulting shares are rescaled to ensure the sum of shares equals 100%.

5. For the purposes of calculating the distribution of the **pre-financing** of the Brexit Adjustment Reserve:

a) for the value of the fish caught in UK EEZ the reference period shall be 2015-2018;

b) for the value of the fish caught in the UK EEZ as a share of total value of fish caught by a Member State, the reference period shall be 2015-2018;

c) for trade the reference period shall be 2017-2019;

d) for GNI the reference period shall be 2017-2019;

e) for GNI/capita (in purchasing power parities) the reference period shall be 2016-2018;

f) for GDP and for total population of the Member States the reference period shall be 2017-2019.

5. For the purposes of calculating the distribution of the **resources** of the Brexit Adjustment Reserve:

a) for the value of the fish caught in UK EEZ the reference period shall be 2015-2018;

b) for the value of the fish caught in the UK EEZ as a share of total value of fish caught by a Member State, the reference period shall be 2015-2018;

c) for trade the reference period shall be 2017-2019;

d) for GNI the reference period shall be 2017-2019;

e) for GNI/capita (in purchasing power parities) the reference period shall be 2016-2018;

f) for GDP and for total population of the Member States the reference period shall be 2017-2019;

fa) for population of the NUTS level 3 regions the reference period shall be 2017.

Amendment 51

Proposal for a regulation Annex II – table

<i>Text proposed by the Commission</i>				
Template for an application for financial contribution, including elements related to the accounts				
1.	Member State			
2.	Date of application			
3.	Date of first expenditure	Date incurred	Date paid	
4.	Date of last expenditure	Date incurred	Date paid	
5.	Amount of pre-financing received (in EUR)			
6.	Body responsible for managing the contribution from the Reserve Responsible person and function Contact details			
7.	Independent audit body Responsible person and function Contact details			
8.	Short description of the areas and sectors affected and the response measures put in place			
9.	Total public expenditure incurred and paid before deductions			
10.	Amounts deducted by the Member State and the reasons for deduction			
11.	In particular, out of the amounts deducted (10), the amounts corrected as a result of audits of the measures financed			
12.	Total expenditure submitted for contribution from the Reserve (EUR) (12= 9 – 10)			
13.	In national currency (where applicable)	For Member States not using the Euro: please convert all amounts into Euro at the official rate in the month prior to the month of submission the application published at: https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en		
14.	Exchange rate applied			
15.	Breakdown of expenditure submitted for contribution from the Reserve (please provide	EUR	National currency (if	Output indicator

5.	a list of the individual actions financed under each measure and the related expenditure for each action) Each expenditure item should be entered only once.		applicable)	s (please provide a number)
1 5. 1.	Measures to assist businesses <i>adversely</i> and local communities affected by the withdrawal			Enterpris es (supporte d) Enterpris es supporte d (advised) Populatio n benefitin g
1 5. 2.	Measures to support the most affected economic sectors			Enterpris es (supporte d) Enterpris es supporte d (advised)
1 5. 3.	Measures to support businesses and local communities dependent on fishing activities in the United Kingdom waters			Enterpris es (supporte d) Enterpris es supporte d (advised) Populatio n benefitin g
1 5. 4.	Measures to support employment through short-time work schemes, re-skilling and training in affected sectors			Participa nts

1 5. 5.	Measures to ensure the functioning of border, and security controls, including additional personnel and infrastructure			Additional Personnel (in FTE) Physical infrastructure adapted (m ²)
1 5. 6.	Measures to ensure the functioning of customs and collection of indirect taxation, including additional personnel and infrastructure			Additional Personnel (in FTE) Physical infrastructure adapted (m ²)
1 5. 7.	Measures to ensure the functioning of sanitary and phytosanitary and fisheries controls, including additional personnel and infrastructure			Additional Personnel (in FTE) Physical infrastructure adapted (m ²)
1 5. 8.	Measures to facilitate certificates and authorisation of products, establishment requirements, labelling and marking, for example for safety, health, environmental standards, and mutual recognition			Enterprises (supported) Enterprises supported (advised)
1 5. 9.	Measures for communication, information and awareness-raising of citizens and businesses about changes stemming from the withdrawal to their rights and obligations			Enterprises supported (advised) Population covered
1 5. 1 0	Other (please specify)			
1 6.	Any complementary EU funding received or requested for expenditure not included in this			

	application Short description / amount (e.g. use of Cohesion Policy funding/ REACT-EU/JTF/RRF/other – please specify)		
1 7.	Please indicate the legal entity and the full bank account number and holder in case of a further payment		
		<input type="checkbox"/> Account used previously to receive EU payments <input type="checkbox"/> New account	
<i>Amendment</i>			
Template for an application for financial contribution, including elements related to the accounts			
1.	Member State		
2.	Date of application		
3.	Date of first expenditure	Date incurred	Date paid
4.	Date of last expenditure	Date incurred	Date paid
5.	Amount of pre-financing received (in EUR)		
6.	Bodies responsible for managing the contribution from the Reserve Responsible person and function Contact details		
7.	Independent audit body Responsible person and function Contact details		
8.	Short description of the areas and sectors affected and the response measures put in place		
9.	Total public expenditure incurred and paid before deductions		
1 0.	Amounts deducted by the Member State and the reasons for deduction		
1 1.	In particular, out of the amounts deducted (10), the amounts corrected as a result of audits of the measures financed		
1 2.	Total expenditure submitted for contribution from the Reserve (EUR) (12= 9 – 10)		
1 3.	In national currency (where applicable)	For Member States not using the Euro: please convert all amounts into Euro at the official rate in the month prior to the month of submission the application published at:	

		https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en		
1 4.	Exchange rate applied			
1 5.	Breakdown of expenditure submitted for contribution from the Reserve (please provide a list of the individual actions financed under each measure and the related expenditure for each action) Each expenditure item should be entered only once.	EUR	National currency (if applicable)	Output indicators (please provide a number)
1 5. 1.	Measures to support and assist businesses, in particular SMEs, including micro-enterprises, organisations, workers and local communities adversely affected by the withdrawal, particularly in the most affected regions			Enterprises (supported) Enterprises supported (advised) Population benefiting
1 5. 2.	Measures to support the most affected economic sectors, and those employed therein			Enterprises (supported) Enterprises supported (advised)
1 5. 3.	Measures to support businesses, including SMEs and micro-enterprises, workers and local communities dependent on fishing activities in the United Kingdom waters, in particular those which cannot relocate their activities in different waters			Enterprises (supported) Enterprises supported

