## Basic information

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|---|---|
| **2020/0380(COD)**<br>COD - Ordinary legislative procedure (ex-codecision procedure)<br>Regulation | Procedure completed |
| Brexit Adjustment Reserve<br>Amended by 2025/0289(COD)<br>**Subject**<br>8.70 Budget of the Union | |

## Key players

### European Parliament

| Committee responsible | Rapporteur | Appointed |
|---|---|---|
| REGI Regional Development | ARIMONT Pascal (EPP) | 14/01/2021 |
| | Shadow rapporteur<br>PENKOVA Tsvetelina (S&D)<br>TOLLERET Irène (Renew)<br>ALFONSI François (Greens/EFA)<br>FITTO Raffaele (ECR)<br>MICHELS Martina (The Left) | |

| Committee for opinion | Rapporteur for opinion | Appointed |
|---|---|---|
| BUDG Budgets<br>(Associated committee) | HAYER Valérie (Renew) | 29/01/2021 |
| PECH Fisheries<br>(Associated committee) | BELLAMY François-Xavier (EPP) | 03/03/2021 |

### Council of the European Union

### European Commission

| Commission DG | Commissioner |
|---|---|
| Regional and Urban Policy | FERREIRA Elisa |

### European Economic and Social Committee

European Committee of the Regions

## Key events

| Date | Event | Reference | Summary |
|---|---|---|---|
| 25/12/2020 | Legislative proposal published | COM(2020)0854 | Summary |
| 18/01/2021 | Committee referral announced in Parliament, 1st reading | | |
| 11/03/2021 | Referral to associated committees announced in Parliament | | |
| 25/05/2021 | Vote in committee, 1st reading | | |
| 25/05/2021 | Committee decision to open interinstitutional negotiations with report adopted in committee | | |
| 31/05/2021 | Committee report tabled for plenary, 1st reading | A9-0178/2021 | Summary |
| 07/06/2021 | Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72) | | |
| 09/06/2021 | Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72) | | |
| 13/07/2021 | Approval in committee of the text agreed at 1st reading interinstitutional negotiations | PE695.149<br>GEDA/A/(2021)002912 | |
| 14/09/2021 | Debate in Parliament | | |
| 15/09/2021 | Decision by Parliament, 1st reading | T9-0373/2021 | Summary |
| 15/09/2021 | Results of vote in Parliament | | |
| 28/09/2021 | Act adopted by Council after Parliament's 1st reading | | |
| 06/10/2021 | Final act signed | | |
| 08/10/2021 | Final act published in Official Journal | | |

## Technical information

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|---|---|
| **Procedure reference** | 2020/0380(COD) |
| **Procedure type** | COD - Ordinary legislative procedure (ex-codecision procedure) |
| **Procedure subtype** | Legislation |
| **Legislative instrument** | Regulation |
| **Amendments and repeals** | Amended by 2025/0289(COD) |
| **Legal basis** | Rules of Procedure EP 57_o<br>Treaty on the Functioning of the European Union TFEU 322-p1<br>Treaty on the Functioning of the European Union TFEU 175-p3 |
| **Other legal basis** | Rules of Procedure EP 165 |
| **Mandatory consultation of other institutions** | European Economic and Social Committee<br>European Committee of the Regions |
| **Stage reached in procedure** | Procedure completed |
| **Committee dossier** | REGI/9/05035 |

## Documentation gateway

### European Parliament

| Document type | Committee | Reference | Date | Summary |
|---|---|---|---|---|
| Committee draft report | | PE680.711 | 02/03/2021 | |
| Amendments tabled in committee | | PE691.145 | 26/03/2021 | |
| Amendments tabled in committee | | PE691.144 | 31/03/2021 | |
| Committee opinion | BUDG | PE680.978 | 11/05/2021 | |
| Committee opinion | PECH | PE689.636 | 28/05/2021 | |
| Committee report tabled for plenary, 1st reading/single reading | | A9-0178/2021 | 31/05/2021 | Summary |
| Text agreed during interinstitutional negotiations | | PE695.149 | 30/06/2021 | |
| Text adopted by Parliament, 1st reading/single reading | | T9-0373/2021 | 15/09/2021 | Summary |

### Council of the EU

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Coreper letter confirming interinstitutional agreement | GEDA/A/(2021)002912 | 30/06/2021 | |
| Draft final act | 00059/2021/LEX | 06/10/2021 | |

### European Commission

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Legislative proposal | COM(2020)0854 | 25/12/2020 | Summary |
| Commission response to text adopted in plenary | SP(2021)637 | 03/11/2021 | |
| Follow-up document | SWD(2024)0154 | 20/06/2024 | |

### National parliaments

| Document type | Parliament /Chamber | Reference | Date | Summary |
|---|---|---|---|---|
| Contribution | DE_BUNDESRAT | COM(2020)0854 | 10/03/2021 | |
| Contribution | PT_PARLIAMENT | COM(2020)0854 | 11/03/2021 | |
| Contribution | ES_PARLIAMENT | COM(2020)0854 | 11/03/2021 | |

