

The 2024 Hungarian EU Presidency

Edited by
Tibor Navracsics – Balázs Tárnok



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UNIVERSITY PRESS

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UNIVERSITY PRESS

Budapest, 2024

This volume is published within the framework of the collaboration between the Ministry of European Union Affairs and the University of Public Service, in preparation for the 2024 Hungarian EU Presidency.



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This volume is the English version of the Hungarian volume entitled *A 2024-es magyar EU-elnökség* published by the Ludovika University Press in 2024.

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The manuscript submission date was the 8th of January 2024.

Published by the University of Public Service
Ludovika University Press
Responsible for publishing: Gergely Deli, Rector
Address: HU-1083 Budapest, Ludovika tér 2.
Contact: kiadvanyok@uni-nke.hu
Editorial assistant: Laura Schmidt
Managing editor: Katalin Pordány
Copy editor: Zsuzsanna Gergely
Layout editor: Angéla Fehér
Printed and bound in Hungary.

DOI: https://doi.org/10.36250/01206_00

ISBN 978-963-653-061-7 (print)
ISBN 978-963-653-062-4 (ePDF)
ISBN 978-963-653-063-1 (ePub)

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Contents

Foreword	7
Introduction	9
Part I – The Political, Policy, Operational and Institutional Framework of the 2011 and 2024 Hungarian EU Presidencies	15
Enikő Győri: The Context of the 2011 EU Presidency, Policy Successes and Challenges	17
Ferenc Robák: Experiences Gleaned from the Implementation of Hungary’s 2011 EU Council Presidency	39
Ferenc Gazdag: Thirteen Years Later – Experiences from the 2011 Hungarian EU Presidency	49
Tibor Navracsics: The Predictably Unexpected Event: EU Presidencies in a Period of Institutional Shifts	59
Balázs Péter Molnár – Zsuzsanna Farkasné Cseh – Katalin Reinitz – László Sinka: Policy Challenges and Opportunities for the 2024 Hungarian EU Presidency	73
Zoltán Kovács: Operational Implementation of the 2024 Hungarian Presidency	85
Bálint Ódor: The Challenges of Implementing the 2024 Presidency from a Brussels Perspective	91
Boglárka Bólya: Preparing for the 2024 Hungarian EU Presidency from the Perspective of Training and the Involvement of Civil Society	105
Csaba Zalai: Recruiting the Presidency Staff and Setting Up the Personnel Framework for the Hungarian EU Presidency	117
Boglárka Koller: Hungarian and European at the Same Time: Exploring the Connections between National and European Identities	127
Part II – Key Policy Issues from a Hungarian Perspective	139
Gábor Kutasi – Vivien Czecezi – Ádám Marton: The EU’s Competitiveness and Trade Policy from the Perspective of the 2024 Hungarian Presidency	141
Tünde Fűrész – Árpád József Mészáros: Pronatalist Family Policy, the Response of the Second Hungarian Presidency of the Council of the European Union to European Demographic Challenges	165
Bernadett Petri: Cohesion Policy under Redesign: What Will the European Union Fund in the Future?	191
Tamás Csiki Varga: Opportunities for the 2024 Hungarian EU Presidency in the European Security and Defence Policy Framework	205
Tibor Ördögh: EU Enlargement Policy, in Particular Enlargement to the Balkans	215
Viktor Marsai: Hungary’s Migration Policy	233
Ákos Péter Mernyei: Can We Keep Up with Energy? – Energy Policy in the European Union During the 2011 Hungarian EU Presidency and at the Doorstep of 2024	251
Bettina Tóth: The All-Time Stepchild – Directions for Climate Policy Development	273
Mária Réti: On the Common Agricultural Policy of the European Union	291

Tamás Pálvölgyi – Gyula Reich: Global, European and Hungarian Water Policies	317
Viktor György Oroszi: Establishment, Implementation and Current Challenges of the EU Strategy for the Danube Region	337
Katalin Gombos: Cooperation in the Fields of Justice and Home Affairs	355
László Gábor Lovászy: The Challenges of EU Social Policy in the Clutter of Human Rights – What Will the (Bio)technological Singularity of the 21 st Century Bring by 2030?	379
Réka Zsuzsánna Máthé: EU Sanctions at the Beginning and Today: Restrictive Measures from the Perspective of the EU Presidency	405
Áron James Miszlivetz: The Impact of Conflicts in the EU's Eastern Neighbourhood on the European Union's Enlargement Policy	427
Vivien Kalas: The Impact of Treaty Amendments on European Integration: Could Hungary Achieve its Goals in EU Reform?	441
Ákos Bence Gát: A Critical Analysis of EU Policy on the Rule of Law: Facts, Challenges, Dilemmas	457
Balázs Tárnok: The EU's Roma Strategy	481
Authors of the volume	495

Foreword

Thirteen years after its last EU Presidency in 2011, Hungary will once again face an important but challenging period as it takes over the six-month rotating presidency of the Council of the European Union in July 2024.

The work of the Hungarian EU Presidency will be greatly influenced by the challenges of the past decade and a half, and in particular by the pandemic, the Russian–Ukrainian war, the financial and energy crises, as well as their impact on current EU policy, European integration and the individual Member States. Another equally important challenge will be the transformation taking place in the EU’s institutional cycle following the 2024 European elections that will also be held during the Hungarian EU Presidency. On the one hand, this will restrict the Hungarian EU Presidency’s leeway in facilitating EU legislation; yet on the other hand, it will provide Hungary with a unique opportunity to carry out not only policy tasks, but also policy coordination responsibilities at the highest level. Taking this into account, one may conclude that while holding the rotating presidency always involves important responsibilities, Hungary will face particularly demanding challenges under the current circumstances.

As the leading Hungarian higher education institution for post-graduate education in the civil service, Ludovika University of Public Service will contribute to the realisation of the government’s objectives through its education and research capacities in an effort to ensure the success of the Hungarian EU Presidency in the second half of 2024. The role of the institution is defined in the strategic cooperation framework between the Ludovika University of Public Service and the Government of Hungary, including the Ministry for European Union Affairs. That strategy includes the training of officials who will be involved in implementing the Presidency, providing staff for domestic events taking place during the Presidency, conducting research relevant to the Hungarian EU Presidency, and organising academic conferences and events. The Europe Strategy Research Institute also has a notable role in this work. Since the summer of 2022, it has published several scholarly works in both English and Hungarian, arranged professional and academic conferences and issued policy analyses on a daily basis. In September 2023, as part of its work, the Institute published a volume of studies entitled *Úton a magyar uniós elnökség felé*, and an English translation: *On the Way to the Hungarian EU Presidency*, at the Ludovika University Press. The volume was presented in Budapest and Brussels, and plays an important role in the preparation for the Hungarian EU Presidency.

The Institute is now issuing a new and more detailed collection of studies: *The 2024 Hungarian EU Presidency*, which will be available both in English and Hungarian. The volume is divided into two main sections: in the first, politicians, policy-makers, diplomats, professors and researchers involved in the Hungarian EU Presidencies of 2011 and 2024 describe the political and policy challenges that the Hungarian Presidency faces, the political and institutional context and the operational tasks of the preparation of the

Presidency. The second part of the volume focuses on the most important policies and policy issues from a Hungarian perspective, with contributions from renowned Hungarian researchers and experts in the field.

The aim of the volume is to provide readers with a comprehensive overview of the Hungarian Presidency and give insights into its most relevant political and policy issues. The essays outline the current context of the issues discussed, reflecting on how they may affect the Hungarian EU Presidency and, where appropriate, the authors make concrete recommendations on the issues and the implementation of different policies. This volume is a valuable contribution, responding to the key challenges of the future in a clear, accessible style, following a logical structure and providing new perspectives on the issues discussed.

Readers of this volume, whether they are politicians, experts, or members of the public curious to understand the key policy issues, political and implementation contexts of the 2024 Hungarian EU Presidency are definitely holding the best possible resource in their hands.

Gergely Deli
Rector of the Ludovika University of Public Service

Introduction

On 1 July 2024, Hungary assumes the rotating presidency of the Council of the European Union for the second time.

In 2011, during the first Hungarian Presidency, the European Union, albeit emerging from a global economic crisis that had had particularly severe consequences for Europe, but still brimming with ambition and strength, was preparing to show that it had learned the lessons of the crisis and overcame it through new economic governance rules. In 2024, during the second Hungarian Presidency, this political community with an uncertain self-image, overshadowed by Brexit and fraught with serious political and strategic dilemmas, will be making perhaps the most difficult institutional change in its history, at a time when solutions to political issues may have far-reaching implications.

It is probably pointless to compare the two Presidencies in terms of the difficulty of their tasks. While the international environment was more favourable in 2011, the novelty of the presidency responsibilities presented Hungary with a more difficult challenge. In 2024, we face the challenge with more experience, but under much more complex circumstances – the Russian–Ukrainian war, the threat in the Middle East, inflation, the worsening migration situation – this means that experience alone shall not suffice for a successful presidency. We will need creativity, innovation and increased confidence in our country to successfully overcome obstacles in the second half of 2024.

This publication was produced by the Europe Strategy Research Institute (EUSTRAT) of the Ludovika University of Public Service in Hungarian and English. The aim of this volume is to provide a comprehensive overview just before the start of the 2024 Hungarian Presidency, discussing the experiences of the 2011 Hungarian EU Presidency, the preparations for the 2024 Presidency, as well as its expected challenges and opportunities. The volume also seeks to present the most important policy areas and issues from a Hungarian perspective. Written in a scholarly yet accessible language, the book is an interesting and useful read for both experts and a non-professional readership. It clarifies the role of the rotating presidency in the functioning of the European Union and provides insight into the processes taking place in various policy areas, helping to understand the expected priorities and tasks of the Hungarian Presidency.

The volume consists of two main parts. The first part discusses the challenges, experiences and results of the 2011 Hungarian Presidency, the tasks and opportunities lying ahead for the 2024 Presidency, and outlines the political, policy, operational and institutional framework of the 2024 Hungarian Presidency. It covers the European Union's institutional and political context and the process of preparing for the presidency. The contributors to this part include active politicians, officials, diplomats and academics who played a prominent role in the realisation of the 2011 and 2024 Hungarian presidencies.

Enikő Győri recalls the circumstances, policy successes and challenges of the 2011 Hungarian Presidency of the Council of the European Union. The former diplomat and current Member of the European Parliament led Hungary's first European Union Presidency in the first half of 2011 as a Secretary of State. Looking ahead to the 2024 Hungarian Presidency, Győri notes that the EU is in a worse state today, with greater challenges facing it than during the first Hungarian Presidency. Moreover, Hungary is in the crosshairs of European politics, rendering the task of the team leading the 2024 Presidency much more difficult.

Ferenc Robák, who was responsible for the operational implementation of the 2011 Hungarian EU Presidency, discusses the experiences of that period. He recounts the government's goals during the 2011 Presidency, factors influencing its successful implementation, including time constraints, budgetary issues and organisational challenges faced during the Presidency.

Next, *Ferenc Gazdag* evaluates the experiences of the 2011 Hungarian Presidency. According to the professor emeritus of the Ludovika University of Public Service, even amidst a change of government Hungary was capable of preparing for the technical implementation of the tasks, maintaining institutional consensus on various prevailing or pending policy issues during the 2011 Hungarian Presidency.

Tibor Navracsics examines the impact of institutional cycle changes on the Hungarian Presidency in 2024. He surveys how Member States holding the rotating presidency during the institutional cycle changes in the past decade had managed their rotating presidential tasks, analysing the experiences of the 2009 Swedish, 2014 Italian and 2019 Finnish Presidencies, drawing conclusions and lessons for the Hungarian Presidency.

Balázs Molnár, Deputy State Secretary, and a group of authors (*Zsuzsanna Farkas Cseh*, *Katalin Reinitz* and *László Sinka*) from the Ministry of European Union Affairs survey the policy challenges and opportunities before the 2024 Hungarian EU Presidency. They outline the seven policy priorities announced by the Hungarian Government that are to receive particular attention during the Hungarian Presidency.

Zoltán Kovács, Government Commissioner responsible for the preparation and implementation of the operational tasks of the Hungarian EU Presidency in the second half of 2024, will go on to present the operational tasks of the Hungarian Presidency in 2024 and the organisational aspects of the Hungarian Presidency.

Ambassador *Bálint Ódor*, Head of Hungary's Permanent Representation to the EU, will discuss the challenges of the 2024 Presidency from a Brussels perspective. A significant part of presidency tasks will have to be carried out in Brussels, Luxembourg and Strasbourg, therefore, the 2024 Hungarian Presidency will have one major pillar in Hungary and one in Brussels.

Boglárka Bólya, the Ministerial Commissioner for Staff Training and Relations with Social Organisations for the 2024 Hungarian Presidency, will report on the preparations for the Hungarian Presidency from the perspective of staff training and bringing society on board. She will discuss in detail the preparation and training of staff involved in the implementation of the Hungarian Presidency, as well as the tasks related to awareness raising.

Csaba Zalai, former Deputy State Secretary for European Policy, reports on the preparation for the Presidency, including the selection and motivation of Presidency staff.

Boglárka Koller, Professor at Ludovika University of Public Service and Jean Monnet Professor, will discuss the links between national and European identity: have citizens come closer to Europe over the past 20 years, and have they developed a sense of European identity alongside their national identities?

The second part of the volume focuses on the most important policy areas and issues from a Hungarian perspective. The authors examine questions that are crucial for Hungary using a uniform analytical approach. The uniform analysis covers the historical development of policies, the emergence of policy issues among the priorities of the 2011 Hungarian Presidency and their outcomes, the current state of the policies, opportunities and challenges, the impact of the policy issues on economic and social development, and Hungary's interests in their future development. These studies each underwent blind peer review conducted by two professional reviewers, with the authors having finalised the manuscripts taking into account the reviewers' comments. The authors of the second part are Hungarian researchers specialised in different policy areas.

Gábor Kutasi and his colleagues, *Vivien Czecceli* and *Ádám Marton*, examine the competitiveness as well as the common commercial policy of the EU. Competitiveness is a major policy focus and expected priority of the 2024 Hungarian EU Presidency, closely linked with all other Presidency priorities. Researchers of Ludovika University of Public Service's Research Institute of Competitiveness and Economy give an overview of the priorities and results of the previous presidencies, as well as current European challenges such as the EU–China conflicts in the field of corporate subsidy, the use of Eastern Opening to offset decoupling, compliance with CO₂ quotas and innovation clusters.

Next, *Tünde Fűrész* and *Árpád József Mészáros*, from the Mária Kopp Institute for Demography and Families, analyse family policy as a response to the European demographic challenge. The authors emphasise the significance of family assistance, highly valued by Europeans, arguing that citizens prioritise the addressing of demographic challenges and population decline through support provided to families, over of the promotion of migration.

Bernadett Petri analyses the expected redesign of EU cohesion policy. The preparatory work concerning the post-2027 reform of the EU's cohesion policy is currently underway. The researcher of the Europe Strategy Research Institute suggests that the discourse on the future of cohesion is marked by the conflict between personal and territorial cohesion principles. The proposed plans increasingly create synergies between the rule of law conditionality mechanism and cohesion policy.

Tamás Csiki Varga examines the opportunities before the 2024 Hungarian EU Presidency in the framework of the European security and defence policy. The researcher of the Institute for Strategic and Defence Studies of Ludovika University of Public Service summarises the security and defence policy output of the 2011 Hungarian EU Presidency, highlighting similarities in the current preparation period and evaluating the security environment and European defence processes.

Tibor Ördögh presents the European Union's enlargement policy, focusing on the Balkan enlargement. Enlargement policy, in particular, the promotion of the Balkan enlargement, was a priority of the 2011 Hungarian EU Presidency and is expected to be a priority in 2024 as well. Thanks to the achievements of the 2011 Hungarian Presidency, Croatia successfully joined the European Union. However, in the field of enlargement, progress has been relatively slow over the past decade.

Viktor Marsai, Director of the Migration Research Institute, describes Hungary's migration policy. The Hungarian Government has been unequivocally committed to a migration-critical position in the European debate, intensified after 2015 and marked by the construction of physical and legal barriers, leading to serious conflicts with the European Union. However, attempts at illegal border crossings have remained high in recent years, therefore, it can be expected that the tackling of irregular migration and its external dimensions will be an important topic of the Hungarian Presidency.

Ákos Péter Mernyei analyses the EU's energy policy, providing a brief overview of the history of energy policy and presenting the results achieved by Hungary during its 2011 EU Presidency. Mernyei also identifies the challenges that Europe must address, either at the Member State or Community level, to ensure the necessary energy security, competitiveness and international political leeway for its citizens.

Next, *Bettina Tóth* discusses the tendencies of climate policy development, addressing the challenges and opportunities in the European context. Based on the changes that had taken place in the international context following 2020, climate policy gained prominence with the European Green Deal. Considering that the effects of climate change appear in different ways in areas affected by it, the researcher of the Europe Strategy Research Institute believes that a holistic approach must be taken, requiring an individual approach to each field. Hungary must also consider this perspective.

Mária Réti studies the European Union's Common Agricultural Policy, recounting the past reforms of the CAP, as well as Hungary's contribution to the CAP reform process during its 2011 Presidency. The Head of the Department of Agrarian Law at Eötvös Loránd University, Faculty of Law also sheds light on current challenges and tasks emerging in this policy area, underlining the importance of considering Hungarian CAP interests.

Tamás Pálvölgyi and *Gyula Reich* examine global, European and Hungarian water policies. Affiliates of Ludovika University of Public Service, Faculty of Water Sciences review the history of water policy as a public policy within the framework of the United Nations, the EU and Hungary. They explore the prevailing strategic situation in this field, the driving forces, challenges and opportunities of water policies. The authors propose priorities for Hungary's international role in water diplomacy, summarised in six points.

