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**Interinstitutional File:
2020/0371(BUD)**

BUDGET 32

EXPLANATORY MEMORANDUM

Subject: Second draft general budget of the European Union for the financial year 2021: Council position of 14 December 2020

I. INTRODUCTION

1. The Conciliation Committee referred to in Article 314(5) TFEU, meeting on 4 December 2020, examined the Commission proposal for a draft general budget of the European Union for the financial year 2021¹, as modified by its letter of amendment No 1/2021².
2. In that meeting, the Conciliation Committee reached a common understanding on the content of the budget 2021, based on the 4th version on the draft elements for joint conclusions as presented by the Commission on 4 December 2020.
3. However, in the light of the circumstances as regards the multiannual financial framework (MFF) 2021-2027 and having regard to Article 312(1) TFEU, the Conciliation Committee concluded that it was not in a position to agree on a joint text within the 21-day conciliation period, as provided for in Article 314(5) TFEU.

¹ Doc. COM(2020) 300 final.

² Doc. 12894/20 (COM(2020) 748 final).

4. The Commission was therefore invited to submit a new draft budget (DB) 2021, in conformity with Article 314(8) TFEU, as soon as there were sufficient assurances that Article 312(1) TFEU could be complied with, in order to enable the European Parliament and the Council to expeditiously process such a new draft budget for 2021 on that basis.
5. Bearing in mind that the concerns which prevented an agreement on the MFF 2021-2027 package have been successfully addressed, the Commission presented on 10 December 2020 a second DB 2021³, taking due account of the common understanding reached in the Conciliation Committee on 4 December 2020, which the Council could therefore accept without any changes.

II. CONCLUSION

6. On 14 December 2020, the Council adopted its position on the second DB 2021 on the basis of the elements recorded in point I above.

³ COM(2020) 836 final.