				d (advised) Populatio n benefitin g
1 5. 3 a.	<i>Measures to support fishers and operators for the permanent cessation of fishing activities as defined in [Regulation (EU) No XX/20XX (EMFAF Regulation)] and compensation for operators in the fishery and aquaculture sectors, including the processing of fishery and aquaculture products, for their income foregone or additional costs due to the withdrawal of the United Kingdom from the Union and the decreasing access to United Kingdom waters</i>			<i>Enterpris es (supporte d)</i> <i>Enterpris es supporte d (advised)</i> <i>Populati on benefitin g</i>
1 5. 4.	Measures to support employment, inclusion and job creation through short-time work schemes, re-skilling and upskilling and training in most affected regions and local communities and affected sectors, including the tourism sector			Participa nts
1 5. 5.	Measures to ensure the functioning of border, and security controls, including additional personnel, training and infrastructure			Addition al Personne l (in FTE) Physical infrastruc ture adapted (m ²)
1 5. 6.	Measures to ensure the functioning of customs and collection of indirect taxation, including additional personnel, training and infrastructure			Addition al Personne l (in FTE) Physical infrastruc ture adapted (m ²)

1 5. 7.	Measures to ensure the functioning of sanitary and phytosanitary and fisheries controls, including additional personnel, training and infrastructure			Additional Personnel (in FTE) Physical infrastructure adapted (m ²)
1 5. 8.	Measures to facilitate certificates and authorisation of products, establishment requirements, labelling and marking, for example for safety, health, environmental and social standards, and mutual recognition, including additional personnel and infrastructure			Enterprises (supported) Enterprises supported (advised)
1 5. 8 a.	Measures designed to support the re-integration of Union citizens that leave the United Kingdom, such as assistance and guidance;			Union citizens (supported)
1 5. 9.	Measures for communication, legal advice , information and awareness-raising of citizens and businesses about changes stemming from the withdrawal to their rights and obligations			Enterprises supported (advised) Population covered
1 5. 1 0.	Other (please specify)			
1 6.	Any complementary EU funding received or requested for expenditure not included in this application Short description / amount (e.g. use of Cohesion Policy funding/ REACT-EU/JTF/RRF/other – please specify)			
1 7.	Please indicate the legal entity and the full bank account number and holder in case of a further payment			
		<input type="checkbox"/> Account used previously to receive EU payments <input type="checkbox"/> New account		

Amendment 52

Proposal for a regulation

Annex II – paragraph 1 – point b a(new)

Text proposed by the Commission

Amendment

(ba) the control system is functioning properly in accordance with Article 63 of the Financial Regulation and ensures the legality and regularity of the underlying transactions.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Establishing the Brexit Adjustment Reserve
References	COM(2020)0854 – C9-0433/2020 – 2020/0380(COD)
Committee responsible Date announced in plenary	REGI 18.1.2021
Opinion by Date announced in plenary	BUDG 18.1.2021
Associated committees - date announced in plenary	11.3.2021
Rapporteur for the opinion Date appointed	Valérie Hayer 29.1.2021
Discussed in committee	4.3.2021
Date adopted	10.5.2021
Result of final vote	+ : 23 - : 4 0 : 12
Members present for the final vote	Rasmus Andresen, Robert Biedroń, Anna Bonfrisco, Olivier Chastel, Lefteris Christoforou, David Cormand, Paolo De Castro, José Manuel Fernandes, Eider Gardiazabal Rubial, Vlad Gheorghe, Valentino Grant, Francisco Guerreiro, Valérie Hayer, Eero Heinäluoma, Niclas Herbst, Monika Hohlmeier, Moritz Körner, Joachim Kuhs, Zbigniew Kuźmiuk, Ioannis Lagos, Hélène Laporte, Pierre Larroustou, Janusz Lewandowski, Margarida Marques, Silvia Modig, Siegfried Mureşan, Victor Negrescu, Jan Olbrycht, Dimitrios Papadimoulis, Karlo Ressler, Bogdan Rzońca, Nicolae Ştefănuţă, Nils Torvalds, Nils Ušakovs, Johan Van Overtveldt, Rainer Wieland, Angelika Winzig
Substitutes present for the final vote	Mario Furore, Henrike Hahn

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

23	+
ECR	Zbigniew Kuźmiuk, Bogdan Rzońca
ID	Hélène Laporte
NI	Mario Furore
Renew	Vlad Gheorghe, Valérie Hayer, Moritz Körner, Nicolae Ștefănuță, Nils Torvalds
S&D	Robert Biedroń, Paolo De Castro, Eider Gardiazabal Rubial, Eero Heinäluoma, Pierre Larrourou, Margarida Marques, Victor Negrescu, Nils Ušakovs
The Left	Silvia Modig, Dimitrios Papadimoulis
Verts/ALE	Rasmus Andresen, David Cormand, Francisco Guerreiro, Henrike Hahn

4	-
ECR	Johan Van Overtveldt
ID	Anna Bonfrisco, Valentino Grant, Joachim Kuhs

12	0
NI	Ioannis Lagos
PPE	Lefteris Christoforou, José Manuel Fernandes, Niclas Herbst, Monika Hohlmeier, Janusz Lewandowski, Siegfried Mureșan, Jan Olbrycht, Karlo Ressler, Rainer Wieland, Angelika Winzig
Renew	Olivier Chastel

Key to symbols:

+ : in favour

- : against

0 : abstention

11.5.2021

OPINION OF THE COMMITTEE ON FISHERIES

for the Committee on Regional Development

on the proposal for a regulation of the European Parliament and of the Council establishing the Brexit Adjustment Reserve
(COM(2020)0854 – C9-0433/2020 – 2020/0380(COD))

Rapporteur for the opinion (*): François-Xavier Bellamy
(*): Associated committee – Rule 57 of the Rules of Procedure

AMENDMENTS

The Committee on Fisheries calls on the Committee on Regional Development, as the committee responsible, to take into account the following amendments:

Amendment 1

Proposal for a regulation Citation 1

Text proposed by the Commission

Having regard to the Treaty on the Functioning of the European Union, and in particular the third paragraph of **Article** 175 and Article 322(1)(a) thereof,

Amendment

Having regard to the Treaty on the Functioning of the European Union, and in particular the third paragraph of **Article 43(2), Article** 175 and Article 322(1)(a) thereof,

Amendment 2

Proposal for a regulation Recital 1

Text proposed by the Commission

(1) On 1 February 2020, the United Kingdom of Great Britain and Northern Ireland ('United Kingdom') left the

Amendment

(1) On 1 February 2020, the United Kingdom of Great Britain and Northern Ireland ('United Kingdom') left the

European Union and the European Atomic Energy Community ('Euratom') – hereafter referred together as the 'Union', entering a transition period. That time-limited period was agreed as part of the Withdrawal Agreement¹¹ and *is to last until* 31 December 2020. During the transition period, the Union and the United Kingdom started formal negotiations on a future relationship.