Viktor György Oroszi presents the establishment, implementation and current challenges of the EU Danube Region Strategy. The adoption of the EU Danube Strategy in 2011 was a key achievement of Hungary's 2011 EU Presidency. In the current geopolitical situation, European stability and enlargement are of paramount importance, and the Danube Strategy can serve as an essential framework for further development.

Katalin Gombos analyses intra-state cooperation in the field of internal and judicial affairs. According to the Head of the Department of European Public and Private Law at Ludovika University of Public Service, remarkable achievements can be witnessed in civil judicial cooperation. The EU has successfully fostered judicial cooperation in criminal matters, customs and police collaboration, although greater differences in opinions exist among Member States when it comes to the issues of border control, refugee and immigration policy.

László Gábor Lovász discusses the challenges of EU social policy within the context of human rights, in particular, exploring the potential impacts of the 21st century (bio)technological singularity by 2030. Equality of opportunity, social mobility, sustainability and stability may be undermined when biotechnological interventions, robotics, artificial intelligence, migration policies, and family policy goals and interventions are not brought together into a comprehensive framework.

Réka Zsuzsánna Máthé analyses the changes in the European Union's sanction policy. The study provides a comprehensive picture of the major developments that had taken place in the framework of the EU's restrictive measures over the past 45 years. The effectiveness and success of EU sanctions depend on various factors, and while they often fail to achieve the intended foreign policy goals, the EU increasingly applies them.

Aron James Miszlivetz studies the impact of conflicts in the EU's Eastern neighbourhood on the European Union's enlargement policy. In the past decade since the first Hungarian Presidency, security challenges at the border have become more complex and unpredictable, in areas such as migration and hybrid warfare, negatively influencing the accession of new members to the European Union.

Vivien Kalas explores the effects of treaty amendments on European integration, with a specific focus on whether Hungary could benefit from such an amendment process. Although substantive progress is unlikely during the Hungarian Presidency due to the institutional cycle change, the topic will remain relevant in the political discourse.

Ákos Bence Gát analyses the EU rule of law policy, reviewing how the rule of law has become a central element of the EU's institutional and political jargon. As one of the Member States in the crosshairs of the EU's rule of law process, Hungary is directly affected by the future development of this policy, but at the same time it would be in the interest of not only Hungary but also the entire European Union to radically reform rule of law policy.

Finally, *Balázs Tárnok* presents the EU's Roma strategy. The adoption of the EU's first Roma strategy framework 13 years ago was one of the major successes of Hungary's 2011 EU Presidency. The situation of the Roma is of paramount importance to Hungary, with the inclusion and integration of the Roma population being of crucial economic interest to the country.

Tibor Navracsics and Balázs Tárnok
editors

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Part I
The Political, Policy, Operational and Institutional
Framework of the 2011 and 2024 Hungarian EU
Presidencies

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Enikő Győri

The Context of the 2011 EU Presidency, Policy Successes and Challenges

Introduction

An EU Presidency¹ may be presented in crude figures: in the first half of 2011 members of the Hungarian Government as well as the approximately 800 presidency staff chaired nearly 2,000 working party, Coreper² and Council meetings, and handled some 320–340 dossiers. In Hungary, we hosted around 50,000 guests at the Presidency events.³ But these indicators on their own have nothing to say about us or the EU. It is therefore worth looking beyond them to glimpse the circumstances and the ideas behind the work programme we compiled when Hungary headed the European Union for the first time. The following questions arise: how remarkable were the results achieved at the time, what remained of these results 13 years on, and how relevant are the ambitions formulated back then today?

We have made a commitment to the Member States that we will work to make *Europe stronger by the end of the Hungarian Presidency* than when we took over the wheel, and that we will do so with a *human touch*, putting the interests of the citizens at the centre (*strong Europe with a human touch*).⁴ We have maintained that the European Union is strong if it consists of strong Member States and strong institutions, working together along the principles and competences laid down in the Treaties. The topics we raised, but also the agenda we inherited, pointed in this direction. This approach was successful in 2011; no one fundamentally questioned these ambitions and we delivered on our commitments. We can say that by successfully managing the dossiers, by implementing the Presidency programme, we handed over the leadership of a Union in better condition to Poland, the next presidency holder, on 1 July 2011, than when we had received it on 1 January 2011.

Of course, institutional chauvinism was present at the time, and the European Parliament (EP) had always wanted to attain more power at the expense of the Member States,

¹ The official name is the Presidency of the Council of the European Union, which is the decision-making body of the European Union comprising the governments, the Council of Ministers (hereinafter: Council) for a period of six months. In the first half of 2011, Hungary held the Presidency, referred to in this article as the Hungarian EU Presidency (GYŐRI et al. 2014: 163).

² Coreper is the Council of Permanent Representatives, the forum for the Member State ambassadors. Coreper I deals with more policy-sensitive dossiers, while Coreper II deals with the more politically sensitive dossiers.

³ GYŐRI 2011a: 5.

⁴ Európai Tükör 2011: 95.



yet the Barroso Commission⁵ played a stronger balancing role than the von der Leyen Commission today, which affords the institution a distinctly geopolitical role,⁶ entering politics with its own tough agenda. We managed to tame the EP by proclaiming and putting into practice the slogan of a pro-Parliament presidency, despite the fact that we were politically under fire for the entire time. Our stated aim was to reduce interinstitutional conflicts arising from the practical difficulties of kickstarting the implementation of the Lisbon Treaty.

In an EU fraught by successive crises⁷ over a short period of time, the fault lines between Member States and institutions are even deeper today, rendering the EU's internal cohesion weaker than it was in 2011. Problems surrounding competitiveness have worsened since then, and the ideological warfare and politicisation of the Commission complicated the situation. Hungary's four priorities formulated in 2011, and the drive for a strong Europe underpinning all Presidency objectives, would thus be even more relevant today than they were 13 years ago.

The context of the 2011 Hungarian Presidency

A presidency's room for manoeuvre is determined by its specific internal circumstances and the external factors beyond its control.

Internal determining factors

As far as the first Hungarian Presidency is concerned, the most important domestic political circumstance was that the government formed following the April 2010 elections had barely six months to prepare for it. The key staff, including senior officials were replaced, while the civil servants who were already trained largely remained in their respective positions. We consciously built the team to include old and new members, because we knew that teamwork was the key to success. The members of the Government had to be prepared at a rapid pace, mainly by foreign heads of government and ministers with experience in implementing the presidency, as well as experts from the Brussels institutions. The biggest backlog was in the development of the domestic infrastructure, where a huge effort had to be made to create the necessary conditions for the Presidency.⁸

For the government that came into power in May 2010, the Presidency was just one of the issues to be resolved: a two-thirds majority gained in the National Assembly provided

⁵ The Hungarian Presidency was held during José Manuel Barroso's second term as Commission President (2009–2014).

⁶ Speech by Ursula von der Leyen, candidate for Commission President, in the European Parliament on 16 July 2019 (see VON DER LEYEN 2019).

⁷ 2015: migration crisis; 2016–2020: Brexit; 2020: Covid; since 2022: Russian–Ukrainian war; 2023: crisis in the Middle East.

⁸ For more details see the chapter authored by Ferenc Robák in this book.

a strong mandate for putting the country on a new trajectory. Some of the democratic institutions were inoperable, corruption scandals surrounded the previous administration, disgraced by its campaign of lies, while the economy lay in ruins. Few people remember it today, but in the global economic crisis of 2008, Hungary was the first country in Europe to collapse and to be bailed out, with IMF and EU loans providing some breathing space. This came at a heavy price: since 2009, we have had no room for manoeuvre in economic policy. When the new government came into office, the Commission made it clear that no extra time was granted, we were to meet macroeconomic requirements immediately, in particular, we had to bring the deficit below the mythical 3% threshold. Let us not forget that, since our accession in 2004, Hungary had been subject to an excessive deficit procedure, the government at the time could not produce the necessary macroeconomic figures, not even in a period of favourable global economic trends. The Presidency did not halt the process of internal political and economic consolidation, the structural reforms had to continue. The combination of radical domestic policy changes, the rapid pace of legislation, especially in the field of media law, and the unorthodox economic policy employed to reduce the deficit, threatening foreign business interests, had caused at a minimum confusion and consternation by the beginning of the Presidency, but also serious hostility on the side of the press. For example, at the press conference held in Brussels on 20 December 2010 with the aim of presenting the Hungarian Presidency's programme, the questions raised solely concerned the media law.

External circumstances

The Treaty of Lisbon, which entered into force on 1 November 2009, brought about several changes to the EU's institutional system. It introduced a system of trio presidencies, in other words three successive six-monthly presidencies coordinating their programmes, to ensure continuity in the legislative process. The first trio consisted of Spain, Belgium and Hungary. Spain took up the reigns on 1 January 2010, so the Spanish Presidency was already underway when the change of government took place in Hungary. The trio programme and the common logo were created a long time ago, the new Hungarian Government inherited them. But we still had the opportunity for fine-tuning, to express our priorities.

We voluntarily added a duo to the above trio. Working closely with the incoming Polish Presidency, due to enter into office on 1 July 2011, we lay emphasis on the Visegrád cooperation and our shared destiny in Central Europe. These were reflected in the discussion of substantive agenda items (the legislative six-pack, the Eastern Partnership Summit, see below) and formal gestures (Hungarian wine was put on the table even during the Polish Presidency events).

The European Parliament was the major institutional victor of the Lisbon Treaty, becoming co-legislator in 41 new areas. As a result, the Presidency had to establish institutional cooperation in these areas. In the spirit of a Parliament-friendly presidency, we put a lot of energy into the issue of correlation tables (matching references in the annexes to legislation) and into involving the EP in the negotiations on the Multiannual

Financial Framework (MFF).⁹ After many months of negotiations, there was no breakthrough in the first issue, but there was in the second: the Council and the EP agreed on the coordination between EP representatives and the Presidency before the General Affairs Council meetings concerning the MFF. Negotiations on the 2014–2020 MFF were then conducted along the lines set by the Hungarian Presidency.¹⁰

Another new feature of the Lisbon Treaty was that the institution comprising the Heads of State and Government, namely, the European Council, but also the Foreign Affairs Council were given a permanent president, so they were no longer led by the rotating presidency. It was up to our trio to put the new posts into operation and work out the details of the cooperation between the President-in-Office and the Permanent President.

According to some interpretations, these changes have reduced the political role of the rotating presidency, leaving it largely to manage the legislative process between the Council and the EP. I disagree: the role has certainly changed, but it has not lost its relevance. I will come back to this when I present the priorities of the Hungarian Presidency.

The crisis that unravelled in Europe in 2008 also left its mark on the Hungarian Presidency: it was not limited to a financial crisis, but blew up into a general economic crisis. By the beginning of 2011, five Member States had already failed¹¹ and the first priority was to protect the euro and stabilise economies. On the European horizon, growth was more and more becoming a distant dream.

The fact that, as a result of deliberate misrepresentation, Jobbik was often presented in the international press as a governing party was also very damaging. And this party was portrayed in the media as people marching in black uniforms, giving the impression that the far right was governing Hungary.

Consequently, expectations were low, perhaps even very low and the mood was glum at the start of the Hungarian Presidency.¹² Hostility was mainly experienced from the side of the European Parliament, but it did not hinder the work internally, for example in the Council.

Philosophy, presidency techniques

Vocation, service, responsibility. These three words were the compass for the Presidency team. Our commitment meant a strong resolve to make Hungary's first EU Presidency a success. It typically meant 24-hour workdays for half a year, indeed, we asked our families for time off for a good six months. We felt the responsibility of having this great opportunity: all eyes were on us; we had to prove that no matter how deeply we were being maligned, we would do the job professionally.

⁹ This was significant, because the European Parliament can only say yes or no to the Multiannual Financial Framework (in a consent procedure), but cannot change the substance agreed upon in the Council. Involving the European Parliament at some level will help facilitate agreement at the end of the process.

¹⁰ GOSTYŃSKA 2011: 543.

¹¹ In 2008 Hungary and Latvia, in 2009 Romania, in 2010 Greece and Ireland (see GYŐRI 2021: 108).

¹² KACYŃSKI 2013.

The role of EU presidencies is most often described as acting as an impartial *honest broker* to bring together the diverse opinions of Member States to find common ground. The incumbent Foreign Affairs Minister, János Martonyi preferred the term “good shepherd”, meaning that “the flock must be herded” to build consensus. All this was to be done without making anyone feel like they had lost – instead, the aim was to create unanimity.¹³ By contrast, today many in the EU call for a move towards majority decision-making,¹⁴ which means giving up on the painstaking task of building consensus. Consensus, however, is the key to long-term cooperation.

This does not mean that I consider a sterile, colourless, odourless presidency to be the right one. The value of the rotating presidency is precisely that, every six months, a Member State can express more clearly how it sees Europe, which issues are most important to it and which issues it intends to raise (or demote) to move Europe forward on its path. It is not appropriate for a presidency to push national interests forcefully, but it is still possible to promote them in a skilful manner. Anyone who fails to do so is giving up on serving their own country. In the case of the 2011 Hungarian Presidency, the Hungarian and EU interests coincided: a strong Europe was a common objective. Even so, we were also able to raise issues that were important to Hungary (see below).

To build a memorable presidency, with character, the narrative must be well construed, its concept elaborated and its messages clearly formulated. These are the building blocks of the image we want to project of ourselves. For the 2011 Presidency, we wanted to introduce Europe to an exciting Central European country that is building a work-based society. In a disciplined but innovative way, it implements the agenda it inherited, cooperating with its trio partners, with the courage to take on big commitments (see the accession of Croatia) and putting issues of importance to it into the spotlight (Roma strategy, Danube macro-region, family policy).

The message gets across when the substance (agenda), the form (how it is delivered, venues, decoration) and the communication are in harmony. We used the Liszt anniversary to show that the man known as Franz was in fact Ferenc, a Hungarian composer. With the European Year of Volunteering, we encouraged people to do something good, and, by showcasing Hungarian inventors, we wanted to show how much Hungarians have contributed to the world.

For us, the trio not only provided a one-and-a-half-year strategic framework and an operational programme to set our own priorities, but also a permanent space for consultation. Working closely with a founding Member State (Belgium) and a Mediterranean country (Spain) meant that, if we could agree on something in this group, then we had

¹³ GYÖRI 2011a: 6.

¹⁴ Ursula von der Leyen, President of the European Commission: “I have always argued that unanimity voting in some key areas simply no longer makes sense if we want to be able to move faster” (VON DER LEYEN 2022). Laurence Boone, State Secretary for EU Affairs, France: “We need reform to facilitate the decision-making process [...] we are discussing qualified majority voting”; Anna Lührmann, European and Climate Minister of State, Germany: “By the end of the year, we are working on reform steps, in particular using the Passerelle clause to move from unanimity to qualified majority voting for certain foreign policy decisions” (HANKE VELA 2023a).

a good chance of building a strong majority around it at EU level. Prior to EU meetings, we consulted first in a trio setting, from expert level to ministerial level, and sent liaison diplomats to one another's foreign ministries to facilitate day-to-day cooperation.

A presidency is effective if it is truly responsive, professional, the first to communicate, speaking with one voice on all matters at all levels, from working group leaders to the Prime Minister, with all actors being available at all times. This is what we endeavoured to achieve all along – and according to the feedback received – succeeded.

Presidency priorities

In setting priorities, the dilemma of undercommitting—overperforming or overcommitting—underperforming must be taken seriously. The first is a safe game, but it is difficult to “get a win” out of it, meaning to achieve something extraordinary. Meanwhile, the latter approach is doomed to fail. We must also recognise that there are some successes that fall into our lap as presidency holders, but for which it was the previous presidency that did the heavy lifting (e.g. in our case, the implementation of the European System of Financial Supervision), and then there are others that we worked, but are finally agreed or signed during the presidency of our successors (e.g. the final agreement on the legislative six-pack or the signing of the accession treaty with Croatia took place under the Polish Presidency; see below).

As mentioned in the section on the Hungarian Presidency's philosophy, legislation must be carried forward diligently, the dossiers that had been opened, must be completed and negotiations on the proposals that the Commission had issued in the meantime, must be started. There is, of course, some room for manoeuvre here, too: choosing what to rush, where to apply the brakes, how many new topics to introduce; in other words, to give the semester a Hungarian flavour. The four priorities of the Hungarian Presidency Programme were drawn up by taking all these factors into account.¹⁵

Promotion of economic growth by strengthening economic governance and focusing on job creation and social inclusion

This complicated title reflected the Hungarian Presidency's ambition, that it is not enough to weed out the root causes of the 2008 crisis (irresponsible financial management by the states), but that they must be put at the service of the European economy's ability to achieve growth and to create jobs, which is a prerequisite for the welfare of citizens. In the early 2010s, Hungary proved that it was possible to have both fiscal discipline and growth, which is a rare moment of grace. The foundations for this were laid down in 2010–2011 with the proclamation of a work-based society, and we were working towards implementing this at European level during the Presidency.

¹⁵ See details in the itemised list of all adopted documents (Európai Tükör 2011: 94–155).

Economic policy coordination and consolidation, coupled with disciplined national finances were the aims of the so-called *legislative six-pack*. The preventive and corrective arms¹⁶ of the Stability and Growth Pact (SGP) had to be strengthened, the fiscal frameworks of the Member States had to be harmonised and a macro-imbalances procedure had to be introduced to ensure that the euro would not be put at risk once again by irresponsible spending by a Member State. This was the biggest professional challenge of our Presidency. András Kármán, State Secretary at the Ministry of Finance, practically moved to Brussels for six months to manage this file.

