



*Committee on Budgets
The Chair*

1.10.2019

Mr Younous Omarjee,
Chair
Committee on Regional Development
BRUSSELS

Subject: Opinion on financial assistance to Member States to cover serious financial burden inflicted on them following a withdrawal of the United Kingdom from the Union without an agreement (COM(2019)0399 – C9-0111/2019 – 2019/0183(COD))

Dear Mr Chair,

A Commission proposal for amending the European Union Solidarity Fund (EUSF) Regulation has been referred for opinion to the Committee on Budgets. I understand that the Committee on Regional Development intends to adopt a report under the simplified procedure on 2 October 2019.

The proposal aims to extend the scope of the EUSF in order to show European solidarity with the most seriously affected Member States by providing assistance from the Fund to help them bear the financial burden inflicted on them as a consequence of the withdrawal of the United Kingdom from the Union without an agreement. In line with the principle of subsidiarity, it defines clear eligibility criteria for the EUSF to be mobilised. Assistance under this instrument will therefore be confined to costs with serious repercussions on the economic and financial conditions in a given Member State.

I want to underline that the present proposal clearly confirms the Parliament's long-standing conviction that the current budgetary framework does not provide the degree of flexibility that we need.

The Committee on Budgets unreservedly welcomes the use of EUSF funding to assist Member States in bearing the financial burden directly resulting from a no-deal Brexit, if and

whenever it exceeds a Member State's budgetary ability to cope with this crisis on its own. It finds this is in line with the Fund's underlying principle of genuine EU solidarity in disaster situations. Thus, it agrees that EUSF funds could be used to cover, by way of example, the costs of setting up specific aid schemes for affected businesses and the costs to public administrations in terms of creating additional infrastructure facilities and recruiting additional personnel, at a rate of up to 5% of the inflicted financial burden. The Committee notes that the minimum eligibility thresholds for Brexit-related applications are proposed to be halved to 0.3% of GNI or EUR 1.5 billion in 2011 prices, compared to those applied in the case of a natural disaster. It welcomes the Commission proposal to increase the level of advance payments that can be disbursed, at a Member State's request, from 10% and a maximum of EUR 30 million to 25% and a maximum of EUR 100 million, for both Brexit and non-Brexit related cases. Finally, it also notes that the total envelope set aside in the annual budget for this purpose should be increased from EUR 50 to 100 million per year, in order to ensure the timely availability of budgetary resources. The latter two proposals should hopefully contribute to making the EUSF's system of advance payments more satisfactory and more frequently used.

One of the Committee's main concerns is that any Brexit-related intervention from the EUSF should not be at the expense of applications related to a major natural disaster, which is the Fund's original purpose. A safeguard to this effect appears to be built into the proposal by limiting the amounts available for Brexit-related applications to a maximum of 50% of the 2019 and 2020 EUSF envelopes, i.e. a maximum total of EUR 591.65 million in current prices over two years. Also, the reimbursement rate of maximum 5% may be revised downwards should the available budget prove insufficient. These provisions should ensure a balanced distribution of the funding and avoid a first-come, first-served scenario.

While the Committee on Budgets is satisfied with the legal provisions as proposed by the Commission, it wishes to be kept closely informed by the Commission of all applications received and the availability of funding under the EUSF throughout 2019 and 2020.

In conclusion, the Committee coordinators have assessed this proposal, and asked me to write to you reporting that this Committee is in favour of the amending Regulation on the European Solidarity Fund as proposed by the Commission.

Yours sincerely,

Johan Van Overtveldt