¹¹ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community ('Withdrawal Agreement') (OJ L 29, 31.1.2020, p. 7).

European Union and the European Atomic Energy Community ('Euratom') – hereafter referred together as the 'Union', entering a transition period. That time-limited period was agreed as part of the Withdrawal Agreement¹¹ and *ended on* 31 December 2020. During the transition period, the Union and the United Kingdom started formal negotiations on a future relationship.

¹¹ Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community ('Withdrawal Agreement') (OJ L 29, 31.1.2020, p. 7).

Amendment 3

Proposal for a regulation Recital 2

Text proposed by the Commission

(2) Following the end of the transition period, barriers to trade *and to* cross-border exchanges between the Union and the United Kingdom *will be present*. Broad and far-reaching consequences for businesses, citizens and public *administrations are expected*. Those consequences *are* unavoidable and stakeholders *need to make sure that they are ready for them*.

Amendment

(2) Following the end of the transition period, *and with the provisional application of the Trade and cooperation agreement concluded between the European Union and the United Kingdom (hereinafter referred to as "the TCA") in December 2020*, barriers to trade, cross-border exchanges *and fisheries relations* between the Union and the United Kingdom *have become a reality with* broad and far-reaching consequences for businesses, *the EU fishing fleet, workers, citizens and public*. Those consequences *have been* unavoidable and stakeholders *have had to adapt accordingly*.

Amendment 4

Proposal for a regulation Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) As a result of the new fisheries relations agreed between the European Union and the United Kingdom, the reciprocal access to fishing waters and fisheries resources are maintained but only until 30 June 2026 (the ‘adjustment period’), and the EU fishing sector will face a profound impact due to the losses caused by the gradual 25% cut in the value of catches made both in the waters of the UK exclusive economic zone, in the waters of its territories with special status and in third country waters. This could bring about profound changes throughout the fisheries value chain and in the structure of the economy in some coastal regions that are dependent on fishing.

Amendment 5

Proposal for a regulation

Recital 3

Text proposed by the Commission

Amendment

(3) The Union is committed to mitigating the economic impact of the withdrawal of the United Kingdom from the Union and to show solidarity with all Member States, especially the ***most*** affected ones in such exceptional circumstances.

(3) The Union is committed to mitigating the ***negative economic, social and territorial*** impact of the withdrawal of the United Kingdom from the Union and to show solidarity with all Member States, ***their regions and affected communities***, especially the ***worst*** affected ones in such exceptional circumstances.

Amendment 6

Proposal for a regulation

Recital 3 a (new)

Text proposed by the Commission

Amendment

(3a) The Union is also committed to sustainable fisheries management in line with the objectives of the CFP, including the principle of achieving maximum

sustainable yield for all stocks according to the best available scientific advice, ending overfishing, restoring populations of harvested species and protecting the marine environment, as also provided for by numerous international commitments.

Amendment 7

Proposal for a regulation

Recital 4

Text proposed by the Commission

(4) A Brexit Adjustment Reserve (the ‘Reserve’) should be established to provide support to counter adverse consequences in Member States, regions and sectors, in particular those that are worst affected by the withdrawal of the United Kingdom from the Union, and thus to mitigate the related impact on the economic, social and territorial cohesion. It should cover in whole or in part the additional public expenditure incurred by Member States for measures specifically taken to mitigate those consequences.

Amendment

(4) A Brexit Adjustment Reserve (the ‘Reserve’) should be established to provide support to counter adverse consequences in Member States, regions and sectors, in particular those that are worst affected by the withdrawal of the United Kingdom from the Union, and thus to mitigate the related **negative** impact on the economic, social and territorial cohesion. It should cover in whole or in part the additional public expenditure incurred by Member States for measures specifically taken to mitigate those consequences, **which are particularly severe in the field of fisheries.**

Amendment 8

Proposal for a regulation

Recital 4 a (new)

Text proposed by the Commission

Amendment

(4a) These extraordinary times call for the financial means of a Brexit Adjustment Reserve and, where necessary, for the relaxation of State aid rules, so as to provide direct funding to fishers to support them when countering the economic fallout of the definitive loss of 25% of the value of historic fishing rights and help them adjust to the changes and losses occurred due to the withdrawal

of the United Kingdom.

Amendment 9

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) For the purposes of contributing to economic, social and territorial cohesion, it is appropriate that Member States, when designing support measures, focus in particular on the regions, areas and local communities, including those dependent on fishing activities in the United Kingdom waters, ***that are likely to be most negatively impacted by the withdrawal of the United Kingdom.*** Member States may have to take specific measures notably to support businesses and economic sectors adversely affected by the withdrawal. It is therefore appropriate to provide a non-exhaustive list of the type of measures that are most likely to achieve this objective.

Amendment

(5) For the purposes of contributing to economic, social and territorial cohesion, it is appropriate that Member States, when designing support measures, focus in particular on the regions, areas and local communities, ***with specific attention to those areas and communities dependent on fishing activities in the United Kingdom waters that are most negatively impacted by the withdrawal of the United Kingdom,*** including those dependent on fishing activities in the United Kingdom waters, ***in the waters of its territories with special status, and in waters outside the United Kingdom which are affected by a loss of catches due to the reduction of fishing opportunities as a result of the TCA.*** Member States ***should involve them in decisions on the use of funds;*** they may have to take specific measures notably to support businesses and economic sectors adversely affected by the withdrawal. It is therefore appropriate to provide a non-exhaustive list of the type of measures that are most likely to achieve this objective.