By March, the Council's position was agreed and then, in accordance with the ordinary legislative procedure, the series of trilogues with the European Parliament started on over two thousand amendments the EP had proposed. These covered about a hundred issues, and by the end of our presidency only one of them remained outstanding. Here we also developed a reasonable compromise, so the debate was narrowed down to a single open political issue: the extension of the so-called qualified majority voting to the preventive arm of the SGP. The EP refused to budge on this. I cannot rule out the possibility that the reason for this was that the Hungarian Presidency would not take full credit for the success. Thus, this issue was passed on to the Polish Presidency, and was resolved almost immediately, which is why I still have my suspicions to this day. Nevertheless, Ollie Rehn, the incumbent Finance Commissioner, wished to award András Kármán a Schuman Prize for the work he had done.¹⁷

These six basic laws of economic governance are still in force, but are currently subject to reform. With its proposal of 26 April 2023, the Commission intends to relax in particular those provisions that have proved to be unrealistic and unenforceable in recent years (e.g. the reduction of debt by one twentieth per year). The ECOFIN¹⁸ reached a compromise in December 2023, and the EP is due to adopt its position in early 2024. The idea is to conclude the trilogue negotiations between Council and European Parliament before the June 2024 European elections.¹⁹

During the Hungarian Presidency, the EU conducted the first exercise of the so-called *European Semester*. This economic governance tool is designed to monitor fiscal and structural developments in the EU and the Member States over a cycle between November and June each year, and to make recommendations to them upon conclusion regarding

¹⁶ The 1997 Stability and Growth Pact is a set of rules designed to ensure that EU countries have sound public finances and coordinate their budgetary policies. The preventive arm of the SGP came into force in 1998 with the aim of setting certain parameters for Member States' budgetary planning, thus ensuring sound fiscal policies in the medium term under normal economic conditions. The corrective arm was introduced in 1999 to ensure that Member States adopt appropriate policy measures in order to correct excessive deficit (and/or debt) through the excessive deficit procedure (see *Stability and Growth Pact* s. a.).

¹⁷ GYÖRI 2011a: 12.

¹⁸ The ECOFIN is the Council configuration of the Ministers for economic and financial matters.

¹⁹ The package of proposals consists of a new preventive arm regulation, an amendment to the corrective arm regulation and an amendment to the budgetary framework directive. The preventive arm of the regulation shall be adopted in an ordinary legislative procedure (co-decision) with the European Parliament, the corrective arm by unanimity in the Council and a directive on national fiscal frameworks by qualified majority. The latter two require only consultation with the European Parliament (see *Economic Governance Review* s. a.).

their national budgets and sectoral policies. We managed this soundly, although we were critical of the recommendations we received as a Member State at the time, as we have been regularly since.²⁰

The European Semester exercise has taken place every year since then, over an extended timeframe and set of criteria.²¹ Its importance has been further underlined by the fact that the funds of the post-Covid Recovery and Resilience Facility (RRF) are linked to the fulfilment of these recommendations.²²

In 2011, the euro and all Member States were far from safe from a financial point of view. *Portugal collapsed during our semester*, and Eurozone finance ministers decided on a bailout. It caused no issues that the Hungarian finance minister, a representative of a non-Eurozone Member State, was not present at the Eurozone meeting in Gödöllő. The respective press conference and the subsequent Council of Finance Ministers meeting took place simultaneously.

In June 2011, Hungary, together with three other Member States at the time,²³ did not join the *Euro Plus Pact*, which was intended to improve the competitiveness, employment, fiscal and financial stability of European economies through further cooperation outside the Community method.²⁴ There was some uproar about how we could do this as presidency holders, but in the end it had no consequences. The device was then abandoned without much ado and it faded into oblivion.

Financial stability was also served by the adoption of the Treaty amendment necessary for the creation of a permanent *European Stability Mechanism* (ESM), the increase in the capacity of the former stability instrument (EFSF), the first European bank stress tests, the start of the European system of supervision and the adoption of various measures to tighten the regulation of the securities market and banking. The position of the Executive Director of the European Banking Authority was filled by a Hungarian professional; since then, no one has managed to obtain such an important position in an EU institution. This also shows how the presidency can be used for the smart enforcement of interests.

In the Competitiveness Council, we have had great successes in completing the Single Market, which we saw then and still see as a key instrument for achieving EU competitiveness. The cornerstone of this endeavour was the *creation of a European patent*. The issue had dragged on for thirty years without any breakthrough. To be fair,

²⁰ Most of the debates stem from the fact that the Commission often makes recommendations on issues outside its remit. In case of Hungary, this has included criticism of the public employment programme or tax policy. Later on, the Commission also issued recommendations on issues outside of economic policy, such as the judicial system, which was criticised by Hungary.

²¹ In 2011, the Commission only published its annual growth survey (AGS) on 12 January, so the cycle was shorter than today, since it is published in November of the previous year. Sustainability aspects were added to the forecast in 2020, so the Commission is now launching the exercise with an ASGS, an annual sustainability and growth survey. There is a debate on how far the focus of the analysis should be extended beyond macroeconomic indicators (to social, environmental and governance issues).

²² European Commission s. a.b.

²³ United Kingdom, Sweden, the Czech Republic.

²⁴ The main reason for this was that if we had joined the Pact our corporate tax system would also have had to be harmonised, which would have made us less competitive (see Európai Tükör 2011: 97).

by the time we received the baton, 12 Member States had aligned themselves to a coalition to break this deadlock. We were able to increase this number to 25 through the enhanced cooperation²⁵ toolkit. The two Member States that we sought to persuade in vain were Spain and Italy, who could not come to terms with the language regime that had been negotiated, because the system did not provide for the registration of patents in their official language. The idea is that EU patent protection means that an invention can be registered in a single Member State and enjoys universal protection in all participating countries, so it provides much cheaper and more effective protection, while promoting innovation.

Agreement on all elements of the package was reached in 2012. Italy did join in 2015, but Poland has left since, and Croatia, which joined the EU in 2013, has not opted in, so in principle 24 Member States are now part of the unitary patent protection. However, by May 2023, only 17 Member States had ratified the Agreement on the Unified Patent Court (UPC), so the system started only with them on 1 June 2023.²⁶

It was also a success to reach unanimity in the Council on improving the situation of small and medium-sized enterprises (SMEs): all Member States decided to reach an agreement within a year on improving the financial situation of SMEs, easing their administrative burden and helping them to access markets, on the basis of the Commission's 12-point Single Market Act. These issues are just as relevant today. The process was completed and the elements of the package were later put into force, but, in the meantime, due to multiple crises, the situation of SMEs has steadily deteriorated. Their administrative burdens have only increased, despite Ursula von der Leyen's promises made at the beginning of her term²⁷ and repeated several times since then, to reduce their²⁸ obligations.

During the Hungarian Presidency, negotiations on the draft directive on consumer rights were finalised; with this, the new European framework rules for *consumer protection* have been established. Since then, EU legislators have been constantly adapting it to rapidly-changing consumer habits and trends (e-commerce, etc.).

²⁵ Enhanced cooperation is a procedure that allows at least 9 Member States to establish deeper cooperation in a specific area, where it is established that the objectives of such cooperation cannot be achieved by the Union as a whole within a reasonable timeframe (see *Treaty on European Union* 2012).

²⁶ Member States that already ratified: Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, Malta, Portugal, Slovenia, Sweden. Member States that have signed but not yet ratified: Cyprus, the Czech Republic, Greece, Hungary, Ireland, Romania, Slovakia. Three Member States have not even signed it: Croatia, Poland and Spain (see European Commission s. a.b). Although Hungary signed the UPC Agreement in 2013, it did not ratify it because the Constitutional Court held, in its Decision 9/2018 AB, that the convention is not compatible with the Hungarian Fundamental Law (constitution), as it would remove judicial decisions from the jurisdiction of the Hungarian state. We therefore have observer status in the governing bodies of the UPC [see *Decision 9/2018 (VII.9.) AB of the Constitutional Court*].

²⁷ She last promised a 25% reduction in the burden on 13 September 2023 in her State of the Union (SOTEU) address (see VON DER LEYEN 2023).

²⁸ Announcement of the *one in, one out* rule when the Commission presented its working methods on 4 December 2019, promising that for every new rule introduced, an old one would be repealed. This has yet to be implemented (see European Commission 2019).

Bringing a new topic onto the Presidency agenda is a risky exercise. It requires serious preparation and interinstitutional cooperation. This is the approach we took with the *Roma strategy*. In the EP, Livia Járóka wrote a report on the subject,²⁹ and the Commission published a communication on the issue in April.³⁰ It was discussed in several Council formations and the Council Conclusion was adopted by EPSCO in May. The process concluded with the endorsement of the document by the June 2011 European Council.³¹ It requires Member States to draw up an annual action plan on how they will improve the education, employment, health and housing conditions of the Roma community living in their countries by 2020. These are then examined by the Commission, which reports to the Council and the EP on their implementation. The strategy is based on the principle of subsidiarity and does not create any EU competence, but coordinates the work of Member States. It is important to note that there is no EU competence in minority matters; only Article 2 of the Treaty on European Union foreseeing the respect for the rights of persons belonging to minorities may be invoked.³² The inclusion of marginalised and disadvantaged groups is also a national competence.

This process took place every year since the Hungarian Presidency, in line with the Roma Framework Strategy, until 2020. Then, after its expiry, the Commission effectively renewed the programme by drawing up a novel 10-year plan (2020–2030) on 7 October 2020.³³ It calls on Member States to submit their national strategies by September 2021 and report on their implementation every two years. Thus, it is since the Hungarian Presidency, that Member States must account for what they do for their Roma communities.³⁴

Other achievements in the area of social inclusion include the implementation of the European Disability Strategy and the adoption of Council conclusions to reduce child poverty.

The announcement of the concept of a people-centred Europe enabled the Hungarian Presidency to draw attention to the importance of the *family*. This theme was represented in a series of events: the informal ministerial meeting provided an opportunity to showcase Member State best practices, while the civil and church meetings ensured an in-depth look at the topic. The Council adopted a declaration on reconciling work and family life in Trio + 1 (the forthcoming Polish Presidency) format.³⁵

Upon the initiative of the Hungarian Presidency, 2014 was supposed to be the European Year of Families, but this was later changed to the European Year of Citizens, which shows how cautious Brussels is on this subject. Since then, the demographic situation in Europe has further declined, with migration causing many new challenges; moreover,

²⁹ European Parliament 2011.

³⁰ European Commission 2011.

³¹ European Council 2011.

³² *Treaty on European Union* 2012.

³³ European Commission 2020.

³⁴ Of the Member States, Malta is the only one without a Roma strategy because there are no Roma living on the island.

³⁵ Európai Tükör 2011: 100.

the Hungarian Government has considerable experience and achievements in the field of family policy, so this topic will continue to be a priority during our upcoming Presidency in 2024.

Strengthening common policies by making them more effective and competitive, while preserving their core values and their capacity to create cohesion

During the Hungarian Presidency, the launch of the negotiations on the European Union's Multiannual Financial Framework (MFF) for 2014–2020 was imminent.³⁶ Our task was to position those political matters that were of outstanding importance from a Hungarian perspective. These were the Common Agricultural Policy (CAP) and Cohesion Policy, which are still major items accounting for the largest expenditures from the EU budget, but have been under immense pressure from net contributors for many years, and have been the subject of major press campaigns, purporting their obsolescence and frivolity. Our task was to adopt Council conclusions confirming that these were necessary policies and worthy of support.

In the field of *cohesion policy*, this was achieved; the relevant document laid down with the unanimous support of the Member States the most important principles for reducing territorial disparities and helping them catching up.³⁷ Based on these conclusions, work was launched to re-organise the “Friends of Cohesion” group in autumn 2011, already after the Hungarian Presidency. This was why, at the General Affairs Council meeting of 15 November 2011, Foreign Affairs Minister János Martonyi could present the position of this group of 14 Member States to his partners, namely, that the countries concerned agreed that cohesion policy was a strong, integrated development instrument that must be funded at a level similar to the current level. This ensured that our arguments could not be swept off the table during the starting MFF debate.³⁸

However, on the hypersensitive issue of the *CAP*, we only managed to achieve qualified majority, so we only managed to get Presidency Conclusions adopted.³⁹ But even this helped: it provided a reference point for the MFF negotiations on agricultural funding.

In the context of today's energy crisis, our efforts in 2011 in the field of *common energy policy* seem perhaps even more valuable. The conclusions of the February European Council included the objective of creating an internal market for energy (gas and electricity) by 2014 (!) and internal interconnections with a sufficient number of interconnectors to avoid so-called energy islands, meaning areas in the EU where an energy supply is not ensured. Unfortunately, this plan was not implemented on time, and was completely over-shadowed by the forced green transition plan and the

³⁶ The Communication on the Multiannual Financial Framework was presented by the Commission at the very end of the Hungarian Presidency, on 29 June 2011 (see GYŐRI 2011b: 8).

³⁷ Government of Hungary 2012.

³⁸ GYŐRI 2011b: 8.

³⁹ Európai Tükör 2011: 133.

Russian–Ukrainian war. Nevertheless, it is clear that 13 years ago we set the right course to diversify energy sources and supply routes, with a view to develop the infrastructure.

Strengthening Community policies has also been reinforced by adopting a green but competitive EU transport policy, revising the TEN-T network, adopting the first railway package to create a single railway area, introducing legislation and resolutions in the field of tolls, water policy, EU biodiversity protection, food labelling and climate protection.

The *Danube Region Strategy* was not part of the compulsory programme either, but, unlike the Roma strategy, it already had a predecessor, the Baltic Sea Macro Regional Strategy, adopted by the EU in 2009.⁴⁰ Its importance was that it was to embrace 14 countries along our largest river, 8 of which were (then) EU Member States and 6 of which were (then) non-EU countries,⁴¹ thus providing a new opportunity for cooperation for 12 years for the parties involved, some of them our neighbouring countries. The aim was to find solutions to the problems that arise in every riparian state. The European Council endorsed the plan at its meeting in March 2011, so that national coordinators could be appointed and concrete projects could be agreed still during the Hungarian semester. All this without any extra funding, without any new institution, without any legislation, without adding to the EU's red tape. The focus has been on reallocating existing funds to joint projects in order to better coordinate the actions of people living along the Danube, from economic development to environmental protection, from water quality and flood protection, to cultural initiatives.

The Danube Strategy has been in place ever since. Every two years, the Commission publishes a report on the implementation of the macro-regional strategies, which is followed by Council Conclusions. Between 2014 and 2020, a new transnational programme was set up with a budget of around €277 million to help achieve the objectives of the strategy. Its institutional system found a home in Budapest. In 2020, the Action Plan was renewed to adapt the work in the 12 priority areas to the changes that had occurred in the meantime. Cooperation between the 14 countries has deepened and became more practice-oriented, with new platforms emerging (artificial intelligence, disaster management, geothermal energy). Building on the success of the Hungarian Presidency, two more macro-regional strategies were subsequently launched: Alps and Ionian Adriatic.⁴²

It should be noted, however, that an EU Presidency is not just about successes: on the issue of genetically modified plants in Europe and the authorisation and marketing procedure for new foods (cloning), we did not succeed in finding a solution that was acceptable to all three EU institutions.⁴³

⁴⁰ EUSBSR s. a.

⁴¹ Since the accession of Croatia to the EU in 2013, already nine Member States: Austria, Bulgaria, Croatia, the Czech Republic, Germany, Hungary, Romania, Slovakia, Slovenia, Hungary, Romania and 5 non-EU countries: Bosnia and Herzegovina, Montenegro, Moldova, Serbia, Ukraine. The five non-EU countries are now all candidate countries (see *Danube Region Strategy* s. a.).

⁴² EUSDR 2021: 4–5.

⁴³ For the background see Európai Tükör 2011: 103.

Bringing the Union closer to its citizens

The overarching objective of the Presidency, which was to serve the interests of citizens, meant that every proposal had to be examined to see whether it would make life easier for citizens. And our third priority specifically covered themes related to citizens.

Thus, during our Presidency, we managed to adopt the regulation on the *European citizens' initiative*, namely the conditions under which citizens can request that the Commission propose an initiative on a specific issue. These rules have been in place ever since.

Migration was not as much of a pan-European problem in 2011 as it has been since 2015, although some Member States (back then mainly Italy and Malta) were already severely affected, mostly in the wake of the Arab Spring (see below). We have kept this issue on the Council's agenda, with visits to the region by foreign affairs ministers and state secretaries, and we have tried to achieve an agreement on practical steps. Following the instruction from the March 2011 European Council, it was possible to amend the *Frontex Regulation*, thereby reinforcing the operational capacity of the European Border Agency (e.g. to purchase appropriate equipment). We decided to provide humanitarian aid and additional financial resources for Member States in difficulty and to work closely with the countries of the Southern Mediterranean.⁴⁴ Under our Presidency, the European Asylum Support Office was set up, becoming the primary forum for practical cooperation between the Member States.

The *Common European Asylum System* was negotiated during the Hungarian Presidency, but it has given work to many presidencies ever since, and to date the EU still does not have an asylum system that works in a manner that is satisfactory for all. Already then, however, we had formulated the essence of our approach to migration: a clear line between irregular migration and refugees, not allowing economic immigration, while helping countries of origin to retain young people who are able to work in their home states, giving them a perspective in their own country.⁴⁵ In both 2015 and 2023, the Council decided by force, meaning by qualified majority, on compulsory relocations, which has never worked in practice. Results achieved during our Presidency, nevertheless, were immediately applicable, and have therefore resolved at least some of the problems within a short timeframe.

