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LIMITE

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RESPR 47
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FIN 896**

NOTE

From: Presidency
To: Delegations

Subject: Multiannual Financial Framework (MFF) 2021-2027
- possible elements of the future draft Negotiating Box in relation to the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States

1. The purpose of presenting the possible elements of the future draft Negotiating Box is to identify and confirm the issues which will need to be addressed later in the course of the negotiation on the Multiannual Financial Framework, and where appropriate, facilitate the discussion on options and solutions on individual issues. The presentation of the possible elements does not aim at any concluding debates or compromises at this stage.
2. Following the initial discussion on the structure of the future draft Negotiating Box held on the basis of document ST 12175/18, the Presidency intends to continue work on the identification, discussion and elaboration of possible elements of a future draft Negotiating Box.
3. The elements of the future draft Negotiating Box are drawn up and developed under the responsibility of the Presidency. They are not binding on any delegation. The Presidency continues to be guided by the principle that nothing is agreed until everything is agreed.

4. Following discussions held in the Ad hoc Working Party on the MFF, in COREPER and in the Council, delegations will find in Annex possible elements of the future draft Negotiating Box elaborated by the Presidency in relation to the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States.
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Commission proposal for a Regulation on the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States

1. In order to protect the sound implementation of the EU budget and the financial interests of the Union, a general regime of conditionality will be introduced to tackle identified instances of generalised deficiencies as regards budget-related aspects of the rule of law by Member State authorities.
2. Conditionality under the regime will be genuine and will thus have as an aim to tackle instances of deficiencies which affect or risk affecting in a sufficiently direct way the sound implementation of the EU budget or the financial interests of the Union. [The instances of deficiencies will be identified with a clear and sufficiently precise definition.]
3. In the case of such deficiencies, the Commission will propose appropriate measures that will be deemed to have been approved by the Council, unless the Council decides, by qualified majority, to reject the Commission proposal.
4. This regime will be separate and autonomous from other procedures provided for in the Treaties.