Amendment 10

Proposal for a regulation

Recital 7

Text proposed by the Commission

(7) In order to take into account the immediate impact of the adverse consequences of the withdrawal of the United Kingdom from the Union on the Member States and their economies and the need to adopt mitigating measures, as

Amendment

(7) In order to take into account the immediate impact of the adverse consequences of the withdrawal of the United Kingdom from the Union on the Member States and their economies and the need to adopt mitigating measures, as

appropriate, prior to the expiry of the transition period, the eligibility period for implementing such measures should start as from 1 July 2020 and ***be concentrated over a limited period of 30 months.***

appropriate, prior to the expiry of the transition period, the eligibility period for implementing such measures should start as from 1 July 2020 and ***last until 31 December 2022 for all sectors except for fisheries, for which the eligibility period should be extended to 30 June 2026, by which date the 25% cut in the value of the products caught by EU fleets, as provided for in the TCA, will have taken full effect.***

Amendment 11

Proposal for a regulation

Recital 11

Text proposed by the Commission

(11) In order to enable Member States to deploy the additional resources and to ensure sufficient financial means to swiftly implement measures under the Reserve, a substantial amount thereof should be disbursed in 2021 as pre-financing. The distribution method should take into account the importance of trade with the United Kingdom and the importance of fisheries in the United Kingdom exclusive economic zone, based on reliable and official statistics. Given the unique nature of the event that the withdrawal of the United Kingdom from the Union constitutes and the uncertainty that has surrounded key aspects of the relationship between the United Kingdom and the Union after the expiry of the transition period, it is difficult to anticipate the appropriate measures Member States will have to take rapidly to counter the effects of the withdrawal. It is therefore necessary to grant Member States flexibility and in particular to allow the Commission to adopt the financing decision providing the pre-financing without the obligation pursuant to Article 110(2) of the Financial Regulation to provide a description of the concrete actions to be financed.

Amendment

(11) In order to enable Member States to deploy the additional resources and to ensure sufficient financial means to swiftly implement measures under the Reserve, a substantial amount thereof should be disbursed in 2021 as pre-financing. ***Financial services should be excluded from the calculation of the distribution method in light of ongoing and future relocation in the Union of activities and entities related to financial services following the withdrawal of the United Kingdom from the Union.*** The distribution method should take into account the importance of trade with the United Kingdom and the importance of fisheries in the United Kingdom exclusive economic zone ***and the exclusive economic zones of its territories with special status as well as in the waters covered by fisheries agreements with coastal states where fishing opportunities for EU fleets have been reduced as a result of the United Kingdom's withdrawal from the European Union,*** based on reliable and official statistics. Given the unique nature of the event that the withdrawal of the United Kingdom from the Union constitutes and the uncertainty that has surrounded key aspects of the relationship

between the United Kingdom and the Union after the expiry of the transition period, it is difficult to anticipate the appropriate measures Member States will have to take rapidly to counter the effects of the withdrawal. It is therefore necessary to grant Member States flexibility and in particular to allow the Commission to adopt the financing decision providing the pre-financing without the obligation pursuant to Article 110(2) of the Financial Regulation to provide a description of the concrete actions to be financed.

Amendment 12

Proposal for a regulation Recital 12

Text proposed by the Commission

(12) Prior to the payment of the pre-financing, Member States should notify the Commission of the identity of the bodies designated and of the body to which the pre-financing shall be paid, and confirm that the systems' descriptions have been drawn up, within three months of the entry into force of this Regulation.

Amendment

(12) Prior to the payment of the pre-financing, Member States should notify the Commission of the identity of the bodies designated and of the body to which the pre-financing shall be paid, ***explain why the specific territorial level was chosen*** and confirm that the systems' descriptions have been drawn up, within three months of the entry into force of this Regulation. ***Member States must ensure that funding is concentrated in the worst affected regions and businesses and that the communities concerned are involved in decisions on the use of the Reserve, in particular the worst affected fishers, including small scale fishers.***

Amendment 13

Proposal for a regulation Recital 12 a (new)

Text proposed by the Commission

Amendment

(12a) Member State should use the funds from the Reserve to support the

most affected regions and communities and involve them in the design of measures supported by the Reserve.

Amendment 14

Proposal for a regulation Recital 13 a (new)

Text proposed by the Commission

Amendment

(13a) In order to address the impact of the withdrawal of the United Kingdom from the Union on coastal communities and small-scale fisheries in particular, Member States must allocate a minimum share of pre-financing from the Reserve to the small-scale fisheries sector, taking into account the increased difficulty for this sector to absorb market shocks, quota losses and supply chain disruption.

Amendment 15

Proposal for a regulation Recital 14

Text proposed by the Commission

Amendment

(14) Pursuant to paragraphs 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016¹³, there is a need to evaluate the Reserve on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burden, ***in particular on Member States***. These requirements, where appropriate, should include measurable indicators, as a basis for the evaluation of the Reserve.

(14) Pursuant to paragraphs 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016¹³, there is a need to evaluate the Reserve on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burden ***on national, regional and local authorities and on recipients of support***. These requirements, where appropriate, should include measurable indicators, as a basis for the evaluation of the Reserve.

¹³ Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making (OJ L

¹³ Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making (OJ L

Amendment 16

Proposal for a regulation

Recital 15

Text proposed by the Commission

(15) To ensure equal treatment of all Member States and consistency in the evaluation of the applications, the Commission should assess the applications in a package. It should look in particular into the eligibility and the accuracy of the expenditure declared, the direct link of the expenditure with measures taken to address the consequences of the withdrawal and the measures put in place by the Member State concerned to avoid double funding. Upon assessment of the applications for a financial contribution from the Reserve, the Commission should clear the pre-financing paid, and recover the unused amount. In order to concentrate the support on Member States most affected by the withdrawal, ***where the expenditure in the Member State concerned, accepted as eligible by the Commission, exceeds the amount paid as pre-financing and 0.06% of the nominal Gross National Income (GNI) for 2021 of the Member State concerned, it should be possible to allow for a further allocation from the Reserve to that Member State*** within the limits of the financial resources available. Given the extent of the expected economic shock, the possibility to use the amounts recovered from the pre-financing for the reimbursement of additional expenditure by Member States should be provided for.

Amendment 17

Proposal for a regulation

Recital 16

Amendment

(15) To ensure equal treatment of all Member States and consistency in the evaluation of the applications, the Commission should assess the applications in a package. It should look in particular into the eligibility and the accuracy of the expenditure declared, the direct link of the expenditure with measures taken to address the consequences of the withdrawal and the measures put in place by the Member State concerned to avoid double funding. Upon assessment of the applications for a financial contribution from the Reserve, the Commission should clear the pre-financing paid, and recover the unused amount. In order to concentrate the support on Member States most affected by the withdrawal, ***each Member State could receive*** a further allocation within the limits of the financial resources available. Given the extent of the expected economic shock, the possibility to use the amounts recovered from the pre-financing for the reimbursement of additional expenditure by Member States should be provided for.

Text proposed by the Commission

(16) In order to ensure the proper functioning of shared management, Member States should establish a management and control system, designate and notify the Commission of the bodies responsible for the management of the Reserve as well as a separate independent audit body. For simplification reasons, Member States may make use of existing bodies designated and systems set up for the purpose of the management and control of cohesion policy funding or the European Union Solidarity Fund. It is necessary to specify the responsibilities of the Member States and lay down the specific requirements for the bodies designated.

