

Council's budget conditionality "inadequate", Commission's report "a good first step"

The Civil Liberties Committee discussed the proposed conditionality clause on the rule of law, ahead of negotiations with Council, and the first EC rule of law report.

On Thursday, Justice Commissioner Didier Reynders debated with MEPs on the proposed clause to make EU funding conditional on respecting democracy, the rule of law and fundamental rights, and on the Commission's first [Annual Rule of Law Report](#), published on Wednesday.

Almost unanimous rejection of Council's position

The negotiations between Parliament and Council on the final shape of the rules on conditionality to protect the EU budget should commence soon, following the [adoption of the Council's negotiating mandate](#) on Wednesday. A relevant clause would be inserted into the next EU long-term budget to correct persistent shortcomings in relation to EU values in the member states.

Almost every speaker who took the floor, including Parliament's co-rapporteurs for the Multiannual Financial Framework [Jan Olbrycht](#) (EPP, PL) and [Margarida Marques](#) (S&D, PT), and the co-rapporteur for the rule of law conditionality mechanism [Eider Gardiazábal](#) (S&D, ES), criticised heavily the Council's position. MEPs agreed that an effective conditionality clause is of utmost importance and that the scope of Council's position and the definition of the rule of law in it are not fit for purpose. They were also adamant that the mechanism has to be based on reverse qualified majority voting.

Many stressed that priority should be given to protecting the final beneficiaries of EU funding if such a mechanism is activated. Some speakers criticised the German Presidency for accusing Parliament of causing delays, highlighting that it has taken the Council years to agree on a common stance. Several MEPs pointed out that there is significant alignment between the Commission's proposal and Parliament's position, asking the Commissioner to work towards a viable conditionality mechanism in the upcoming negotiations.

A few MEPs took a different approach, arguing that there is no legal basis for such a mechanism in the EU founding documents.

First annual rule of law report: a positive, yet “cautious” first step

The subsequent debate focused on the Commission’s first [Annual Rule of Law Report](#), which aims to identify backsliding on EU values by establishing an objective, uniform review mechanism to monitor developments across all member states with the help of external experts and internal stakeholders.

Most MEPs welcomed the publication of the report and commended its methodology and thorough approach, while pointing out that there is room for improvement after this first iteration. Comments revolved primarily around involving Parliament and additional independent experts in future versions, and on the practical impact of the tool. Many speakers argued that, once issues are identified, it is important that they lead to concrete recommendations, and to infringement procedures where appropriate.

You can catch up with the discussions [here](#).

Background

Parliament has [asked since 2016](#) for a permanent mechanism to protect [EU values](#) and MEPs will vote next week on [a comprehensive proposal](#) that will integrate and complement existing mechanisms. The House has [insisted since 2018](#) that such a new tool should be linked to protecting the European Union’s budget when a member state consistently fails to respect the rule of law. MEPs have also [referenced the European Semester](#) as a useful existing resource to draw upon.

Further information

[Rule of law concerns in member states: how the EU can act \(infographic\)](#)

[“Rule of law: First Annual Report on the Rule of Law situation across the European Union” \(EC Press Release, 30.09.2020\)](#)

[The European rule of law mechanism - EC factsheet](#)

[EP Research Briefing: “European added value of an EU mechanism on democracy, the rule of law and fundamental rights - Preliminary assessment” \(30.09.2020\)](#)

[EP Research Briefing: “Protecting the rule of law in the EU: Existing mechanisms and possible improvements” \(06.11.2019\)](#)

[Civil Liberties Committee web page](#)

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