



Brussels, 14 December 2020  
(OR. en)

14018/20

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**Interinstitutional File:  
2018/0136(COD)**

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**CODEC 1336  
CADREFIN 449  
RESPR 81  
POLGEN 227  
FIN 955**

**NOTE**

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Subject: Draft Regulation of the European Parliament and of the Council on a general regime of conditionality for the protection of the Union budget  
- Adoption of the Council's position at first reading and of the statement of the Council's reasons  
= Outcome of the written procedure completed on 14 December 2020

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The written procedure opened by CM 4742/20 of 11 December 2020 was completed by CM 5358/20 of 14 December 2020.

All delegations voted in favour of, except for Hungary and Poland that voted against the adoption of the Council's position at first reading on the above mentioned Regulation and the statement of the Council's reasons, as set out in documents ST 9980/20 and 9980/20 ADD 1.

All delegations agreed to approve the draft Joint Statement as set out in Annex 1 to ST 13051/20.

The required qualified majority has been reached. Therefore, the above position of the Council at first reading and the statement of the Council's reasons are adopted and the accompanying Joint statement is approved.

The Joint Statement, the statements by the Commission and the statement by Hungary are reproduced in the Annex to this note.

The above statements will be included in the summary of acts adopted by the written procedure as statements to be entered in the Council minutes, in accordance with the third subparagraph of Article 12(1) of the Council's Rules of Procedure.

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**Explanation by Hungary of its vote**

The European Council conclusions of 10-11 December 2020 and the related statements by the Commission and the Council addressed the political and some of the legal concerns of Hungary as regards the interpretation and application of the draft Regulation on a general regime of conditionality for the protection of the Union budget. Nevertheless, serious legal concerns remain as to the conformity of the draft Regulation with EU law that compel Hungary to vote against the Council's position in first reading on the draft Regulation. Hungary reserves its right under Article 263 TFEU.

**Statement by Hungary**

The full implementation in good faith of the European Council conclusions and the related statements by the Commission on the interpretation and application of the regulation on a general regime of conditionality for the protection of the Union budget pertains to Hungary's vital national interests and is a precondition of Hungary's consent to any legislative act related to the multiannual financial framework for the years 2021 to 2027, including Next Generation EU.

**Statement by the Commission**

The Commission takes note of the European Council's conclusions of 10-11 December 2020 with regard to the draft Regulation on a general regime of conditionality for the protection of the Union budget. It confirms the European Council's understanding that the Commission, in the application of the Regulation, is committed to the elements referred to in paragraph 2 of the conclusions of 10-11 December 2020 to the extent that they fall within the remit of its responsibilities, in accordance with the Treaties.

## **Draft Joint Statement by the Council, the European Parliament and the Commission**

Without prejudice to the Commission's right of initiative, the European Parliament, the Council and Commission agree to consider including the content of this Regulation into Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 (the "Financial Regulation") upon its next revision.

### **Statement by the Commission**

The Commission agrees to consider accompanying the report to the European Parliament and the Council on the application of this Regulation by appropriate proposals where necessary.

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