Amendment

(16) In order to ensure the proper functioning of shared management, Member States should establish a management and control system, designate and notify the Commission of the bodies responsible ***at national, regional and local level*** for the management of the Reserve as well as a separate independent audit body. For simplification reasons, Member States may make use of existing bodies designated and systems set up for the purpose of the management and control of cohesion policy funding or the European Union Solidarity Fund. It is necessary to specify the responsibilities of the Member States and lay down the specific requirements for the bodies designated. ***Member States will ensure that the local and regional authorities concerned are involved in the monitoring bodies, if they are not already part of them.***

Amendment 18

**Proposal for a regulation
Recital 18**

Text proposed by the Commission

(18) Member States should raise awareness on the Union contribution from the Reserve and inform the public accordingly as transparency, communication and visibility activities are essential in making Union action visible on the ground. Those activities should be based on accurate and updated information.

Amendment

(18) Member States should raise awareness on the Union contribution from the Reserve and inform the public ***and the recipients in particular*** accordingly as transparency, communication and visibility activities are essential in making Union action visible on the ground. Those activities should be based on accurate and updated information.

Amendment 19

**Proposal for a regulation
Recital 19 a (new)**

(19a) To mitigate the effects of Brexit on the fisheries and seafood sector, and to ensure that full use is made of the Union's financial resources, the Commission should consider increasing the budget for the Reserve by an amount equivalent to the level of funds from the European Maritime and Fisheries Fund^{1a} that were not implemented following compliance with the 'n+3 rule'.

^{1a} Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council (OJ L 149, 20.5.2014, p. 1).

Amendment 20

Proposal for a regulation

Article 2 – paragraph 1 – point 1

Text proposed by the Commission

(1) ‘reference period’ means the reference period referred to in Article 63(5), point (a), of the Financial Regulation, which shall be from 1 July 2020 to 31 December 2022;

Amendment

(1) ‘reference period’ means the reference period referred to in Article 63(5), point (a), of the Financial Regulation, which shall be from 1 July 2020 to 31 December 2022, ***for all sectors except the fisheries sector, for which the eligibility period should be extended until 30 June 2026.***

Amendment 21

Proposal for a regulation

Article 2 – paragraph 1 – point 6 a (new)

Text proposed by the Commission

Amendment

(6a) "Special Status Territories" mean, where appropriate, the British Overseas Territories and the Crown Dependencies;

Amendment 22

Proposal for a regulation Article 3 – paragraph 1

Text proposed by the Commission

Amendment

The Reserve shall provide support to counter the adverse consequences of the withdrawal of the United Kingdom from the Union in Member States, regions and sectors, in particular those that are worst affected by that withdrawal, and to mitigate the related impact on the economic, social and territorial cohesion.

The Reserve shall provide support to counter the adverse consequences of the withdrawal of the United Kingdom from the Union in Member States, regions and sectors, in particular those that are worst affected by that withdrawal, and to mitigate the related **negative** impact on the economic, social and territorial cohesion.

Amendment 23

Proposal for a regulation Article 4 – paragraph 2

Text proposed by the Commission

Amendment

2. The maximum resources for the Reserve shall be EUR **5 370 994 000** in current prices.

2. The maximum resources for the Reserve shall be EUR **6 370 994 000** in current prices.

Amendment 24

Proposal for a regulation Article 4 – paragraph 3 – subparagraph 1 – point a a (new)

Text proposed by the Commission

Amendment

(aa) The share of the pre-financing from the Reserve determined on the basis of fishing activities which are affected by a reduction of fishing opportunities for the EU fleet as a result of the TCA as set out in Annex I shall be allocated to the

fisheries sector. Member States shall allocate, to support fisheries businesses and local communities that are most affected, including the small scale fisheries sector, by the withdrawal of the United Kingdom, as a minimum, the funds determined on this basis when allocating pre-financing from the Reserve.

Amendment 25

Proposal for a regulation

Article 4 – paragraph 3 – subparagraph 1 – point b

Text proposed by the Commission

(b) additional amounts of EUR **1 126 162 000** shall be made available in **2024** in accordance with Article 11.

Amendment

(b) additional amounts of EUR **2 126 162 000** shall be made available in **2026** in accordance with Article 11.

Amendment 26

Proposal for a regulation

Article 4 – paragraph 3 – subparagraph –1 a (new)

Text proposed by the Commission

Amendment

Member States must ensure that this funding is concentrated in the worst affected regions and that the communities concerned are involved in decisions on the use of these funds, in particular the small-scale fisheries sector.

Amendment 27

Proposal for a regulation

Article 5 – paragraph 1 – point a

Text proposed by the Commission

(a) measures to assist businesses and local communities adversely affected by the withdrawal;

Amendment

(a) measures to assist businesses **and regional** and local communities adversely affected by the withdrawal;

Amendment 28

Proposal for a regulation

Article 5 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) measures to support compensation for operators in the fisheries and aquaculture sectors, those involved in trade relating to these sectors, processors, the transportation sector, and other sectors dependent on fisheries;

Amendment 29

Proposal for a regulation

Article 5 – paragraph 1 – point c

Text proposed by the Commission

Amendment

(c) measures to support businesses and local communities dependent on fishing activities in the United Kingdom waters;

(c) measures to support businesses and local communities dependent on fishing activities in the United Kingdom waters, ***in the waters of its territories with special status and in the waters covered by fisheries agreements with coastal states where fishing opportunities for EU fleets have been reduced as a result of the United Kingdom's withdrawal from the European Union;***

Amendment 30

Proposal for a regulation

Article 5 – paragraph 1 – point c a (new)

Text proposed by the Commission

Amendment

(ca) compensation measures for operators in the fisheries and aquaculture sectors, including for the processing of their products, as well as measures to support temporary cessation or permanent cessation of fishing activities as set out in [Regulation (EU) No XX/20XX (EMFAF Regulation)] as a result of loss of income

and additional costs caused by the reduction of quotas, catch limits for species not subject to quotas, the reduction of access to United Kingdom waters and the reduction of fishing opportunities for the EU fleet in waters outside the United Kingdom as a result of the TCA, and the decisions taken under Reservation No 13 ('Fishing and water') and the SERVIN-2 annex ('Future measures') to the TCA, including the obligation to land catches -in whole or in part- in UK ports;

Amendment 31

Proposal for a regulation Article 5 – paragraph 1 – point d

Text proposed by the Commission

(d) measures to support employment, including through short-time work schemes, re-skilling and training in affected sectors;

Amendment

(d) measures to support employment, **job protection and creation**, including through short-time work schemes, **up-skilling**, re-skilling and training in affected sectors;

Amendment 32

Proposal for a regulation Article 5 – paragraph 2

Text proposed by the Commission

2. Expenditure shall be eligible if it is incurred and paid during the reference period for measures carried out in the **Member State concerned or for the benefit** of the Member State concerned.