When we fought for the Schengen membership of Romania and Bulgaria, we also fought to ensure that Hungarians from Transylvania and the Partium could enter Hungary and travel to any part of the EU without any obstacles. On the one hand, we had to encourage Bulgaria to meet its obligations, while, on the other hand, we tried to convince sceptical EU Member States not to impose again any new conditions. The Commission has been an ally in this process, and after a lot of hard work, we managed to unanimously declare, by convening an extraordinary Home Affairs Council meeting in May, that the two states were sufficiently prepared to apply the Schengen acquis in full, *technically* compliant, and

⁴⁴ GOSTYŃSKA 2011: 543.

⁴⁵ VIDA 2011: 2.

that their accession date would be set for September that year. That is all that has been achieved until 2023. Most recently the two countries' Schengen membership was blocked in the spring of 2023 by Austria. Although the requirements were met 13 years ago, Member States were only capable of adopting a partial political decision, when in December 2023 they agreed to eliminate passport controls for Romanian and Bulgarian citizens in EU ports and airports. Terrestrial entry has not been foreseen for them so far.⁴⁶

Other noteworthy developments include, but are not limited to, the adoption of Council conclusions on an internal security strategy to combat organised crime, the adoption of the anti-trafficking directive, the Council's Position on the draft directive on cybercrime, the directive on the exchange of data on road safety, the Budapest Roadmap on victims' rights, the definition of new directions for data protection, law enforcement cooperation with the U.S., and developments in the application of the Charter of Fundamental Rights.⁴⁷

In the cultural field, it was important for us to recognise the importance of recalling the crimes committed by totalitarian regimes by designating 23 August as a common day of remembrance in Council Conclusions. Cultural diversity, which is important for Central Europe, has been included in the Council's cultural work plan, so that joint cultural programmes of this kind can now be organised. We also reached a political agreement on the creation of a *European Heritage Label*, which has since become a kind of trademark for sites playing an important role in the creation, historical evolution and spiritual unfolding of the Union.

*Responsible continuation and credibility of the enlargement process,
global engagement*

According to all analysts and in my own assessment, *the greatest achievement of our Presidency was the accession of Croatia to the EU*. This was the biggest dilemma in the formulation of the Presidency's priorities: if we make an express undertaking, it would be a failure if it did not happen. However, if we do not add it to the Presidency programme, no one will take our efforts seriously. We therefore made the serious and risky political decision and announced that we would fight for the EU membership of our Southern neighbouring country.

At the beginning of our Presidency, there were still seven chapters open, so we had to set a very tight timetable. It was necessary to plan well when political intervention, even at the highest level, was needed to ensure that negotiations did not stall. Croatia did an immense job and, despite last-minute intrigues, we managed to conclude the negotiations at 18:00 on the last day of the Presidency, i.e. 30 June 2011. The show, namely the signing ceremony of the Accession Treaty took place during the Polish Presidency.

⁴⁶ At the Home Affairs Council meeting on 7 December 2022, Austria and the Netherlands blocked the Schengen accession of Romania and Bulgaria, while Croatia's accession was accepted by all. This is how Croatia became not only a member of the euro area but also of Schengen on 1 January 2023 (see TESÍJA 2022).

⁴⁷ Európai Tükör 2011: 106–107.

Croatia's accession was not only important in itself, but also sent a message to the rest of the Balkans: if the accession work is done, you can join the EU. While the 2003 Thessaloniki Summit had outlined the prospect of enlargement for the Western Balkans, up until the Hungarian Presidency, progress was sparse. In 2011, four out of the five candidate countries belonged to this region, namely Croatia, Macedonia, Montenegro and Turkey. We were unable to give any real impetus to the negotiations with Turkey, i.e. to open any chapter; political opposition was already strong and has not eased since.⁴⁸ Montenegro and Macedonia (now North Macedonia) moved forward and started accession negotiations, with Serbia joining them later on. However, it was only the Russian–Ukrainian war and the politically motivated push for Ukraine's membership that gave the process a boost in August 2023, with the vague promise of a 2030 accession target date.⁴⁹

Accession negotiations with Iceland, the only non-Balkan and developed candidate country, started during the Hungarian Presidency, but then it decided to suspend the process in 2013 and withdrew its application in 2015.⁵⁰

We also expressed our commitment to enlargement by inviting the candidate countries to our informal Council meetings during the semester; by holding a Western Balkan Forum at Foreign Minister level in Luxembourg in June, chaired by the High Representative of the Union for Foreign Affairs and Security Policy; and by the Hungarian Prime Minister's visit to the countries of the region.

As mentioned above, the Lisbon Treaty provides for the position of permanent President of the Foreign Affairs Council through the High Representative of the Union for Foreign Affairs and Security Policy, taking away this role from the country holding the Presidency. However, it is not true that the rotating presidency has been left without foreign policy tasks. There was a division of labour between Catherine Ashton and János Martonyi, who shared tasks, even missions or presidencies. The Hungarian Presidency took part in setting up the European External Action Service. The Hungarian Foreign Minister substituted the High Representative on a total of 14 occasions at events held with third countries or regions.⁵¹ We also played an active role in the European Neighbourhood Policy (ENP) Strategic Review process, which led to the recognition of the importance of a stable Eastern and Southern Neighbourhood. Hungary was in charge of international development and humanitarian aid, where significant progress was made in several areas (the role of water in development policy, EU–US development cooperation, etc.).

An attempt was made to portray the cancellation and rescheduling of the *Eastern Partnership (EaP) Summit* as a failure during the next, Polish Presidency, when in fact this decision was the outcome of sober reflection and a gesture of good will. There were two main reasons for this postponement. The first was that the international calendar had

⁴⁸ Accession talks with Ankara started in 2005, but “have been stuck in the freezer ever since” (HANKE VELA 2023b).

⁴⁹ At the Strategic Forum in Bled in August, European Council President Charles Michel envisaged 2030 as a de facto deadline for enlargement, for which both the EU (Member States) and the candidate countries must be ready (see EU Monitor 2023).

⁵⁰ MTI 2015.

⁵¹ Európai Tükör 2011: 109.

become very busy, with OECD, G8 (Russia was still a member of the world's leading powers) and G20 summits scheduled for the end of May. The second was that the Arab Spring (see below) drastically shifted the focus, and there were fears that the problems of the Eastern half of Europe would not receive the attention they deserved, which would have resulted in a low level of participation. As we did not want to come up with a pretext for an empty summit, because we considered the topic to be very important, the solution was to hand over the organisation of the summit to Poland, the next Presidency following ours, whose representatives were very ambitious and committed to the issue.⁵² This was a serious gesture of good will on our part. According to the agreement, Hungary co-chaired the EaP Summit held in Warsaw on 29–30 September 2011, i.e. in a post-presidency period.⁵³

In the field of foreign policy, our highest level and largest event with fifty delegations was the June *Asia–Europe meeting* in Gödöllő, which addressed non-traditional security challenges. By the way, the venue originally planned this event was Brussels.

Dealing with unexpected situations

The true test of any Presidency is the occurrence of an extraordinary situation. This is when the machinery is really put to the test: whether it can continue to operate smoothly, adapt flexibly, recognise and then control the situation, maintain the initiative, and react quickly but not rashly to the new developments.

The first such test for the 2011 Hungarian Presidency was the *Arab Spring*, which started with a Tunisian greengrocer setting himself on fire in despair, and then the entire North Africa started to boil over. *Libya* toppled Gaddafi's regime. Since it was a foreign policy matter, the High Representative was at the wheel, but we played a strong coordinating role in close consultation with her to protect EU citizens and ensure multilateral EU action. We undertook a mission to the region with the Foreign Affairs Minister and the State Secretary to assess the humanitarian situation. In Libya, as a part of the activation of the EU Civil Protection Mechanism, our embassy in Tripoli organised the evacuation of EU and non-EU nationals by chartered aircraft and provided consular assistance when most of the embassies on site were closed. The Presidency was also in charge of chairing the RELEX working party of external relations advisers, so the task of having European sanctions adopted against Libya also rested on our shoulders. We convened an extraordinary Energy Council to address energy policy aspects, and the Home Affairs Council discussed its asylum matters on three occasions.

The second test case was the *nuclear disaster at Fukushima*, caused by an earthquake and tsunami. The Presidency was tasked with protecting EU citizens and coordinating aid to Japan, together with the Commission. We convened a working party on nuclear issues without delay, and a few days later convened the Energy Council, which was able

⁵² As a neighbouring state, Poland (together with Sweden) is the parent country of the Eastern Partnership.

⁵³ See RÁCZ 2011; TÜRKE 2011: 1–15.

to adopt the proposal for the European Council to decide on the stress tests of nuclear power plants in the EU. This took place on 21 March 2011. Following this disaster, Germany decided to close its nuclear power plants. The consequences of this decision are still being felt throughout Europe today.

11 March 2011 was a memorable day in the history of the Presidency: four Council meetings had to be held simultaneously, one of which was the aforementioned extraordinary Energy Council.

Our third case was an E. coli infection through cucumbers, which resulted in a fatality. It was immediately put on the agenda at the informal Agriculture Council and the subsequent extraordinary Agriculture Council, so the Commission could not delay the issue: it came to the aid of the vegetable producers, along the lines set out by the Council, ensuring the containment of the crisis.

Effective action was made possible by a clear decision-making system, speedy action and uniform implementation of decisions. The so-called *situation room*, the Budapest management, met several mornings a week, in online liaison with the competent staff in our Permanent Representation in Brussels.⁵⁴ What was decided there, even if forged in heated arguments, was then implemented without delay by everyone with military discipline, regardless of what the person had previously represented in the debate earlier. The Hungarian Presidency was Brussels-driven, with day-to-day micro-management by the Permanent Representation, conducted within the framework mandate provided by Budapest. Of course, the strategic decisions were made in the Hungarian capital.

Presidency assessment – Benefits for Hungary

It is difficult to give an objective assessment, because every Presidency faces different circumstances and extraordinary events, which makes it impossible to compare them. However, the Brussels bubble, especially the press there, often puts Presidencies on a shelf in advance, with complete disregard to their performance. In the case of Hungary, the saying was that expectations were so low that it was easy to exceed them. The international press was not receptive to the positive results; the most they were willing to write was that it was a limited success because it was not a failure.⁵⁵

Leaving these aside, let us look at the exact figures: 103 closed legislative and non-legislative dossiers, of which 43 were agreed with the European Parliament in accordance with the ordinary legislative procedure: twenty at first reading, six at second reading and one at third reading. This means that we had no open dossier remaining at second reading.⁵⁶ The number of Council and Presidency conclusions adopted reached sixty.⁵⁷

⁵⁴ See GYŐRI 2011a: 9.

⁵⁵ KACYŃSKI 2013.

⁵⁶ GYŐRI 2011a: 17.

⁵⁷ GYŐRI 2011b: 4.

There are no retrospective statistics⁵⁸ for every presidency, but the numbers speak for themselves.

The laws, measures and resolutions adopted all pointed in one direction: towards a stronger Europe, which, according to our slogan, acts in the interests of its citizens. We did not include any divisive issue on the agenda; we were able to elevate our own priorities to form pan-European issues that were mostly shared by all. This way, we were able to preserve the unity of the Union. We expected respect for the Treaties and a preference for the Community method over intergovernmental solutions. We succeeded in making the internal affairs of the euro area transparent to non-euro area Member States at a very sensitive time (the sovereign debt crisis) and in keeping outsiders informed of Eurozone decisions.

There were many words of appreciation published by senior managers following our six months of presidency, and a collection of these was compiled.⁵⁹ It is more exciting to look at the attitude of our opponents. The European Parliament, whose plenary descended into political fireworks at both the inauguration and the closing of the Hungarian Presidency, tried to diminish the merits by saying that the Presidency was indeed adequate at the level of officials, but not at the political level.⁶⁰ This may sound credible in technocratic Brussels; however, it is not true. The Presidency was led by politicians from the Hungarian Government, with a clear set of objectives, playing on all the instruments of politics. We tried to insulate the Presidency from Hungarian domestic political developments; rather, it was our opponents that tried to conflate the two. The European Parliament was the arena for this effort, which is fine, since it is the natural arena for party political battles in Europe as foreseen in the Treaties. We succeeded to avoid these debates in the Council and the European Council.

The main question is how visible the positive results are beyond the Brussels bubble. In my view, a good Presidency is like a good schedule: if everything is in order, no one notices. Meaning that when the Presidency does its job fairly, it may receive some recognition within the bubble, but not beyond it, because the ordinary course of business has no news value. If a presidency is weak and far from being on top of the situation, the inertia of the system, the permanent players and the Brussels institutions will take over, and there will be only internal grumbling and perhaps criticism. Hungary received a lot of positive feedback within the bubble and even at the level of public statements; however, this did not change the negative bias of the international press towards Hungary.

In terms of gains, it is worth taking into account the things that are less visible from the outside, but are still very important. The Hungarian political class and government officials gained valuable experience and a better understanding of the workings of the EU institutions, and established contacts with colleagues in Brussels and the Member States.

⁵⁸ The Council has been keeping a record of the Presidency's achievements since 2015, but it is not consolidated, let alone presented in a comparable way (see European Council s. a.).

⁵⁹ Words of appreciation for the 2011 Hungarian Presidency in *Európai Tükör* 2011: 153–154.

⁶⁰ For plenary debates in the European Parliament on the Hungarian Presidency, see European Parliament s. a.a.; European Parliament s. a.b.

This subsequently helped improve both domestic decision-making and enforce national interests. For example, in the spring of 2012, when the excessive deficit procedure against Hungary reached the stage of imposing a fine, i.e. when the Council, upon the proposal of the Commission, put a six-month deadline on correcting the deficit to avoid the suspension of cohesion funds to Hungary. The network of contacts was already in place, and that, together with reducing government spending, helped avoid losing EU money.

What is unfortunate is that we have not been able to make good use of the experiences and knowledge gained through the Presidency and the network of contacts to place more Hungarians in better positions in the EU institutions than before. Whereas at the time of accession we were over-represented in terms of numbers, for example in senior management positions in the Commission, today we do not have a single Hungarian Director General or Deputy Director General. This is certainly linked to the political climate surrounding Hungary, and it is an important task for the Hungarian Government at all times to overcome this.

Outlook to 2024

I am convinced that the second Hungarian Presidency, due in the second half of 2024, should not be compared with the 2011 Presidency in any way, either in advance or following its completion. Thirteen years ago, we had to deal with an economic crisis; today, we need to manage many parallel crises: the war in Ukraine, war in the Middle East, migration, economic stagnation, sky-rocketing energy prices, competitiveness challenges. It seems increasingly so that the EU will be hard put to maintain the standard of living that its citizens, at least those in the Western half, have become accustomed to over the past decades. Moreover, second six-month presidencies are already shorter owing to the August and Christmas breaks, and with EP elections in 2024, it will take months to set up the new institutions. Thus, in terms of legislative work, it will be physically impossible to move forward.

More than ten years of successive disputes on the rule of law (Article 7 procedure, conditionality, etc.), the monopolisation, arbitrary interpretation and application of the Union's values, especially against Hungary and Poland, and the withholding of RRF and cohesion funds have not brought any tangible benefits, but only weakened internal unity. These procedures undermine the credibility of the European Union and erode citizens' faith in democratic institutions. Today, it is much more difficult for Member States to cooperate and find unity than in the past.

As a result, the EU is in a worse state and the challenges are much greater than they were under the first Hungarian Presidency. Moreover, Hungary has been in the crosshairs of European politics for some time, and this is unlikely to change in the near future. This will make it much more difficult for the team that will lead the 2024 Presidency. The European Parliament would even take the Presidency away from Hungary, although it

has no mandate or powers to do so.⁶¹ This has not been raised in the Council, although there has been a Member State that made a similar statement.⁶²

Hungary, as a Member State committed to the rule of law in the EU, should, in my view, focus on the external and internal strengthening of Europe during its Presidency in 2024. The institutions should return to acting within their own sphere of competence. The Commission should not involve itself in politics, but enforce the Treaties and the law, and use its right of legislative initiative where EU action is really needed. Matters that divide Member States or weaken the Union must be forgotten. There is no general need for more Europe, only where it is of added value for European citizens. Only an economically and politically reinforced Union with a strong identity can stand its ground in today's complex international relations to assert its interests. Looking back on twenty years of experience as a Member State, and having already gained presidency experience in several leadership positions, the 2024 Hungarian Presidency is well equipped to perform the valuable work necessary to achieve this goal.⁶³

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⁶¹ See European Parliament 2023: Point 11.

⁶² Anna Lührmann, German Minister of State for EU Affairs: “I have doubts about Hungary’s ability to lead a successful Council Presidency” (SORGI 2023).

⁶³ I would like to thank my colleagues, Lilla Kövesdi, Krisztina Száraz and Dávid Kojcsa for their contribution in data collection and compilation of references and sources.

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Ferenc Robák

Experiences Gleaned from the Implementation of Hungary's 2011 EU Council Presidency

Individual motivation

Having experienced the seventies, it was clear to me that, following the trials of history, Hungary's place was in the European family, in line with the millennia-old aspirations of our forefathers. I considered it to be only a matter of time before this reintegration took place. As an early-career diplomat with a degree in economics, I sincerely cheered on the best of the Hungarian diplomatic and foreign trade profession, who were already forging closer ties with the European Communities in the 1980s. Thus, when the opportunity arose, I was also closely involved as the Antall Government's embassy counsellor in Paris in obtaining French support for Hungary's accession. Later, based on my experience in North Africa I gained a thorough inside view into the professional work of the EU when I represented Hungary as a Euro-Mediterranean Hungarian senior official at Brussels meetings before acquiring membership. Then, in 2004, the unforgettable day of accession finally arrived, and it was then that I was given the mandate to focus on building an effective alliance within the Union as Ambassador to Belgium, in addition to my usual duties. This effort was illustrated by the memorable success of the Hungarian–Belgian initiative in the Benelux–V4 meeting, achieving an important partial victory for Central Europe on the 2007–2013 budget.

