

# Preliminary deal on €5 billion fund to mitigate the effects of Brexit

A five-billion-euro fund to overcome the consequences of the UK's withdrawal came a big step closer to adoption today after the Council and the European Parliament reached a preliminary agreement on the draft regulation.

The deal means that funding from the Brexit adjustment reserve can begin to be disbursed before the end of the year.

The reserve is designed to support all member states, while focusing on the most affected regions and sectors.



Today's agreement sends a strong signal that European sectors, companies and workers who stand to lose as a result of Brexit will receive urgent and timely support. We are taking swift action to help them deal with any adverse and unforeseen consequences.

*Augusto Santos Silva, Minister of State and Foreign Affairs of Portugal, Council presidency*

The fund is a special one-off emergency instrument.

It will be spent on, among other things, compensating businesses for lost trade, preserving jobs, helping fishing communities, and building customs facilities at ports.

The main condition for reimbursing public authorities as well as private companies is that the costs incurred must be directly linked to countering the adverse effects of the UK's withdrawal.

The co-legislators agreed that the reserve will cover in full or in part measures introduced by member states between 1 January 2020 and 31 December 2023. This time frame takes into account the need for mitigating actions before the expiry of the transition period.

## **Pre-financing**

All five billion euros (in 2018 prices) will be provisionally allocated to member states in advance.

Of the total amount, 80% or €4 billion will be disbursed as pre-financing: €1.6 billion in 2021, €1.2 billion in 2022 and €1.2 billion in 2023.

The remaining one billion will be made available in 2025. It will be shared

among member states depending on how the funding has been spent in the previous years, also taking into account any unused amounts.

## **Allocation**

Brexit has an uneven impact on member states, regions and sectors.

Bearing this in mind, the co-legislators agreed that the allocation method should be based on three main factors:

- the value of fish caught in the UK exclusive economic zone
- the importance of trade with the UK
- the population of maritime border regions with the UK

Overall, €600 million will be allocated on the basis of the factor linked to fishing, €4.150 billion based on trade, and €250 million under the factor linked to maritime border regions.

## **Next steps**

The preliminary agreement between the Portuguese presidency of the Council and negotiators from the European Parliament has to be endorsed by the two institutions, before they can proceed to adoption of the regulation.

*This page will be updated with a link to the text of the preliminary agreement.*