Amendment

2. Expenditure shall be eligible if it is incurred and paid during the reference period for measures carried out in the **most affected regions** of the Member State concerned.

Amendment 33

Proposal for a regulation Article 5 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. *When designing support measures in the field of fisheries, Member States shall take into account the objectives of the Common Fisheries Policy, making sure those measures contribute to the sustainable management of fish stocks.*

Amendment 34

Proposal for a regulation Article 5 – paragraph 3 b (new)

Text proposed by the Commission

Amendment

3b. *When designing support measures in the field of fisheries, Member States shall endeavour to support fishers most affected by the UK withdrawal from the EU, in particular small-scale fisheries. Member States shall take into account the impact of Brexit on the total activity of fishing enterprises, including enterprises that benefit from increased fishing opportunities of vessels operating under a UK flag following the withdrawal of the United Kingdom from the Union.*

Amendment 35

Proposal for a regulation Article 5 – paragraph 4

Text proposed by the Commission

Amendment

4. The measures referred to in paragraph 1 shall comply with applicable law.

4. The measures referred to in paragraph 1 shall comply with applicable law, *subject to the exceptions referred to in [new Article 5a].*

Amendment 36

Proposal for a regulation Article 5 a (new)

Text proposed by the Commission

Amendment

Article 5a

State aid

Articles 107, 108 and 109 of the Treaty on the Functioning of the European Union shall not apply to payments made by Member States, under the Articles 5. 1.(c) and 5.1.(c a) of this Regulation, to undertakings in the fishery and aquaculture sectors falling within the scope of Article 42 of the Treaty on the Functioning of the European Union.

Amendment 37

Proposal for a regulation

Article 7 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. In accordance with their institutional and legal framework, and taking the territorial dimension of the Reserve into account, Member States shall establish a dialogue with the local and regional authorities responsible for the communities worst affected and involve them in decisions on the use of the Reserve with a view to taking full account of the precise impact of Brexit on their territories.

Amendment 38

Proposal for a regulation

Article 7 – paragraph 2

Text proposed by the Commission

Amendment

2. Member States shall use the contribution from the Reserve to implement the measures referred to in Article 5 to provide non-repayable forms of support. The Union contribution shall take the form of reimbursement of eligible

2. Member States, **in cooperation with regional and local authorities in the areas most adversely affected**, shall use the contribution from the Reserve to implement the measures referred to in Article 5 to provide non-repayable forms

costs actually incurred and paid by Member States in implementing the measures.

of support. The Union contribution shall take the form of reimbursement of eligible costs actually incurred and paid by Member States in implementing the measures.

Amendment 39

Proposal for a regulation Article 7 – paragraph 5

Text proposed by the Commission

5. By derogation from Article 12 of the Financial Regulation, unused commitment and payment appropriations under this Regulation shall be automatically carried over and may be used until 31 December **2025**. The appropriations carried over shall be consumed first in the following financial year.

Amendment

5. By derogation from Article 12 of the Financial Regulation, unused commitment and payment appropriations under this Regulation shall be automatically carried over and may be used until 31 December **2026**. The appropriations carried over shall be consumed first in the following financial year.

Amendment 40

Proposal for a regulation Article 8 – paragraph 3

Text proposed by the Commission

3. The Commission shall pay the pre-financing within **60** days of the date of the adoption of the implementing act referred to in paragraph 2. It shall be cleared in accordance with Article 11.

Amendment

3. The Commission shall pay the pre-financing within **30** days of the date of the adoption of the implementing act referred to in paragraph 2. It shall be cleared in accordance with Article 11.

Amendment 41

Proposal for a regulation Article 9 – paragraph 1

Text proposed by the Commission

1. The Member States shall submit an application to the Commission for a financial contribution from the Reserve by

Amendment

1. The Member States shall, **after consulting the regions concerned**, submit an application to the Commission for a

30 September **2023**. The Commission shall assess this application and establish whether additional amounts are due to Member States or any amounts should be recovered from the Member States in accordance with Article 11.

financial contribution from the Reserve by 30 September **2026 at the latest for the fisheries sector and 30 September 2023 for all other sectors**. The Commission shall assess this application and establish whether additional amounts are due to Member States or any amounts should be recovered from the Member States in accordance with Article 11.

Amendment 42

Proposal for a regulation Article 9 – paragraph 2

Text proposed by the Commission

2. Where a Member State does not submit an application for a financial contribution from the Reserve by 30 September **2023**, the Commission shall recover the total amount paid as pre-financing to that Member State.

Amendment

2. Where a Member State does not submit an application for a financial contribution from the Reserve by 30 September **2026 for the fisheries sector and by 30 September 2023 at the latest for all other sectors**, the Commission shall recover the total amount paid as pre-financing to that Member State.

Amendment 43

Proposal for a regulation Article 10 – paragraph 2 – point a

Text proposed by the Commission

(a) a description of the impact of the withdrawal of the United Kingdom from the Union in economic and social terms including an identification of the regions, areas and sectors most affected;

Amendment

(a) a description of the **negative** impact of the withdrawal of the United Kingdom from the Union in economic and social terms including an identification of the regions, areas and sectors most affected;

Amendment 44

Proposal for a regulation Article 10 – paragraph 2 – point a (new)

Text proposed by the Commission

Amendment

(aa) in accordance with Article 7 (2), a description of the consultations held with the regions and sectors most affected;

Amendment 45

Proposal for a regulation

Article 11 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Where the accepted amount exceeds **both** the amount of pre-financing **and 0.06% of the nominal GNI of 2021** of the Member State concerned, an additional amount shall be due to that Member State from the allocation referred to in Article 4(3), point (b), and any amounts carried over pursuant to Article 8(4).

Amendment

Where the accepted amount exceeds the amount of pre-financing of the Member State concerned, an additional amount shall be due to that Member State from the allocation referred to in Article 4(3), point (b), and any amounts carried over pursuant to Article 8(4).