With this European background, I had the unexpected challenge of using my experience as a Chief of State and Foreign Affairs Protocol to take the lead as a Government Commissioner in the operational organisation of the first Hungarian EU Presidency. The challenge was serious because there were only six months left before the first event due to take place in Hungary. The outgoing Government had conducted the substantive preparation with the Spanish and Belgian counterparts in the presidency trio; it was merely the Hungarian priorities that had to be redefined. However, it did not take the concrete steps necessary to organise the Presidency in time, but only completed the passive assessment of the circumstances instead. There were no established meeting venues, no adequate airport reception facilities, no capacity available for transporting and accommodating guests, no contract had been concluded, and the budget for the year of preparation was almost gone; for example, the initial expenses should have been covered by the sale of foreign properties, such as the former embassy building in Bonn, which still had no buyer. Such dramatic circumstances required effective and swift action. Therefore, the Government agreed that the Government Commissioner integrate the organisational work in the operation of the Ministry of Foreign Affairs in particular, and the state in general.

The Government's objective

The Government's expectation was to create a framework for a frugal but high-quality presidency that would also showcase the essence of Hungarian identity, with the content provided by senior officials from the ministries and members of the Government, coordinated by the heads of the Ministry of Foreign Affairs. The Government approved our concept of an economical presidency through better use of public resources and sites, ensuring efficiency through centralised management. The Secretariat of the Government Commissioner was kept in the Ministry of Foreign Affairs to ensure that the apparatus with European experience could better support the work of the Presidency and that operational needs arising from content-based requirements could be passed on to the implementing authorities as quickly as possible. The vast majority of the organisational tasks related to the events held in Hungary, as it was the Council's staff that was responsible for the meetings at EU headquarters.

As we are approaching the second presidency term, the saying of Heraclitus, an ancient sagacity, that no man ever steps in the same river twice will once again be proven, even if one initially thinks they can. In 2010, for example, external conditions were relatively favourable. Although there were some reservations and doubting voices in certain European circles surrounding the expected performance of the incoming Hungarian Presidency, the majority of the Member States were helpful and encouraging as they looked forward to January 2011. The Hungarian political environment was also positively inclined towards the Presidency, and the Foreign Affairs and European Affairs Committee of the Hungarian Parliament also expressed its support for the efforts, considering the successful completion of the first European Presidency a common national cause. The foreign and domestic political circumstances of the second Presidency are perhaps more difficult, but there was enough time to prepare and the logistical, budgetary and staffing resources are much more favourable as well.

Organisational setup

In the summer of 2010, the organising team was set up as a series of concentric circles. The Government Commissioner's team pulled the strings; its protocol, communication and management unit were in constant contact with the external circle, meaning with a designated person in charge of each of the ministries involved in the substantive implementation of the Presidency, and availed of the capacities of the partner organisations, bolstered by financial support where necessary.

Under the direct leadership of the Government Commissioner, effective teams with experienced and dynamic leaders worked in all three key areas. The events were organised by István Manno, who, despite his young age, had already proved his extraordinary skills in various areas of protocol. Communication and cultural background was ensured by György Urkuti, an outstanding expert with international and media experience, while

management was provided by a team of foreign affairs experts, assisted by the most knowledgeable budget expert in the Hungarian public administration system, József Bacscai, who also excelled as Consul General in Ukraine. In each of these three areas, we established an external circle, a working committee, with those co-ministry officials who were most familiar with the Presidency's programmes in their respective portfolios as members. The central teams provided the general framework, while partner authorities consulted on the conditions they needed in each location, depending on the nature of the event. The experts from the individual ministries had already participated in EU negotiations concerning them even before the Hungarian Presidency, so they knew their partners well, could help with their accreditation, and knew exactly what European standards had been established in which format.

The protocol team had to be supplemented by contributors who accompanied the high-level delegations, who kept constant contacts with the organisers, but also with the delegations' embassies in Budapest. They also ensured the smooth flow of information between the places visited by Presidency participants, from the airport to the various meeting venues. This required young, dynamic people with a sound knowledge of foreign languages. These positions were advertised to students studying international relations at the various Hungarian universities. Following an interview, a pool of around 200 people was selected, who finally carried out their duties to the satisfaction of all. The European environment was a great experience for these young people, and many of them found jobs thanks to the contacts they made during the Presidency.

Time factor

According to Hungarian practice, it can take up to a year to tender, evaluate and complete a public procurement due to the various additional procedures, while the organising team only had half a year time before the launch. The vast experience of the Head of Finance helped: where possible, existing framework contracts were used, and any tendering that was still necessary was carried out with the help of an experienced contracted consultant. Nevertheless, numerous complications still arose; for example, even if tender for gifts was successful, when the best bidder only agreed to deliver the umbrellas for the spring rains on 1 March and the tender specified the general date of 1 January for these, the whole procedure had to be restarted. Yet the prudence of the procedure could not be criticised.

The composition of the organising team was also affected by the short deadline. Solutions were found out of necessity. The tasks had to be performed by staff who were employed by the administration for presidency work, but under different titles (e.g. Serbian referent, protocol waiter). The professional team leaders distributed the work with an excellent sense of proportion, and everyone could perform their part of the work to a high standard. The central team was in constant flux, because, for example, with the active involvement of the State Secretary for Administration in the Ministry of Foreign Affairs, each department offered a replacement opportunity as and when needed.

Tight budget

As already mentioned, there were insufficient budgetary resources available in the year of launch. Had the management team not been led by a highly experienced professional, the organisation would have been in a hopeless situation. József Bacsikai, the Consul General in Ukraine, was carrying out an extremely important foreign service mission in the Hungarian-inhabited areas of Ukraine, but he answered the call at once: he returned home by car on the weekends and set the work in motion. He found proper, lawful solutions to the challenges faced, carrying the organisers through these difficult months. The payments were linked to the performance of contracts, so that they were charged to the following year's budget, and only those items were paid that were actually delivered. The management was fully transparent and all related documents were posted on the website. Even after a dozen years, continuous internal and external audits have not revealed any irregularities. (One business weekly could only object that in the tender negotiations meal prices for Gödöllő had been “too cheap”).

Organisational tasks

The tasks related to informal Presidency meetings in Hungary involved traditional hospitality. Some foreign guests were met at the airport, and their transport, accommodation, meals, meeting places and cultural activities were taken care of. This was typically the case for “high-level” deliberations under the Presidency. Meanwhile, for distant acquaintances helped make their stay in Hungary easier: they were advised on how to get from the airport to the preferential accommodation safely and at a reasonable price, how to get to the pre-arranged venue where they can work in peace and quiet, including a working lunch following a tiring morning. Participants at expert-level meetings also received this support, and they were also eligible to participate in a cultural programme.

For the organisers, the established European practice was very important, including the precise rules and customs regarding presidency deliberations' circumstances. During the preparation for this, people with European Union experience played a key role but, to be on the safe side, an expert in management matters was also assigned to the Secretariat of the Government Commissioner. It does matter how many participants can be expected at each meeting, who can attend the meetings, what kind of interpretation is needed and what the organisational practice is, because only thorough preparation can we prevent complaints and uncomfortable situations. The protocol officers managed the data in a huge matrix: who was responsible for which part of the meeting, which services had to be discharged and which services had been requested, and so on.

Conference venues

The venues for expert meetings (usually working groups) had to be chosen to meet specific conference requirements; they could not be generic hotel rooms, but needed to be tailored to the meeting and had to ensure easy access. We therefore chose the former building of the Museum of Ethnography on Kossuth Square as the permanent venue for experts. We assisted the state-owned institution in providing the conference facilities, in exchange for the use of suitable rooms at cost. The working lunch was provided by the nearby Faculty of Commerce, Catering and Tourism's training restaurant, giving a youthful atmosphere to the meals. As several expert meetings were scheduled for the same day, especially during the busy spring months, several similar alternate venues had to be secured. We assisted some ministries and public institutions in upgrading their conference rooms, and we could use these rooms for expert meetings in return.

The choice of venue for meetings at senior level (ministerial councils, ministerial conferences) was based on other requirements. As the delegations visiting the venue were transported by the organisers, accessibility by public transport was not a prerequisite, instead, the need to reflect Hungarian historical traditions, not to bore participants with a generic conference centre, meeting security and logistical requirements were more important. At the suggestion of János Martonyi, Minister of Foreign Affairs, the Government agreed to use the Royal Palace of Gödöllő, which was undergoing renovation. The wing adjacent to the main entrance was already complete, and the renovation of the great hall, which was used as a riding school in Queen Elizabeth's time, could begin in September. A terrifying race against time began, because the builders had a more complicated job than if they had erected a new building: they had to create a basement with delegation rooms and toilets, while preserving the old structure, and to bring the future theatre hall to a state that would be a worthy place for meetings of Heads of State and Government. This risky venture was a success, but it required the constant cooperation of dozens of institutions and companies, the constant resolution of problems that arose, and a professional sacrifice that went far beyond the normal working hours. The costs of the investment were financed by European Union funds with a contribution from the municipality, and only conference equipment and furniture were charged to the Presidency's budget, the subsequent use of which was also ensured. The closed-circuit videoconferencing system used by the Ministry of Foreign Affairs has been extended to other parts of the administration and to the conference room in Gödöllő. This often helped link the Presidency meeting with EU and NATO headquarters.

For high-level meetings, simultaneous interpretation was provided by the EU's established department for interpreting (SCIC), and for lower-level meetings by the Hungarian Office for Translation and Attestation (OFFI). The 'language regime' (i.e. interpreting between the source languages and target languages required for the meeting) was determined by the established presidency practice. The biggest workload was the meeting of European and Asian foreign ministers (ASEM), where the meeting was held in 6 Asian and 6 European languages.

Gödöllő was also an excellent choice because the transport of the delegations was smooth and did not disrupt Budapest traffic. Participants arrived in the capital in the afternoon to check into their hotels and attend the banquets, which were held in prestigious locations, mainly in museum spaces, accompanied by a cultural programme. There was no traffic jam on the way into town in the afternoon or evening, just as it was easy to get to Gödöllő by car in the morning hours. From the castle, at the end of the programme, participants could reach the airport by motorway, bypassing Budapest. The meeting venue itself was a memorable experience for the participants. I can still recall the French Minister of Culture, Frederic Mitterrand, nephew of the legendary President, giving a spirited lecture to the Hungarian guide about the paintings in the castle museum.

Airport reception

In addition to building the conference hall, the other most difficult task was to receive high-level participants at the airport. The available government lounge could only accommodate two or three small delegations at most, and ministerial meetings have an average of 30–35 delegations in a very short space of time, not to mention events such as ECOFIN or ASEM, where almost double that number is expected. In case of a senior leader from Europe, the welcome after landing is more of an escort, but on departure, even with a special flight, there is often a longer wait in the lounge while delegations are allowed to board the plane. While one waits, a pleasant stay must be ensured, with refreshments.

For a long time, providing a high level reception seemed hopeless, and we were already looking with the airport officials for the most practical place to set up a temporary tent or container lounge, which would meet the minimum conditions even in winter, by breaking the airport fence. During one of the site visits, a brand-new green office building was spotted, which was apparently abandoned. It turned out to be a service building for the Hungarian Post's new letter sorting plant, and that the plant itself would not be completed for some months. The idea was born to use this office building as a waiting room during the Presidency. It was a win-win deal, because, with a little refurbishment and design, we had a world-class waiting lounge, decorated with posters of spectacular Hungarian stamps. The building also provided an opportunity for visitors to taste the "fröccs" (spritzer) here, as part of the promotion of Hungarian wine and innovation, and to admire the "Gömböc", the first homogeneous body ever developed by Hungarian mathematicians, which has only one stable point, meaning it can return to its position of equilibrium from any position. The biggest success in the press was the pálinka vending machine in the waiting room, which offered three different flavours of this spirit served in small quantities for toasting.

The idea of exhibiting the Gömböc was born during the presentation of the gifts from the Presidency, when one of the journalists asked why only well-known Hungarian inventions such as vitamin C, Rubik's cube, hologram, safety match, dynamo, etc. were displayed, and not the inventions of contemporary Hungarian scientists. Since

the discovery of the parameters of the Gömböc was a recent scientific discovery and a tangible prototype already existed, we contacted the scientists to get a copy. Moreover, having the opportunity not only to admire the object in the waiting room, but also to try it out was great fun as well. Hungarian inventors were experimenting with the traditional stringbike drive at that time. We also requested a couple of samples of these for the press to try out on their way from the press centre in Gödöllő to the nearby castle for interviews.

Transport of delegations

The provision of high-end cars for the transport of high-level delegations was also a requirement during the Presidency. The motorcade was led by a police car. This was followed by the car of the head of the delegation, where an agent could also travel. We had to provide a minibus for members of the delegation and, for protected persons, a security car. Hiring that many cars and drivers for six months would have cost a lot of money, but I was hopeful that, based on my previous experience, a large car manufacturer would make its fleet of delegation cars available at cost price to countries holding the EU Presidency where it has manufacturing capacity. My hopes were confirmed, because this company, with production facilities in Győr also submitted a bid in the tender, which was very favourable. Police officers were asked to drive the cars, of course, with financial compensation to their employers due to the fact that they often had to work overtime. At little cost, we were able to get cars to transport delegations from the aircraft to the lounge also. These were driven by drivers in public service who were about to be made redundant. Not only did they get a job for the duration of the Presidency, but they also received the special airport training that allowed them to take up jobs at European airports with ease. A Hungarian patent was used to optimise the movement of the Presidency's fleet of vehicles: a micro-enterprise wanted to introduce its development to the international market at the time; it used computer software for tracking vehicles to compute their ideal scheduling for the central controller. Fortunately, the cars were given the officially-issued MEU number plates, allowing them to appear as 'Hungarian EU Presidency' fleet, without the need to apply for a special costly number plate.

Communication tasks

A major challenge was also to handle communication tasks, whose central tool was the Presidency's website. The software for the website was provided free of charge by the Belgian Presidency; it just needed to be adapted for Hungarian use. The content was fed by an editorial team led by Ambassador Urkuti, partly to inform experts and partly to inform the general public. The website allowed both participants and members of the press to register for the events. In addition to the usual English and French, the website was also published in Hungarian, as the host Member State's language, and in German, due to the historical traditions of Central Europe. The translation work was of course

also provided on the basis of a public procurement. Besides the website, a professional publication was produced for each event by the communication team with the help of the Hungarian negotiating team responsible for the topic. The publication also provided a basis for preparation and then reported on the results.

The technical support was provided by the Department of Telecommunications of the Foreign Affairs Ministry and the relevant government authority, so even in the event of a DoS attack, there was no problem in accessing the website. They also made it possible for the Gödöllő press centre to have secure internet access even in periods of the heaviest internet traffic.

To ensure constant information, the Presidency had to engage a media company to act as a ‘host broadcaster’ for interested foreign media. After collecting the bids, the choice fell on the then independent Duna Television, which performed its task to the general satisfaction of the public with the appropriate technical background. Professional information was provided by competent spokespersons in Brussels and Hungary.

Building the country image

We used the informal meetings held in Hungary to raise awareness for Hungarian gastronomy and drinks. To ensure professionalism, a top sommelier and an expert in gastronomy were hired. The selection of wines, champagnes and pálinka to be served was made under strict conditions, with expert blind tastings. The gastronomy expert consulted with the winners of the catering competitions and the wine expert of the Presidency on the choice of dishes and wine pairings. The high quality of the catering was also illustrated by a recipe book, which, in addition to highlighting some moments of the organisation, contains descriptions and pictures of the food and drinks served.

We also made sure that the restaurants of the European institutions in Brussels got to know Hungarian wines, and served them during the Hungarian Presidency. We handed over the Presidency to our Polish friends, this time by renewing the historic wine route and transporting Tokaj wine to the opening ceremonies, and we encouraged the Polish Presidency to use Hungarian wines.

We also made sure that Hungarian culture was showcased during the Presidency. At executive-level meetings, in agreement with the relevant ministries, participants could enjoy a different arts programme, typically linked to a banquet. During the break in the Gödöllő meeting, the local music school presented a short programme. We also gave participants in the experts’ meeting the opportunity to visit exhibitions and the Parliament building.

The Ministry of Foreign Affairs’ cultural units organised a number of high-end events abroad, also in the context of the Liszt anniversary. (One of the Presidency gifts was a jubilee Liszt CD.) Besides operating the usual channels of professional information, the Hungarian public was also informed about the Presidency’s objectives and achievements in the context of a number of cultural and sporting events.

Summary

Finally, some facts about the first Hungarian Presidency of the Council of the European Union. Some 50,000 people attended the informal meetings in Hungary. A total of 261 Presidency meetings were held, of which 17 were ministerial meetings, 9 were ministerial conferences, 104 were senior official meetings and 131 were expert meetings. The Presidency hosted 120 civil society events in line with the Hungarian objectives. In Brussels, there were 2,300 working groups chaired by Hungary, and 45 official ministerial councils, which set a 'world record': on 21 March 2011, four ministerial Council meetings were held simultaneously. This was accompanied by meetings and cultural events held in third countries, organised locally by Hungarian diplomatic missions.

