Basic information

2020/0380(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Brexit Adjustment Reserve Amended by 2025/0289(COD) **Subject** 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 PENKOVA Tsvetelina (S&D) TOLLERET Irène (Renew) ALFONSI François (Greens/EFA) FITTO Raffaele (ECR) MICHELS Martina (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
BUDG Budgets (Associated committee)	HAYER Valérie (Renew)	29/01/2021
PECH Fisheries (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 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

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 Treaty on the Functioning of the European Union TFEU 322-p1 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 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 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**
EP Research Service	Briefing	15/07/2021
European Commission	EUR-Lex	

Final act
Regulation 2021/1755 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.