Amendment 46

Proposal for a regulation

Article 11 – paragraph 3 – subparagraph 2

Text proposed by the Commission

In such a case, the Commission shall **pay the amount exceeding the pre-financing paid to the Member State concerned or 0.06% of the nominal GNI of 2021, whichever is higher.**

Amendment

The Commission shall ***develop a method for allocating additional funding to take into account the extension to 30 June 2026 of the eligibility period for pre-financing the fisheries sector impacted.***

Amendment 47

Proposal for a regulation

Article 13 – paragraph 1 – point a

Text proposed by the Commission

(a) designating **a body** responsible for the management of the financial contribution from the Reserve and an independent audit body in accordance with Article 63(3) of the Financial Regulation,

Amendment

(a) designating, **at the appropriate level of governance, one or more bodies** responsible for the management of the financial contribution from the Reserve and an independent audit body in accordance with Article 63(3) of the Financial

and supervising such bodies;

Regulation, and supervising such bodies;

Amendment 48

Proposal for a regulation

Article 13 – paragraph 3 – introductory part

Text proposed by the Commission

3. The body responsible for managing the financial contribution from the Reserve shall:

Amendment

3. The body **or bodies** responsible for managing the financial contribution from the Reserve shall:

Amendment 49

Proposal for a regulation

Article 15 – paragraph 1

Text proposed by the Commission

Member States shall be responsible for informing and publicising to Union citizens the role, the results and impact of the Union contribution from the Reserve through information and communication actions.

Amendment

Member States shall be responsible for informing and publicising to Union citizens the role, the results and impact of the Union contribution from the Reserve through information and communication actions, **and in particular shall ensure that recipients of the measures referred to in Article 5 are informed of the contribution from the Reserve as a Union initiative.**

Amendment 50

Proposal for a regulation

Article 16 – paragraph 1

Text proposed by the Commission

1. By 30 June **2026**, the Commission shall carry out an evaluation to examine the effectiveness, efficiency, relevance, coherence and EU added value of the Reserve. The Commission **may** make use of all relevant information already available in accordance with Article 128 of the Financial Regulation.

Amendment

1. By 30 June **2027**, the Commission shall carry out an evaluation to examine the effectiveness, efficiency, relevance, coherence and EU added value of the Reserve. The Commission **shall** make use of all relevant information already available in accordance with Article 128 of the Financial Regulation.

Amendment 51

Proposal for a regulation Article 16 – paragraph 2

Text proposed by the Commission

2. By **30 June** 2027, the Commission shall submit to the European Parliament and to the Council a report on the implementation of the Reserve.

Amendment

2. By **31 December** 2027, the Commission shall submit to the European Parliament and to the Council a report on the implementation of the Reserve.

Amendment 52

Proposal for a regulation Article 16 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The Commission shall conduct an assessment, by 30 September 2023 at the latest, on the appropriateness of increasing the budget for the Reserve by an amount equivalent to the level of funds from the EMFF that were not implemented following compliance with the 'n+3' rule.

Amendment 53

Proposal for a regulation Annex I – paragraph 1 – point 1

Text proposed by the Commission

1. Each Member State's share from pre-financing of the Brexit Adjustment Reserve is determined as the sum of a factor linked to the **fish** caught in the waters that belong to the UK Exclusive Economic Zone (EEZ) and a factor linked to trade with the UK.

Amendment

1. Each Member State's share from pre-financing of the Brexit Adjustment Reserve is determined as the sum of a factor linked to the **fishery products** caught in the waters that belong to the UK Exclusive Economic Zone (EEZ) and **in the waters of its territories with special status and the decrease in value of fishing activities in waters outside the United Kingdom affected by the cut in fishing**

opportunities provided for in the TCA, and a factor linked to trade with the UK in the internal market.

Amendment 54

Proposal for a regulation Annex I – paragraph 1 – point 2

Text proposed by the Commission

2. The factor linked to **fish** caught in the UK EEZ is used to allocate EUR 600 million. The factor linked to trade is used to allocate EUR 3 400 million. Both amounts are expressed in 2018 prices.

Amendment

2. The factor linked to **fishery products** caught in the UK EEZ, **in the waters of its territories with special status and to the decrease in the fishing activity in waters outside the United Kingdom affected by the cut in fishing opportunities provided for in the TCA** is used to allocate EUR 600 million. The factor linked to trade is used to allocate EUR 3 400 million. Both amounts are expressed in 2018 prices.

Amendment 55

Proposal for a regulation Annex I – paragraph 1 – point 3 – introductory part

Text proposed by the Commission

3. The factor linked to fisheries is determined on the basis of the **following criterion and by applying the following steps:**

Amendment

3. The factor linked to fisheries is determined on the basis of the **share of each Member State of the total value of the fishery products caught in the UK EEZ, in the waters of its territories with special status and of the decrease in the fishing activity in waters outside the United Kingdom affected by the cut in fishing opportunities provided for in the TCA.**

Amendment 56

Proposal for a regulation Annex I – paragraph 1 – point 3 – point a

Text proposed by the Commission

Amendment

- a) *share of each Member State of the total value of the fish caught in the UK EEZ;* **deleted**

Amendment 57

Proposal for a regulation

Annex I – paragraph 1 – point 3 – point b

Text proposed by the Commission

Amendment

- b) *these shares are increased for Member States with fisheries that have an above average dependency on the fish caught in the UK EEZ and decreased for the ones that have a below average dependency as following:* **deleted**

(i) for each Member State, the value of fish caught in UK EEZ as a percentage of the total value of fish caught by that Member State is expressed as an index of the EU average (index of dependency);

(ii) the initial share of the value of fish caught in the UK EEZ is adjusted by multiplying it with the Member State's index of dependency;

(iii) these adjusted shares are rescaled to ensure that the sum of all Member States' shares equals 100%.