The first Hungarian EU Presidency was a great success. In substantive terms, we achieved the objectives set, including the finalisation of Croatia's accession, the adoption of the economic six-pack and the European Roma integration strategy. A tight budget did not prevent the high quality implementation of the Presidency. The participants were satisfied with the organisation, the venues and the hospitality. It is estimated that many officials and their families returned later as tourists, which partly offset the expenses of the Presidency. Hungary proved that it had provided the European Community with an effective and professional presidency that would have been a credit to any experienced Member State.

The author was the Government Commissioner in charge of the operational implementation of the 2011 Hungarian EU Presidency.

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Thirteen Years Later – Experiences from the 2011 Hungarian EU Presidency

Introduction

More than a decade ago, in 2010, the Hungarian Government was feverishly preparing for a new challenge. After seven years of EU membership, the symbolic last implementation stage of the post-change of regime foreign policy strategy arrived: In the first half of 2011, Hungary held the rotating presidency of the Council of the European Union.¹ The preparations, not unlike the Presidency as a whole, had at least a twofold dimension. The first was the two-decade-long, illusion-laden momentum of achieving and completing the Euro-Atlantic integration, and the second was the surfacing of conflicts arising from the change of direction in Hungarian economic and foreign policy, which appeared almost immediately after the Second Orbán Government took office.

The decade from the submission of application for membership (1994) to accession (2004) was centred on preparation, on how to comply as much as possible with EU rules and operating principles. The over 80% support rate in the referendum approving accession shows that a sweeping majority of the Hungarian society agreed with this direction. Accession itself was raised to the top of every agenda and in the context of the pressure to comply during the twists and turns of decades of waiting across governments, the fact was lost that no coherent political, economic and social concept had been developed as to what the aims and methods for asserting Hungary's interests as a Member State would be, beyond the receiving support from the structural funds. For the new EU Member States, including Hungary, the years following 2004 were years of learning. These States had to learn how to represent national interests in Brussels, how to lobby in practice, how to use EU budgetary resources and how to engage in the political culture of consensus-building across Europe.

Thus, in 2010, Hungary reached the final stage of EU integration. At the time of accession in 2004, certain steps were still outstanding to achieve full membership, meaning equal treatment. Until 2006, transitional arrangements for the mobilisation of structural and cohesion funds were in place, which only ceased upon the adoption of the new budget. Starting from a base level of 25%, area payment schemes in agriculture Hungarian farmers' payments were slowly brought to the same level as farmers' operating in the old Member States, with a gradual increase between 2004 and 2013. This meant seven years of brutal competitive disadvantage for the Hungarian agriculture. It should be noted that the starting baseline for Polish farmers was 50%. What was left was the most

¹ HORVÁTH-ÓDOR 2010.

symbolic act of EU membership: joining the Schengen system for the free movement of people. On the technical side, we had to wait for the completion of the SIS-II system, providing a computerised information base for the border control system, and for the report of the Committee verifying Hungary's preparedness and the Council decision to adopt it. Once the conditions were met, permanent border controls at the Austrian, Slovakian and Slovenian borders were lifted in December 2007. The same step was taken for air transport from the end of March 2008.

One of the very sensitive social expectations surrounding integration was the free movement of labour. Many old Member States, fearing for their labour markets, had asked for a derogation in this area, which expired after seven years in 2011. Although evaluations in the meantime had not confirmed these fears, and even those Member States that had not made a derogation (the U.K., Ireland and Sweden) benefited significantly from the influx of new workers. Austria and Germany, the most important Member States from the Hungarian point of view, insisted on maintaining the derogation until 2011.

All in all, equal legal treatment, meaning full integration, was achieved by 2013. Integration did not, of course, extend to the economic and monetary union, given that Hungary did not adopt the euro.

The Presidency's task was not made easier by the fact that the Lisbon Treaty entered into force precisely during the Hungarian Presidency, which, for the first time in the history of integration, clearly defined the Presidency's tasks for the Spanish–Belgian–Hungarian trio that was due to take office. For example, European Council meetings were no longer chaired by the Prime Minister of the country holding the rotating presidency, but by the President of the European Council, Herman van Rompuy. However, the country holding the rotating presidency still had a toolkit at its disposal. Of these, the most important was that, as the administrator of the Council's agenda, it could ensure that preferred topics be discussed and as an intermediary, have the discussion of overdue matters brought forward or shelved. As the vast majority of issues discussed in Council formations were of a transitional relevance, the Presidency could only bring issues of its own preference into the negotiating room in consultation with the other Member States and the members of the trio Presidency. The history of integration shows that, during their term, the presidencies inherit 90–95% of the topics from the Council, meaning that only a few percent of the topics can really be considered to be their own initiative. This may not seem like much, but as the (2001 and 2009) Swedish Presidency's efforts to encourage crisis management rules show, a country holding the presidency can leave its own imprint on the development of integration.

The trio and the joint programme of the Hungarian Presidency

The preparation of the Spanish–Belgian–Hungarian joint programme started in 2007 and was directly linked to the Europe 2020 Strategy ("A Strategy for Smart, Sustainable and Inclusive Growth";² following the failed Lisbon Strategy, the development concept Europe

² European Commission 2010.

2020 did not include any new development, support programmes and budgets, but sought to set a new direction for how this could be achieved over the relevant ten-year period). With this programme, EU Member States committed to increase economic activity rates, raise R&D spending to 3% of GDP, cut greenhouse gas emissions by 20%, and lift 20 million Europeans over the poverty threshold.

Following consultations between the three countries, the Council approved the concept on 7 December 2009. The lengthy (90-page) document outlines the trio's combined programme for the period between January 2010 and June 2011.³ It is divided into two parts: the first part contains the strategic framework of the programme, which places the programme in a broader context and summarises it from the perspective of those longer-term objectives that have been pursued over the three successive presidencies. The second part is the Operational Programme, which sets out the issues to be addressed over the 18-month period.

The main areas were as follows:

1. Socio-economic challenges: tackling the EU-wide economic crisis by resuming growth through measures to ensure greater supervision of financial markets; supporting green jobs, innovation and the transition to a green knowledge-driven economy.
2. Social affairs and, within this framework, the promotion of social cohesion.
3. Tackling environmental and climate challenges, in all their aspects: energy, transport, reducing greenhouse gas emissions, engaging in joint international action.
4. Justice and home affairs. Implementation of the Stockholm Programme, launched in 2009, common management of immigration and asylum, mutual recognition of judicial decisions and their practical enforcement.
5. External relations, coherent external action. Continuing EU enlargement, setting up the European External Action Service, coordinated civilian–military capabilities.

The Hungarian Presidency Programme

The Hungarian programme,⁴ which chose the slogan “Strong Europe”, was published on 10 January 2011 and grouped the Presidency tasks around four priorities:

1. *Growth, job creation, the EU 2020 programme, the blueprint for making the EU more competitive.* In this area, the Hungarian Presidency sought to promote the sustainability of public finances, fiscal discipline and the stimulation of economic growth at the same time. Towards the goal of strengthening economic governance, the Hungarian Presidency set as its main task the successful negotiations on the so-called legislative ‘six-pack’. Regarding the economic agenda of the Presidency programme, it should be noted that Hungary’s position was fundamentally weakened by the fact that Hungary is

³ Council of the European Union 2009.

⁴ Government of Hungary 2010.

not a part of the Eurozone, and that an excessive deficit procedure was pending against it. As Hungary did not participate in the work of the Eurogroup, the Member States only expected the technical organisation of the meetings.

A new task was to carry through the “European Semester”, which was launched for the first time in January 2011. Hungary was the first country to implement the European Semester, designed to prevent a Greek-style financial crisis. The aim of the European Semester is for Member States to adopt national budgets in line with the Stability and Growth Pact and the Europe 2020 growth strategy. Under the new economic surveillance procedure, Member States submitted their Stability and Convergence Programmes by the end of April and the European Commission prepared country-specific recommendations based on the assessment of their programmes. Recommendations from the first Semester, endorsed by the June 2011 European Council, were to be taken into account by Member States when preparing their national budgets and implementing sectoral policies.

It was a Hungarian Presidency initiative to address the Roma issue at EU level and to coordinate respective national actions. An EU “Framework for National Roma Integration Strategies up to 2020” was adopted by the competent professional body on 19 May and confirmed by the European Council on 23–24 June. The document states that the inclusion of disadvantaged groups, including the Roma, is primarily the responsibility of the Member States, which must adopt an integrated package of measures by the end of 2011. In connection with the Roma strategy, the Hungarian polity could rely on the only member of the European Parliament who identifies as Roma, Lívía Járóka.

2. *The “Stronger Europe” objective was primarily aimed at further strengthening Community policies.* The focus was on strengthening internal cohesion, the future of the Common Agricultural Policy, increasing energy security, water-related policies and the Danube Strategy.

The Council decided that the EU’s integrated energy market should be completed by 2014 and that disconnected ‘islands’ within the EU should be eliminated by 2015. The powerful earthquake of 11 March 2011 in Japan caused a nuclear disaster at the Fukushima nuclear power plant, which supplied the central region of the country. One of the consequences of the disaster was that Member States opposed to the use of nuclear energy immediately took advantage of the situation and began to push for the revision of the entire nuclear energy policy within the EU. The Hungarian Presidency convened an extraordinary meeting of energy ministers on 21 March, where there was a heated debate between countries preferring (France, Italy, V4 countries) and opposed to (Germany, Denmark, Austria) nuclear energy. The Hungarian party which led the discussion is one of the most affected states, as almost half of its electricity supply comes from the Paks power plant. At the meeting, ministers proposed to carry out stress tests at 134 nuclear power plants in Europe.

The adoption of a macro-regional strategy for the Danube, the Danube Strategy, was a major achievement (24 June 2011 European Council meeting). The Danube Strategy aims to kickstart and develop economic growth, jobs and a create liveable Danube basin through coordinated responses to cross-border challenges. The Danube Strategy covers several areas, including infrastructural development, ecological aspects, navigability

of the Danube, energy production, support for small and medium-sized enterprises, social and cultural aspects, etc. Commissioner Johannes Hahn for Regional Policy, when presenting the Danube Strategy (9 December 2010), considered the parallel application of environmental protection and sustainable economic aspirations to be a feasible proposal. The objectives and proposals of the Danube Strategy follow the 2008 Baltic Sea Strategy and cover the 14 countries participating in the project (8 EU Member States and 6 non-EU countries, namely Austria, Bulgaria, the Czech Republic, Hungary, Germany, Romania, Slovakia and Slovenia), as well as candidate and potential candidate countries Croatia and Serbia.

3. *Strengthening the EU's citizen friendly approach.* This included the preservation and promotion of cultural diversity, facilitating the acceptance of Romania's and Bulgaria's accession to the Schengen area, the elaboration of a European refugee status, and the strengthening of judicial and home affairs cooperation within the framework of the Stockholm Programme. It also included the incorporation of the Charter of Fundamental Rights into the Treaties and the objective of a European Year of Volunteering. However, the agenda of the "Citizen Friendly Europe" chapter became increasingly focused on migration and asylum, partly because of the 'Arab Spring' and partly because of the debates surrounding the expansion of the Schengen system. With the North African migration flows mainly affecting Italy and Malta at the time, the Hungarian Presidency repeatedly put the events in the Southern Neighbourhood on the agenda of the relevant Council formations.

It was an outstanding achievement of the Hungarian Presidency that, at the Council meeting of 9 June 2011, it was declared that Romania and Bulgaria are well prepared to apply the Schengen *acquis* in full, namely, all the conditions for their entry into the system were met. However, at the next meeting of the EU ministers of interior affairs (23 September, by then under the Polish Presidency), the two countries' accession to the Schengen system was rejected. The Netherlands and Finland, who had the most arguments against their accession (citing corruption, organised crime), did not even consider the two-step Hungarian proposal to abolish border controls with the two countries in 2011 only at sea and airports, and to decide on the integration of land crossings later.

4. Finally, the *global responsibility programme*. In this point, the main priorities were the conclusion of accession negotiations with Croatia and the start of Iceland's accession. The promotion of the effective functioning of the European External Action Service and the continuation of the Eastern Partnership programme were also included.

The Hungarian Presidency gave priority to the further progress of the enlargement process in the Western Balkans, and, more specifically, to the conclusion of accession negotiations with Croatia. At the beginning of 2011, when the Hungarian Presidency started, seven negotiating chapters were still open. It was largely thanks to the repeated efforts of Hungarian diplomacy that the negotiations accelerated and were concluded on 30 June 2011.

The Western Balkan Forum was also held during the Hungarian Presidency (20 June), in Luxembourg. These meetings took place in spring every year, but in 2011 the busy schedule arising from the events in Libya meant that the meeting had to be postponed

to the summer. Finally, the European External Action Service set 20 June as its date, and set the following main topics for the forum: the European perspective on the region, regional cooperation and the issue of elections. The relevant representatives of the Council of Europe and the Organisation for Security and Cooperation in Europe (OSCE) were also invited.

No progress was made in the negotiation process with Turkey, but the 27 June round of negotiations with Iceland opened four chapters, while also closing two of them.

In the area of the EU's external representation, following the Spanish Presidency the Hungarian Presidency was the second to be involved in the practical implementation of the changes introduced by the Lisbon Treaty. The European External Action Service, set up by the Lisbon Treaty, had been operational since December 2010, and the aim of the Hungarian Presidency Programme was to actively help integrate the EU diplomatic machinery into the daily routine. This was a success. Not only did the Hungarian side manage to chair external relations working parties, but it also effectively ensured the EU's external representation in crisis situations in Belarus, Iran and Libya. On dozens of occasions, the Hungarian Foreign Service deputised for the EU High Representative at events with third countries or regions (e.g. EU–Montenegro, South Caucasus, Central Asia, Israel). The Hungarian Presidency was tasked with the organisation of the biennial Asia–Europe Meeting (ASEM) (6–7 June 2011, Gödöllő). In addition to the 27 EU Member States, the meeting was attended by the foreign ministers of the ten ASEAN States, Australia, New Zealand, Russia, China, Japan, South Korea, India, Mongolia and Pakistan. One of the main topics of the meeting was addressing non-traditional security challenges (natural disasters, nuclear accidents, energy and food security), which had become particularly pressing in the wake of the earthquake in Japan.

Failure of the Eastern Partnership Summit

The Eastern Partnership cooperation process was launched by the European Union at the Prague Summit on 7 May 2009. The initiative, part of the European Neighbourhood Policy (2004), aimed to develop economic and political relations between the EU and six former Soviet republics (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). The programme encourages participants to bring their legal systems closer to EU standards, but does not offer them the status of membership. Community funding for this framework of cooperation increased from an initial level of €450 million in 2008 to €785 million in 2013. A further 50% was added for institutional development and 20% for regional funds. What gives the Eastern Partnership meetings a special significance is that the EU's attention has been focused mainly on the South, i.e. the Euro-Mediterranean Partnership (2008), but, with this initiative, the two main strands of the neighbourhood policy became more balanced.

Originally, the Hungarian Presidency planned a second Eastern Partnership Summit in Gödöllő that was to be held in May 2011. However, on 17 February 2011, the Government announced that, following consultations with the Permanent President of the

European Council, the Hungarian EU Presidency and the incoming Polish Presidency had taken the initiative to hold the Summit in Poland in the second half of 2011. According to the announcement, “the planned May date of the meeting was congested with other major international events such as the G8/G20 meeting or the OECD 50th Anniversary Ministerial Council”, creating insurmountable organisational and logistical problems. As the event was “extremely important for both Hungary and the EU as a whole”, the Hungarian side did not wish to risk the programme and the effectiveness of the summit, and decided to postpone it.

The change in the date (30 September) and venue (Warsaw instead of Gödöllő) of the summit did not involve any change in the content of the summit. Poland co-initiated the Eastern Partnership with Sweden, and agreed with the Hungarian side that Hungary would co-host the summit, just as Poland was originally to co-host the summit in Gödöllő. Even so, the postponement of the meeting may be considered one of the political failures of the Hungarian Presidency. Not from the perspective of integration as a whole, and not in the merit, since Hungary was given an appropriate role as co-host of the Warsaw meeting, but in the sense that the French, harbouring an aversion towards Hungarian domestic politics, deliberately organised the G8/G20 meeting for dates already in the Hungarian Presidency’s previously fixed agenda. Press reports also suggested that the French move was motivated by U.S. resentment of the Hungarian Government’s economic policy decisions.

African Spring

Learning from the failure of the 2009 Czech Presidency, in the run-up for the Hungarian Presidency it was seriously considered to make preparing for unexpected situations a presidency priority. The Czech Presidency was already shaken to its core on day four by the escalation of the conflict in the Middle East. For Hungary, this was the case not only with the Japanese nuclear disaster, but also with the series of uprisings known as the “African Spring”, which swept through Tunisia, Egypt, Libya, Yemen, Bahrain and Syria with elemental force. The popular uprisings created a huge ripple effect in international relations, and the EU, as the most active global player besides the U.S., was actively involved in the events both as an organisation, but also through the policies of its Member States, as leading powers. The former, organisational dimension was the less powerful one: the coordination of the EU’s foreign and security policy had just been transferred to the High Representative (Catherine Ashton) under the newly effective Lisbon Treaty, leaving the country holding the presidency to coordinate the EU’s action, which could hardly be described as having been united.

In the first uprising in Tunisia and Egypt (January 2011), the Hungarian Foreign Minister was the first to visit the region to assess the humanitarian situation. In the case of Libya, EU evacuation assets and crisis management experts were mobilised in coordination with the Commission, and in the framework of the EU Civil Protection Mechanism. In Libya, a country also affected by the African Spring, the Hungarian

Embassy coordinated consular and evacuation tasks for EU citizens, representing the EU and later several non-EU countries. Those fleeing the country were allowed to leave Libya and Chad using Hungarian flights.