### Other institutions and bodies

| Institution/body | Document type | Reference | Date | Summary |
|---|---|---|---|---|
| EESC | Economic and Social Committee: opinion, report | CES0589/2021 | 24/02/2021 | |
| CofA | Court of Auditors: opinion, report | 52021AA0001<br>OJ C 101 23.03.2021, p. 0001 | 25/02/2021 | |

| | | | | |
|---|---|---|---|---|
| CofR | Committee of the Regions: opinion | CDR0718/2021 | 19/03/2021 | |

| Additional information | | |
|---|---|---|
| **Source** | **Document** | **Date** |
| European Parliament | Briefing | 15/07/2021 |
| European Commission | EUR-Lex | |

| Final act |
|---|
| Regulation 2021/1755<br>OJ L 357 08.10.2021, p. 0001 |

# Brexit Adjustment Reserve

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

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

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

***Objective of the Reserve***

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

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

***Resources for the reserve***

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

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

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

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

***Eligibility***

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

- measures to support public and private enterprises, in particular **SMEs**, self-employed people and local communities and organisations hard hit by the withdrawal, in order to overcome the administrative burden and increased operational costs;

- measures to support regional and local organisations and communities, in particular the artisanal fishing sector, which depend on **fishing activities** in UK waters, in the waters of its special status territories and in waters covered by fisheries agreements with coastal states where fishing opportunities for EU fleets have been reduced as a result of Brexit;

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

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

*Design of support measures*

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

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

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

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

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

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

*Implementation*

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

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

# Brexit Adjustment Reserve

2020/0380(COD) - 25/12/2020 - Legislative proposal

PURPOSE: to establish the Brexit adjustment reserve to strengthen economic, social and territorial cohesion and show tangible solidarity with Member States, regions and sectors most affected by the withdrawal of the United Kingdom from the EU.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the United Kingdom left the European Union on 1 February 2020. Even with the new EU-UK Trade and Cooperation Agreement in place, there will be big changes at the end of the transition period on 1 January 2021. On that date, the UK will leave the EU Single Market and Customs Union, as well as all EU policies and international agreements. It will put an end to the free movement of persons, goods, services and capital with the EU.

The EU and the UK will form two separate markets; two distinct regulatory and legal spaces. This will recreate barriers to trade in goods and services and to cross-border mobility and exchanges that have not existed for decades – in both directions, affecting public administrations, businesses, citizens and stakeholders on both sides. This will have broad and far-reaching consequences for businesses, citizens and public administrations.

The Commission has been working with the Member States and their administrations to help preparations and boost readiness. 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 ‘to counter unforeseen and adverse consequences in Member States and sectors that are worst affected'.

The Reserve would be complementary and ensure synergies with other Union programmes and funding instruments. It will concentrate its resources specifically and exclusively on the direct effect of the specific and unprecedented event of withdrawal of the United Kingdom from the Union, reducing its impact in terms of territorial cohesion.

PURPOSE: the proposed Brexit Adjustment Reserve should provide support to Member States, regions and sectors, in particular those that are worst affected by the adverse consequences of the withdrawal of the UK from the EU. It should cover all Member States. The period of eligibility for direct public expenditure will run from 1 July 2020 to 31 December 2022.

*Sector support*

The proposed Reserve should support measures specifically set up in relation to the withdrawal of the UK from the Union. They may include the following:

- support to economic sectors, business and local communities, including those dependent on fishing activities in the UK waters;

- support to employment and reintegration in the labour market of citizens returning from the UK, including through short-time work schemes, re-skilling and training;

- ensuring the functioning of border, customs, sanitary and phytosanitary and security controls, fisheries control, certification and authorisation regimes, communication, information and awareness raising for citizens and businesses.

*Submission and assessment of applications for financial contribution from the Reserve*

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. This deadline is the 30 September 2023.

Following the application, the Commission should examine the eligibility and accuracy of the expenditure declared, its link to the end of the transition period and its economic effects, and the measures put in place to avoid double financing as well as the supporting documents. Where the expenditure accepted as eligible exceeds the amount paid in pre-financing and 0.06% of the nominal GNI of 2021, additional amounts from the Reserve may be paid to contribute to the exceeding amounts, within the limits of the financial resources available. The amounts recovered or carried over from the pre-financing may be used for reimbursement of additional expenditure by Member States, provided there is a demand.

*Reporting*

By 30 June 2027, the Commission should present an implementation report of the Reserve to the European Parliament and the Council.

*Budgetary implications*

The maximum resources for the implementation of the Reserve should 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. The support should be disbursed in two allocation rounds.

The first, more substantial one (EUR 4 244 832 000) should be activated in 2021 in the form of pre-financing.

The second round (EUR 1 126 162 000) should be allocated and disbursed in 2024 for additional contributions in line with the provisions of the present proposal.

The budget allocated to the Reserve should be implemented under shared management with the Member States, guaranteeing full respect of the principles of sound financial management, transparency and non-discrimination and the absence of conflict of interest.

Lastly, in order to avoid extra financial and administrative burdens on the Member States, Member States could also roll over existing systems already used for the management and control of cohesion policy funding or the European Union Solidarity Fund.

# Brexit Adjustment Reserve

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

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

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

*Brexit adjustment reserve*

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

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

*Geographical coverage and resources for the reserve*

All Member States are eligible for support from the reserve.

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

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

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

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

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

*Eligibility*

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

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

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

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

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

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

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

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

*Allocation*

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

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

*Management, control and monitoring*

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

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

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