Amendment 58

Proposal for a regulation

Annex I – paragraph 1 – point 4 – point a

Text proposed by the Commission

Amendment

- a) each Member State's trade with the UK is expressed as share of the EU trade with the UK (trade is the sum of the imports and the exports of good and services);
- a) each Member State's trade with the UK is expressed as share of the EU trade with the UK (trade is the sum of the imports and the exports of good and services, ***excluding financial services***);

Amendment 59

Proposal for a regulation

Annex I – paragraph 1 – point 4 – point b

Text proposed by the Commission

b) to assess the relative importance of these trade flows for each Member State, the sum of trade flows with the UK are expressed as a percentage of the Member State's **GDP** and subsequently expressed as an index of the EU average (index of dependency);

Amendment

b) to assess the relative importance of these trade flows for each Member State, the sum of trade flows with the UK are expressed as a percentage of the Member State's **overall trade flows with the EU-28 as a whole** and subsequently expressed as an index of the EU average (index of dependency);

Amendment 60

Proposal for a regulation

Annex I – paragraph 1 – point 5 – point a

Text proposed by the Commission

a) for the value of the **fish caught in** UK EEZ the reference period shall be 2015-2018;

Amendment

a) for the **total** value of the **fishing opportunities lost as a consequence of the TCA in the UK EEZ, in the waters of its territories with special status and in waters outside the United Kingdom**, the reference period shall be 2015-2018;

Amendment 61

Proposal for a regulation

Annex I – paragraph 1 – point 5 – point b

Text proposed by the Commission

b) **for the value of the fish caught in the UK EEZ as a share of total value of fish caught by a Member State, the reference period shall be 2015-2018;**

Amendment

deleted

Amendment 62

Proposal for a regulation
Annex I – paragraph 1 – point 5 – point f

Text proposed by the Commission

f) **for GDP and** for total population of the Member States the reference period shall be 2017-2019.

Amendment

f) for total population of the Member States the reference period shall be 2017-2019.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Establishing the Brexit Adjustment Reserve	
References	COM(2020)0854 – C9-0433/2020 – 2020/0380(COD)	
Committee responsible Date announced in plenary	REGI 18.1.2021	
Opinion by Date announced in plenary	PECH 18.1.2021	
Associated committees - date announced in plenary	11.3.2021	
Rapporteur for the opinion Date appointed	François-Xavier Bellamy 3.3.2021	
Discussed in committee	25.1.2021	12.4.2021
Date adopted	10.5.2021	
Result of final vote	+: 18	–: 7
	0: 3	
Members present for the final vote	François-Xavier Bellamy, Izaskun Bilbao Barandica, Isabel Carvalhais, Maria da Graça Carvalho, Rosanna Conte, Rosa D’Amato, Giuseppe Ferrandino, João Ferreira, Søren Gade, Francisco Guerreiro, Anja Hazekamp, Niclas Herbst, France Jamet, Pierre Karleskind, Francisco José Millán Mon, Grace O’Sullivan, Manuel Pizarro, Caroline Roose, Bert-Jan Ruissen, Annie Schreijer-Pierik, Ruža Tomašić, Peter van Dalen, Emma Wiesner, Theodoros Zagorakis	
Substitutes present for the final vote	Carmen Avram, Nicolás González Casares, Valentino Grant, Ivo Hristov	

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

18	+
ID	Rosanna Conte, Valentino Grant, France Jamet
PPE	François-Xavier Bellamy, Maria da Graça Carvalho, Niclas Herbst, Francisco José Millán Mon, Theodoros Zagorakis
Renew	Izaskun Bilbao Barandica, Pierre Karleskind
S&D	Carmen Avram, Isabel Carvalhais, Giuseppe Ferrandino, Nicolás González Casares, Ivo Hristov, Manuel Pizarro
The Left	João Ferreira
Verts/ALE	Caroline Roose

7	-
ECR	Bert-Jan Ruissen, Ruža Tomašić
PPE	Peter van Dalen, Annie Schreijer-Pierik
Renew	Søren Gade, Emma Wiesner
The Left	Anja Hazekamp

3	0
Verts/ALE	Rosa D'Amato, Francisco Guerreiro, Grace O'Sullivan

Key to symbols:

+ : in favour

- : against

0 : abstention

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Establishing the Brexit Adjustment Reserve		
References	COM(2020)0854 – C9-0433/2020 – 2020/0380(COD)		
Date submitted to Parliament	25.12.2020		
Committee responsible Date announced in plenary	REGI 18.1.2021		
Committees asked for opinions Date announced in plenary	BUDG 18.1.2021	PECH 18.1.2021	
Associated committees Date announced in plenary	PECH 11.3.2021	BUDG 11.3.2021	
Rapporteurs Date appointed	Pascal Arimont 14.1.2021		
Discussed in committee	14.1.2021	16.3.2021	22.4.2021
Date adopted	25.5.2021		
Result of final vote	+: –: 0:	35 1 6	
Members present for the final vote	François Alfonsi, Mathilde Androuët, Pascal Arimont, Adrian-Dragoş Benea, Isabel Benjumea Benjumea, Tom Berendsen, Erik Bergkvist, Stéphane Bijoux, Franc Bogovič, Vlad-Marius Botoş, Rosanna Conte, Andrea Cozzolino, Corina Creţu, Rosa D’Amato, Christian Doleschal, Raffaele Fitto, Chiara Gemma, Mircea-Gheorghe Hava, Krzysztof Hetman, Manolis Kefalogiannis, Ondřej Knotek, Constanze Krehl, Elżbieta Kruk, Cristina Maestre Martín De Almagro, Nora Mebarek, Dan-Ştefan Motreanu, Anđelika Anna Mozdžanowska, Niklas Nienaaß, Andrey Novakov, Younous Omarjee, Alessandro Panza, Tsvetelina Penkova, Caroline Roose, André Rougé, Susana Solís Pérez, Irène Tolleret, Valdemar Tomaševski, Yana Toom, Monika Vana		
Substitutes present for the final vote	Isabel Carvalhais, Lena Düpont, Maximilian Krah		
Date tabled	31.5.2021		

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

35	+
ECR	Andželika Anna Mozdzanowska
ID	Mathilde Androuët, André Rougé
NI	Chiara Gemma
PPE	Pascal Arimont, Tom Berendsen, Franc Bogovič, Christian Doleschal, Lena Düpont, Mircea-Gheorghe Hava, Krzysztof Hetman, Manolis Kefalogiannis, Dan-Ștefan Motreanu, Andrey Novakov
Renew	Stéphane Bijoux, Vlad-Marius Botoș, Ondřej Knotek, Susana Solís Pérez, Irène Tolleret, Yana Toom
S&D	Adrian-Dragoș Benea, Erik Bergkvist, Isabel Carvalhais, Andrea Cozzolino, Corina Crețu, Constanze Krehl, Cristina Maestre Martín De Almagro, Nora Mebarek, Tsvetelina Penkova
The Left	Younous Omarjee
Verts/ALE	François Alfonsi, Rosa D'Amato, Niklas Nienaaß, Caroline Roose, Monika Vana

1	-
PPE	Isabel Benjumea Benjumea

6	0
ECR	Raffaele Fitto, Elzbieta Kruk, Valdemar Tomaševski
ID	Rosanna Conte, Maximilian Krah, Alessandro Panza

Key to symbols:

+ : in favour

- : against

0 : abstention