The EU sanctions package, based on UN Security Council Resolution No. 1970 against Libya, but in many respects going beyond it, was quickly prepared and submitted to the Council by the RELEX working party under the Hungarian Presidency.

Evaluation

For the first time since Hungary joined the EU in 2004, Hungary prepared a presidency programme with no relevant experience, but the resulting programme could be considered an ambitious one, especially after the drab Slovenian (January–June 2008) and the distinctly weak Czech (January–June 2009) Presidencies.

The overall picture is that the Hungarian side was capable of preparing for the technical management of the semester's tasks, even in the period of the change of government, and was able to maintain institutional consensus on a number of current or pending policy issues. During the Hungarian Presidency, a total of 103 cases were concluded, of which 43 were concluded under the ordinary legislative procedure with the European Parliament (twenty at first reading, six at second reading and one at third reading) and 60 Council and Presidency conclusions were adopted. The data indicate that Hungary could forge compromises between the many interests and, in doing so, discern relevant issues in a way that facilitates successful decision-making.⁵

At the end of the Hungarian presidency, the political parties assessed the country's six-month performance in the working party of the Hungarian Parliament for the EU presidency. According to ruling party representatives, Hungary successfully fulfilled the tasks of the Presidency and succeeded in meeting the "Stronger Europe" presidency objective. Foreign Minister János Martonyi described Hungary's role as that of an "honest broker", and said that the greatest achievements were the completion of the economic legislative six-pack, the advancement of the Schengen enlargement and the conclusion of Croatia's accession. The Government Commissioner in charge of the Presidency's programmes, Ferenc Robák, recalled that the parliamentary elections had left very little time to prepare for the events, but they were still managed economically, in a high quality. Including the preparations, the Hungarian Presidency of the EU in the first half of 2011 cost a total of €70–75 million, or around HUF 22 billion, amounting to one of the leanest budgets of presidencies to that date. Presidencies in recent years had all spent over €100 million on presidency tasks and preparations.

Opposition parties acknowledged the professional performance of the Presidency, but added that they could not consider the presidency a success because of the "negative

⁵ Data from the Hungarian Presidency website (EU2011.hu). A concise summary of the Presidency's semester in VASALI 2011: 52–64.

political elements” surrounding the programme. According to Vilmos Szabó (MSZP), Hungary’s prestige did not rise after the presidency and “the number of negative news stories about Hungary broke a record”.

Jobbik’s assessment was summarised by Zoltán Balczó. He said that, over the past six months, the EU had moved towards the creation of a centralised European state with the assistance of the Hungarian Presidency. Overall, he said that Hungary successfully met Brussels’ expectations and the EU had moved closer to a superstate, which, however, according to him flies in the face of Hungarian interests.

Former Foreign Minister Péter Balázs, who played an active role in the preparation and launch of the Presidency, used the term “half-success” in his assessment. He argued that while the “Hungarian Presidency has done an excellent job” in implementing the programme, the “EU Presidency has not become a celebration in Hungary: its beginning was marked by political turmoil, its continuation by tension and uncertainty [...]. At the end of the Presidency, Hungary’s overall image is in more dire straits than before”.⁶

The European Parliament assessed the Hungarian Presidency on 5 July 2011. The Hungarian Prime Minister, who had travelled to Strasbourg to attend the meeting, stressed that Hungary fulfilled its commitments and was convinced that, following the enactment of the economic governance regulations, the accession of Croatia, the adoption of EU border protection and the Roma and Danube strategies, the EU was stronger than before. Although the EU faced three grave challenges in the first half of 2011 (the Eurozone crisis, the Fukushima nuclear disaster and the events in North Africa), it was able to respond quickly and effectively to all of them.

The President of the European Commission, José Manuel Barroso, also cited the completion of Croatia’s accession as a success, rendering it the 28th Member State of the EU as of 1 July 2013. He praised the economic legislative six-pack, the launch of the reform of the Schengen system and the strengthening of the EU’s external borders.

The leader of the EPP, Joseph Daul, also praised the Hungarian achievements, and underlined that the rotating presidency continues to have a major role in decision-making following the changes introduced by the Lisbon Treaty, and that the Hungarian Presidency took its share of this responsibility.

Apart from the EPP, the other EP parties (Socialists, Liberals, Greens) followed the same approach they took when the Hungarian programme was presented (19 January): following the brief, positive praise for the technical part of the programme and the acknowledgements addressed to Hungarian diplomacy, they moved on to their criticism of Hungarian domestic policy, which was not a part of the Presidency programme. In the nearly two-hour plenary debate, yet again, the bulk of the attention was paid to the Hungarian media law and the new constitution, with critics interpreting them as a sign of the dismantling of Hungarian democracy.

⁶ BALÁZS 2011.

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The Predictably Unexpected Event: EU Presidencies in a Period of Institutional Shifts

The institution of the Presidency in the history of integration

European integration has always known the concept and practice of a rotating presidency. In contrast to the three-month presidency term of the European Coal and Steel Community, today's established six-month term of office was created by the Treaty of Rome that established the European Economic Community, and Belgium was the first country to assume this responsibility from 1 January to 30 June 1958. Next, it was taken over by the then Federal Republic of Germany in the middle of the summer, which passed it on to France at the end of the year, creating the institution of a six-month rotating presidency.

Notwithstanding the many changes that affected European integration over the subsequent half century, the institution of the presidency remained fundamentally unchanged. Although the successive waves of enlargement multiplied the number of Member States between 1973 and 2006, and the deepening of integration also multiplied the number of policies at Community and then EU level, the rules governing the presidency remained the same until 1 December 2009, the entry into force of the Lisbon Treaty.

However, while the legal framework remained unchanged, the passage of time obviously brought many changes in the way the Presidency's tasks were performed. Above all, decades of experience accumulated and Member States were able to pass on this experience to each other for their own and for the other Member States' benefit. According to literature, each Member State has, from the very beginning, shaped the Presidency a little in its own image, depending on its administrative traditions, national character and available resources.¹

It became clear that other things can be expected from the Presidency term of a resource-poor Member State with a small territory and population than from a large, rich Member State. An informal hierarchy of Member States evolved that also determined the efficiency and effectiveness of the presidency term. The founding Member States with a large territory and population and a strong economy were at the top of the hierarchy, and the smaller the territory or population and the later the date of accession of a country, the lower its rank of importance became.

As a result, the presidencies of Member States with different characteristics and different priorities, which succeeded each other every six months, gave a particular dynamic to European integration. Stagnation or stalemates were followed, seemingly unexpectedly, by rapid progress under the influence of a strong and effective Presidency.

¹ LEWIS 2007: 160.

At other times, dynamic and fast-moving processes may have stalled as a consequence of a new, less experienced or ineffective presidency term.

In addition to policy changes, the increasing importance of institutional change has also resulted in innovations in the presidencies' programmes. In the initial phase, institutional change was not a major challenge for the Member State holding the presidency. Under the Treaty of Rome, the Commission, the Parliamentary Assembly and the Council were all made up of delegates from the Member States, and it was entirely an internal decision of each Member State to appoint delegates to fill the quota available to it.

The first change was the transformation of the European Parliament into a directly elected body in 1979. Although the election itself, the level of participation, the interest shown in it and its significance was disappointing, the very fact of establishing the first Community institution with direct democratic legitimacy set a new direction for political development in European internal politics.

Using direct legitimacy very cleverly as a legal basis, the European Parliament has displayed itself as the depository of European democracy. By exploiting the legislative possibilities available to it, the Parliament has strengthened its position among the other Community institutions, with the result that the European elections and the five-year mandate of the European Parliament slowly became the turntable for the institutional renewal of European internal affairs.

The Maastricht Treaty aligned the term of office of the European Commission with the mandate of the European Parliament, in theory establishing a temporal relationship between the two institutions. From then on, the European Parliament sought to gain as much political influence as possible in determining the composition of the Commission, even in an unchanged legislative framework. The right of the European Parliament to hear Commissioner-designates, which has always been its right enshrined in law, has become an increasingly prominent event over the years, and in 2004 opposition from the European Parliament led to the withdrawal of a Commissioner-designate and a change in their original portfolio.

This change meant that the institutional renewal, taking place every five years, became a politically increasingly significant and conflictual process, rather than just a routine reshuffle. This also implied that the Member State holding the Presidency during the period of institutional change also had to take part in the tasks to be performed. Even in the absence of concrete legal obligations to this end, from the perspective of the prestige of a Member State, the way in which it manages the political conflicts that arise during its presidency, whether between Member States or between the EU institutions and the Member States, is far from irrelevant. The smooth conduct of the institutional renewal process is considered to be one of the most important issues of European integration.

The presidency after the Lisbon Treaty

The regulation of the rotating presidency changed significantly on 1 December 2009, upon the entry into force of the Lisbon Treaty. One could say that the role of presidencies

is well illustrated by the path followed by Member States and the EU institutions before the adoption of the Lisbon Treaty.

Around the turn of the millennium, the key Member States and institutions of the European Union increasingly accepted a so-called ‘fleet approach’ to enlargement. This meant that, as opposed to the original scenario, which would have allowed a successive admission of Central and Eastern European candidate countries as a function of their preparedness, the strategy of waiting for all, or, as it turned out later, almost all candidate countries to join for political reasons and admitting them in one large-scale enlargement towards the East, prevailed instead.

This idea, apart from causing great disappointment to the more developed Visegrád countries, also meant that, after the enlargement, the doubling of the number of Member States had to be reckoned with. The main concern about the increase in the number of Member States was that the decision-making processes, which were originally tailored to six Member States, would become unmanageably complex and grind to a halt with the new number of Member States. Likewise, as a result of enlargement, the EU institutions would also grow in size and their operation would become increasingly difficult.

It was in response to this concern, and in preparation for the largest ever enlargement, that in 2001 the Member States adopted the Laeken Declaration, which announced a constitutional process. The objective was that a European Convention, made up of the Member States, the EU institutions and other political players, chaired by former French President Valéry Giscard D’Éstaing, drew up a draft Constitution that would be accepted by the Member States and could serve as the Constitution of the European Union in the upcoming period.

The Convention fulfilled its task in 2004, but the following year, during the ratification process, referendums in France and the Netherlands rejected the text of the draft Constitution. European integration appeared to delve into a deep crisis, since voters in two of the founding and influential Member States said no to moving forward.

The subsequent period of disheartenment ended in 2007 with the rotating presidency. Germany, holding the presidency at that time, announced the end of the period of reverie and, on the fiftieth anniversary of signing the Treaty of Rome, Member States adopted the so-called Berlin Declaration, which foresaw the adoption of a new treaty and set the goal of holding the 2009 European Parliament elections under that new treaty.

This case alone demonstrates how a strong and influential presidency can inject new dynamism into a stalled integration process. Thanks to the restarted work, the text of the draft treaty was signed in Lisbon on 13 December 2007 during the Portuguese Presidency. Everything was therefore given to achieve the original objective, to ensure that the new treaty entered into force on 1 January 2009 and applied to the European Parliament elections that year.

However, the ratification process yet again brought about difficulties. Although France and the Netherlands, which said no to the draft European Constitution, have now, for the sake of certainty, bypassed direct involvement of the people in the decision-making process, and ratified the treaty text via their respective legislatures, in Ireland the no-voters won the first referendum and yes-voters only won in early October, in

a repeated referendum. The Czech Republic and Poland also delayed their ratifications, with reference to the difficulties in Ireland.

The complications, which by now can be considered routine, have led to delays with regard to entry into force of the treaty. As such, the Lisbon Treaty could not enter into force on 1 January 2009, as originally planned, but only at the end of the year, on 1 December 2009, well after the European Parliament elections.

The new Treaty added two important innovations to the existing rules governing the rotating presidency. Both innovations can be linked to the fact that upon the Treaty's entry into force, there were already twenty-seven, and from 2013 on twenty-eight Member States of the European Union, meaning that, while retaining the six-month presidency cycle, a Member State must wait thirteen to fourteen years for its turn. As the number of Member States increased, so did the diversity of the European Union, and this was also true of the diversity of its policies. Consequently, the new Treaty introduced innovations that sought to reduce the relevance of the different presidencies held by the Member States.

The institution of trio presidency was introduced in this spirit, which entailed cooperation between three Member States holding the successive presidencies. In addition to their respective presidency programmes, the countries in the trio also adopt a common presidency programme for the eighteen months and cooperate closely with each other to achieve policy goals during their presidencies. The intention behind the introduction of the new institution is clear: establishing close policy cooperation between the members of the trio and creating an opportunity for cooperation between the different trios, strengthens the policy profile of the presidencies and at the same time ensures continuity in the development of EU policies.

Another novelty of the Treaty had a negative effect on the political profile of the presidencies by diminishing their role in the operation of the EU institutions. The Lisbon Treaty created two new posts, previously held by politicians from the Member State holding the rotating presidency.

The European Council, in operation since 1974, had traditionally been chaired by the head of state or government of the Member State holding the presidency, in line with the constitutional arrangements of that country. However, as of December 2009, the Lisbon Treaty introduced the post of President of the European Council, elected by qualified majority in the European Council for a two-and-a-half year term, with the person holding the position being eligible for re-election once. All three presidents this far, Herman Van Rompuy, Donald Tusk and Charles Michel have served two terms, amounting five years in office, respectively.

The other innovation was the creation of the High Representative of the European Union for Foreign Affairs and Security Policy. Before the Lisbon Treaty, it was the foreign affairs minister of the Member State holding the rotating presidency that traditionally steered the European Union's foreign policy. With the entry into force of the Lisbon Treaty, it is the High Representative, elected by qualified majority by the European Council and appointed for five years with the consent of the President of the European Commission, who carries out these tasks.

The Lisbon Treaty therefore somewhat redefined the profile of the Presidency. It provided the opportunity for more input into policy work compared to its traditional role, but at the same time, it reduced the importance of the tasks included in the institutions' competence and restricted its role in representation. It may seem that the rotating presidency has become pale in comparison, with fewer strictly political roles for Member State politicians. However, the gradual politicisation of interinstitutional relations and the ensuing tasks have compensated this loss on the side of the politicians of the Member States holding the presidency.

Policy or large-scale politics? The 2009 Swedish Presidency

While the years of European integration have been eventful, due to its political significance, 2009 was particularly remarkable. As the last member of the French–Czech–Swedish presidency trio, Sweden essentially built its six-month presidency around a six-point programme. The priorities of the Swedish Presidency were: 1. economic and employment policy; 2. climate change; 3. the implementation of the Stockholm Programme in the field of Justice and Home Affairs cooperation; 4. the Baltic Sea Strategy; 5. the European Union's neighbourhood and external policies; and 6. institutional and constitutional issues.²

In a somewhat unusual approach, it is clear that in addition to its policy-related responsibilities, the Swedish Presidency had already taken the tasks arising from the ratification process of the Lisbon Treaty into account. A primary challenge in this area was the issue of the second Irish referendum. In June 2008, in the first referendum in Ireland, the majority voted against the ratification of the treaty, so that few thought that it could enter into force under the Swedish Presidency. Accordingly, in the preparation period of the Swedish Presidency, tasks related to the possible failure of the referendum were included rather than tasks related to the new treaty's entry into force.³

The Swedish Presidency had three major responsibilities in the field of institutional change. On the one hand, it had to monitor the process of setting up the new institutions, namely the new European Parliament and the European Commission, and to assist them wherever possible. On the other hand, the Presidency had to make every effort to ensure that the ratification process stalled by the Irish referendum was completed before the end of the year so that the Lisbon Treaty could enter into force. The third task was to help the new positions created by the new Treaty, namely the President of the European Council and the High Representative of the European Union for Foreign Affairs, to become established in internal European politics.

Due to its timing, the Swedish Presidency's main focus was the institutional renewal process rather than the achievement of policy objectives, which were otherwise successfully met. The fact that the protracted ratification of the Lisbon Treaty and the process of

² LANGDAL – VON SYDOW 2009: 7.

³ DONNELLY et al. 2009: 2.

setting up the new institutions following the European Parliament elections were taking place in parallel opened up a debate surrounding the timing of the new institutions' entry into office.

Although the June 2009 European Council meeting, in line with tradition, made a proposal for the next President of the European Commission following the European Parliament elections, to be the same as the current President, José Manuel Barroso, some Member States felt that the whole institutional renewal should be postponed to the period following the Treaty's entry into force. This approach was echoed by the European Parliament, which postponed its July vote on the old/new Commission President. The primary motivation for the postponement and waiting for the entry into force of the Lisbon Treaty was that it gave the European Parliament stronger powers in the nomination process of the President of the European Commission.⁴

However, the Swedish Presidency thought that, in order to ensure institutional continuity, the procedure should be continued at least as regards the person of the President, and at the beginning of the Presidency, i.e. the beginning of July, it started consultations with the European Parliament on the person of the new Commission President.⁵ Although the timing was disputed by some, the Swedish Presidency succeeded as a result of its extensive preparatory work, and the European Parliament's September plenary voted by a large majority for Barroso. The nomination, interview and appointment of the other members of the Commission was postponed until after the entry into force of the Lisbon Treaty, so that the new, i.e. second Barroso Commission could enter into office on 10 February 2010.

