

Amending letter No 1 to the EU draft general budget 2021

Following the 10 November 2020 political agreement between the European Parliament and the Council on the Multiannual Financial Framework (MFF) for 2021 to 2027, the Commission adopted an amending letter (AL 1/2020) to adjust its draft EU budget for the year 2021, presented in July 2020. Moreover, AL 1/2020 also includes updated estimates for agricultural expenditure, other adjustments and technical updates. Overall, AL 1/2020 decreases commitment appropriations by €2 608.8 million and increases payment appropriations by €2 609.3 million on the July 2020 draft budget. The AL 1/2020 changes are incorporated in the draft 2021 budget, which is currently being discussed between Parliament and Council negotiators in the ongoing budgetary conciliation.

European Commission proposal

On 13 November 2020, the Commission adopted an [Amending Letter No 1](#) to the draft general budget of the European Union for the financial year 2021 (AL 1/2020). The Commission's draft budget (DB) as amended by AL 1/2020 sets commitment appropriations at €164.1 billion, and payment appropriations at €166.1 billion. The net impact of AL 1/2020 on expenditure in the DB 2021 is a decrease of €2 608.8 million in commitment appropriations and an increase of €2 609.3 million in payment appropriations. AL 1/2020 includes the adjustments resulting from the European Council's [July MFF position](#) and the [10 November 2020 political agreement](#) between the European Parliament and the Council on the 2021-2027 MFF. AL 1/2020 also contains updated estimated needs for agricultural expenditure, and increases payments for the European structural and investment funds. AL 1/2020 furthermore adjusts the budget to the new generation of EU executive agencies as from 2021. The level of appropriations and/or staff of some decentralised agencies is adjusted taking into account the latest developments in their operational plans for 2021 and in particular the impact of the proposed 'Health Package' tabled by the Commission on 11 November. The European public administration heading is reduced to reflect the final salary update rate for 2021. Other adjustments, including to the structure of the budget (nomenclature), are also introduced.

European Parliament position

The [Parliament's reading](#) of the draft 2021 EU budget, voted in plenary on 12 November, amends the Council's position, which was based on the Commission's draft budget and the results of the [July European Council](#). On 10 November, the Parliament's negotiators reached an agreement with the Council Presidency to increase funding for 15 key EU programmes. AL 1/2020 confirms Parliament's demands by proposing additional funding for several programmes, in particular for Horizon Europe, EU4Health and Erasmus+.

Budgetary conciliation and next steps

The first meeting of the Conciliation Committee took place on 19 November 2020, and the next one is scheduled for 3-4 December. If the 21-day conciliation period ending on 7 December fails, the Commission is obliged to present a new draft budget. Even if the Commission were to present a proposal very rapidly, it would be very challenging for the Council to agree its position on the new DB and for the European Parliament to adopt its reading during the December plenary session. If the 2021 budget is not adopted before 1 January 2021, the system of provisional twelfths will be activated according to [Article 315](#) of the Treaty on the Functioning of the European Union.

Budgetary procedure: [2020/1998\(BUD\)](#); Committee responsible: BUDG; Rapporteurs: Pierre Larrouturou (S&D, France) Section III – European Commission, and Olivier Chastel (Renew, Belgium) other sections.