The second task within the process of institutional renewal was navigating the ratification process of the Lisbon Treaty, which did not appear much easier either. At the beginning of the Swedish Presidency, besides Ireland, three further Member States had not ratified the Treaty, namely the Czech Republic, Poland and Germany. A convincing majority of votes in favour opened the final stage of the ratification process, when only certain Member States' concerns had to be addressed by the Swedish Presidency. In the autumn of 2009, the German Federal Parliament gave its consent to the entry into force of the Treaty by a large majority, and although the Polish Parliament waited for the outcome of the Irish referendum, it ratified the Treaty immediately afterwards.

So the only sensitive diplomatic task was to overcome the Czech President, Václav Klaus's scepticism surrounding ratification. The President feared that the Charter of Fundamental Rights, linked to the Lisbon Treaty, would undermine the implementation of the Beneš decrees and blocked the ratification of the Treaty itself until the appropriate guarantees were put in place. Although the majority for the ratification in the Irish referendum significantly softened his position, analysts say that the Swedish Presidency's discreet diplomatic manoeuvres were also instrumental in breaking Klaus's resistance to make the entry into force a success.⁶

⁴ FOWLER 2009:18.

⁵ *Report on the Swedish Presidency of the Council of the European Union* 2009: 17.

⁶ KRÁL 2009: 33.

The third aspect of institutional renewal was filling the new posts with officials and the establishment of the authority of these posts. Prime Minister Fredrik Reinfeldt also said that one of the tasks of the Presidency would be to organise a debate on how the new institutions and positions would compare with the existing traditional arrangements upon the entry into force of the Lisbon Treaty. For him, the most pressing issue was to clarify how the position of the President of the newly created European Council would change the responsibilities of the head of government of the country holding the rotating presidency.⁷

Following some initial success in the other two areas, on 19 November 2009 the Swedish Presidency faced its most difficult test in the process of institutional renewal. The Member States decided then on filling two new posts. Given that neither of these positions had had a precedent in the history of European integration, the Member States did not foresee, either in the case of the President of the European Council or the High Representative of the European Union for Foreign Affairs and Security Policy what the future held and how much gravitas the first-time holders of these positions could give to their new positions.

This time, the Swedish Presidency, led by Fredrik Reinfeldt, personally managed the extremely difficult process of mediating between often conflicting national interests, finally to the general satisfaction of all. Criticism was only voiced regarding the methods,⁸ namely that the Swedish diplomacy built consensus through confidential discussions and phone calls rather than in open negotiations. It is likely, however, that the method itself was the key to success: open diplomatic negotiations would probably not have allowed Member States to reach a consensus-based solution in such a short time.

Of course, in addition to the tasks set by the process of institutional renewal, the Swedish Presidency also had to perform “traditional” responsibilities, that is, policy tasks of the presidency. The biggest risk here was finding an antidote to the European economic crisis, the effect of which could be strongly felt at that time. During the Swedish Presidency, the crisis that hit European economies in 2008, erupting from the United States, was merely one of the tasks. The solution would only be found in 2011, not least as a result of the Hungarian Presidency, when the legislative and policy framework for economic governance was reformed.⁹

The rescue of the Copenhagen climate summit, threatening to be a total failure, was also a major challenge and resulted in only partial success.¹⁰ The European Union started climate negotiations with ambitious plans in mind, but it became clear from the start of the Swedish Presidency that the meeting would not be able to fulfil its original mission, mainly due to the reluctance of the U.S. and China. The Swedish Presidency on its own cannot be blamed for this missed opportunity, but the failure still overshadowed its performance.

⁷ MAZZUCELLI–DRAGOMACA 2009: 15.

⁸ KACZYNSKI 2009: 21.

⁹ VÉGH 2019: 10.

¹⁰ PALMER 2009: 16.

Meanwhile, the adoption of the Stockholm Programme is considered a major policy success of the Presidency. The Stockholm Programme set out the roadmap for Justice and Home Affairs cooperation in the 2010–2014 period. The programme aimed to infuse European citizenship with actual, tangible substance, and called for concerted action to combat terrorism, drug trafficking, and the smuggling of migrants, among other things, as well as for the creation of a coordinated immigration system.

Overall, we may conclude that while the Swedish Presidency faced a large number of policy tasks, it was exceptional in that it had to cope under very specific circumstances. The ratification process of the new treaty, which took place in parallel with the institutional renewal, and the introduction of new positions resulted in unprecedented tasks. That is why the Swedish Presidency not only had to apply its traditional policy-making skills, but also its very strong diplomatic and mediation abilities during the semester. In this role, the high level of trust Sweden traditionally enjoys among its negotiating partners was of great importance. As a result, its role as an honest broker was never questioned, which greatly enhanced the effectiveness of the Presidency.

Like a hot knife through butter: The 2014 Italian Presidency

Five years after the Swedish Presidency, Italy took over the presidency at the time of the next institutional change. The stars were aligned in favour of the South: there were still some concerning factors pervading European politics, but the overall effect on European integration and the EU institutions was nothing compared to what the Lisbon Treaty ratification process and the institutional renewal back then had posed for the Swedish Presidency.

However, the European polity did not remain without innovation in 2014 either. The big novelty was the so-called ‘Spitzenkandidat’ system, whereby the leaders of the Member States accept the outcome of the European Parliament elections as binding upon themselves and nominate the leader of the winning party alliance as the next president of the European Commission.

The special feature of this system was that it was not based on Treaty provisions, but rather formulated in opposition to those. Under the Treaty, the president of the European Commission is nominated by the European Council, acting by a qualified majority, and voted on by the European Parliament. If the European Council’s candidate enjoys the confidence of the European Parliament, the process of setting up the Commission as a whole can begin, with the nomination of Commissioners, followed by their hearing in the European Parliament. Once again, it is the European Parliament that completes the process by holding a vote of confidence on the new Commission, which, if supported by the majority, can take office.

The system of lead candidates was allowed by a so-called interinstitutional agreement, under which the European Council voluntarily renounced its right of nomination or, to be more precise, has made it a mere formality. By making it compulsory for itself to take into account the results of the European elections, it has in fact rendered its role

in the nomination process to be fully symbolic, allowing the European Parliament to be the main actor in the process of establishing the new Commission.

The European People's Party (EPP) won the 2014 European Parliament elections, and its leader, Jean-Claude Juncker, long known in European domestic politics as prime minister and finance minister, and more recently as head of the Eurogroup of euro area countries, was nominated by the European Council as the new president of the European Commission. Not everyone agreed with the lead candidate system. However, despite the protests of the prime ministers of the U.K. and Hungary, who voted against the procedure, a qualified majority made Juncker the presidential candidate. The nominee was supported by the majority of the European Parliament and the process of setting up the new Commission could begin.

Compared with the Swedish and, as we shall see below, the Finnish Presidency, the system of lead candidates made the work of the Italian Presidency much easier in the initial phase, even if the solution itself did not comply with Treaty requirements. Perhaps this is why the issue of institutional renewal was not raised with nearly the same intensity throughout the Italian Presidency, as during the Swedish Presidency, which dealt with the ratification and entry into force of the Lisbon Treaty and institutional renewal at the same time.

This happened despite the fact that the document presenting the priorities and programme of the Italian Presidency first of all addressed the problematic areas of the process of institutional renewal and the resulting tasks of the Presidency, ahead of the policy objectives.¹¹ In fact, the Italian Presidency could focus more on achieving its policy goals than its predecessor, thanks to the smooth institutional renewal achieved.

The European Parliament accepted the next candidate for the European Commission, without major political opposition, who was at the same time the lead candidate. In line with the original plans, the European Commission was the only one of the post-Lisbon Treaty Commissions that started working on 1 November 2014. And towards the end of the Presidency, the new President of the European Council, Donald Tusk, was elected by the leaders of the Member States as scheduled.

However, this did not mean that the Italian Presidency was a calmer period than the earlier presidencies. The policy priorities of the Italian Presidency were essentially organised around three turning points: 1. drawing the lessons of the European economic and sovereign debt crisis in Southern Europe and renewing economic governance; 2. reforming the common foreign and security policy; and 3. developing a new common immigration policy.¹² However, historical events brought about an unexpected turn of events in virtually all three policy areas.

The number of questions surrounding the effectiveness of economic governance only increased as the Greek debt crisis escalated, to take a truly radical turn in 2015 with the victory of the far left in the Greek parliamentary elections. The reform of the European Union's foreign and security policy was fundamentally undermined by

¹¹ BONVICINI et al. 2014: 2–3.

¹² BONVICINI et al. 2014.

the Russian–Ukrainian crisis that erupted in the summer of 2014, also causing a diplomatic emergency when Russian paramilitary forces shot down a Malaysian Airlines passenger plane. Finally, a year later, the efforts made to develop a new immigration policy, referred to by Jean-Claude Juncker as a priority in his address to the European Parliament, failed, when an unprecedented number of migrants reached Greece, Italy and Hungary by land routes, opening a new chapter in the history of the European Union’s migration policy.

However, these developments did not overshadow the otherwise successful Italian Presidency. So far, the second half of 2014 could be considered the most successful presidency period, also in terms of institutional renewal. By the end of 2014, all the institutions had been renewed and could start the political term ahead smoothly.

A pragmatic country’s adventure with ideology: The 2019 Finnish Presidency

On 1 July 2019, Finland commenced its third presidency as a member of the European Union. The Finnish Presidencies of 1999 and 2006 are remembered for their rather pragmatic and modest character. As a typical newly-joined small state, during its first two presidencies it placed a strong emphasis on the smooth functioning of the European Union and on ensuring that the already turbulent political environment did not encumber the functioning of the European Union with ideological debates.¹³

It is perhaps a twist of history that Finland held the Presidency in 1999 and 2006, as well as in the second half of 2019, and in addition, it had to steer a process of institutional renewal following the 1999 EU elections, just as it did twenty years later in 2019, even if in a fundamentally different legislative context, due to the entry into force of the Lisbon Treaty. By 2019, therefore, the country could be considered as being experienced, both in terms of the tasks of the EU Presidency in general and in particular as regards the role of the EU institutions during a renewal period.

Perhaps this self-confidence also explains why the Finnish Presidency programme, unlike its Swedish and Italian predecessors, did not even mention monitoring the process of the EU institutions’ renewal as a task. The Presidency only laid down policy priorities in its action programme, with the protection of EU values and the rule of law at the top of the list. This was followed by a competitive and socially inclusive European Union, which focused essentially on economic policy goals. The third priority was to strengthen the European Union’s position in global leadership, and the final objective was to improve citizens’ security. The Presidency programme also stressed the resolution of the 2021–2027 multi-annual financial framework and migration-related issues as specific tasks, not as a priority but rather as a separate goal.¹⁴

It was clear, not only from the structure of the document but also from the politicians’ statements, that the Finnish Presidency placed the greatest emphasis on rule of law issues

¹³ TUOMINEN 2023: 27.

¹⁴ *Sustainable Europe – Sustainable Future. Finland’s Presidency Programme 2019.*

and wished to play an active, initiative-taking role in this area, which was somewhat unusual. As opposed to its previous presidencies, the Finnish Government played a distinctly ideological role, and its role as a mediator in the period of institutional renewal was relegated to the background.

Finnish domestic political developments may explain this novel perception of the role. On the one hand, the Finnish Parliament has a decisive role in defining Finnish European policy, in line with the Nordic model. This also means that party political considerations may be more decisive in setting priorities than government policy priorities. This in itself points to a more ideological presidency.

This structural factor was further reinforced by current domestic political developments. The big novelty of the parliamentary elections held in April, a few months before the start of the Presidency, was the rise of the Finns Party. Although a centre-left coalition government could be formed, the new government saw the rise of populism and Euroscepticism as the biggest threat to Finland and the European Union. Moreover, as a newly-inaugurated, ambitious government that took office less than a month before the start of the Presidency, it believed that there was a pressure for action in this field at European level.¹⁵

Although the 2019 renewal process seemed similar to the 2014 institutional change, at the time of the Finnish Presidency the internal political developments in Europe following the elections to the European Parliament had created a more complicated context than five years prior. The lead candidate system, controversial from the very beginning, finally tanked after the elections when it emerged that following the rules from five years earlier would result in the European Council awarding the status of Commission president-designate to Manfred Weber, lead candidate of the European People's Party, who had no governmental experience.

The majority of Member State leaders were not ready to take such a risk and, following several days of negotiations, the European Council finally decided to break with the system of lead candidates and, from relative obscurity, nominated Ursula von der Leyen, the German Defence Minister, as the next President of the Commission. The manoeuvre was apparently successful, as the European Parliament swallowed its pride and voted in mid-July to give its confidence to the candidate and so the process of setting up the new Commission could start.

However, the procedure itself created a tension that was felt between the European Parliament and the Commissioners-designate throughout the process of the Commission's formation and the hearings of the Commissioners-designate on the one hand, and which poisoned the relationship of trust between the Commission and the European Parliament, even after the Commission took office, on the other. Acting as a mediator in the triangle between the Member States, the incoming Commission and the European Parliament during these tense months could also be considered the responsibility of the Finnish Presidency.

¹⁵ TUOMINEN 2023: 28.

However, it seemed that the Finnish Presidency had not picked up on any of these storms, or at least had not considered these issues to be serious enough to change its original agenda. Hence, the Presidency did not act as a mediator in internal debates, nor in the party political battles surrounding the hearings of the Commissioners-designate. This failure is particularly striking because the climate of confidence surrounding Finnish diplomacy would have otherwise rendered the Presidency's mediation effective. As a result of the controversy, the institutional changeover, originally scheduled for 1 November 2019, suffered a one-month delay for the Commission, dragging out until 1 December.¹⁶

Moreover, the Finnish Presidency did not do better on the priorities it had considered important. Negotiations on the financial framework for 2021–2027 soon reached an impasse, and so did consultations on the rule of law procedure. The heavily ideological stance also induced some reservation even among those who were otherwise sympathetic to the Presidency's aspirations.

EU Presidencies in a period of institutional change

Summing up what has been discussed so far, first we must note that there is little experience to draw clear conclusions from when it comes to the presidencies that have taken place since the Lisbon Treaty's entry into force. The Lisbon Treaty redefined the role of the Presidency to such an extent that it certainly opened a new chapter in the history of presidencies. However, each of the three rotating presidencies since then has had features that make it difficult to generalise conclusions.

The 2009 Swedish Presidency certainly was a unique case, and only partly fit our definition, since the Lisbon Treaty only entered into force at the end of the Presidency, on 1 December, so the bigger part of the Presidency was still subject to the old rules and role concept. As a result, although there is consensus that the Swedish Presidency performed very well, it could not implement the institutional renewal fully, as the Commission was only set up in February 2010.

The 2014 Italian Presidency worked in a much calmer legislative context and a somewhat more relaxed political framework. By focusing primarily on a pragmatic approach, it contributed greatly to the smooth renewal of the EU institutions. It was undoubtedly helped by the agreement of the vast majority of Member States on the system of lead candidates, but it was also helped by the fact that, as a founding Member State, it could mobilise political capital creating general confidence in order to reach an agreement.

The 2019 Finnish Presidency was clearly the least successful of the three rotating presidencies. Its strong ideology-based attitude did not make it any easier to build the trust necessary for mediation. Moreover, it seems from the Presidency documents that it did not attach any importance to the tasks that the institutional changeover imposed on the Member State holding the rotating presidency. The failure of the Finnish Presidency

¹⁶ DE LA BAUME 2019.

was twofold: it was unable to make a substantive contribution to institutional renewal, but it also failed to make progress on major policy issues during its six-month term. As a result, the Croatian and then the German presidencies had to work hard and with ever-growing delays to perform their tasks.

Summing up the experience thus far, the three noted examples suggest that countries holding the presidency during a period of renewal of the EU institutions are successful when they act in the role of a pragmatic and mediating presidency rather than an ideological and initiating one. This role may be duller at first sight, but in reality it requires at least as much energy, capital and leeway as a seemingly more colourful, proactive one. Moreover, a successful presidency can be a long-term investment that pays off in terms of the energy spent. The mediating role, successful consultations and the impartial mediator's attitude increase the European Union's confidence in the country to such an extent that brings a great return in terms of improving cooperation as a whole.

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Policy Challenges and Opportunities for the 2024 Hungarian EU Presidency

Introduction

In the second half of 2024, Hungary will hold the Presidency of the Council of the European Union for the second time, while it has already started its 18-month trio presidency with Spain and Belgium in July 2023. The three countries have developed a Joint Presidency Programme,¹ which was adopted by the General Affairs Council on 27 June 2023.² The trio presidency teams created by the Lisbon Treaty coordinate their work programme, but with the added importance of the programmes of each presidency, which are finalised in the weeks before the start of each presidency. The Spanish Presidency's programme had the motto "Europe, Closer",³ the current Belgian Presidency is implementing its programme entitled "Protect, Strengthen, Prepare".⁴ As in 2011, after Hungary, Poland will take over the presidency as the starting member of the next trio,⁵ so that the Hungarian and Polish Presidencies will also act as a link.

Presidency during the institutional transition

The elections to the European Parliament will take place shortly before the start of our Presidency, between 6 and 9 June 2024. In the autumn, the mandate of both the President of the European Commission (31 October 2024)⁶ and the President of the European Council (by July 2024 the latest)⁷ will expire. While the President of the European Council will definitely change, the President of the European Commission is up for re-election. After the election, there will be a new President of the European Parliament and the High Representative of the Union for Foreign Affairs and Security Policy will be elected.⁸

¹ Council of the European Union 2023a.

² Council of the European Union 2023b.

³ Spanish Presidency of the Council of the European Union 2023.

⁴ Belgian Presidency of the Council of the European Union 2024.

⁵ Next trio Presidencies: Poland 2025, Semester I; Denmark 2025, Semester II; Cyprus 2026, Semester I [see Council Decision (EU) 2016/1316].

⁶ European Commission s. a.

⁷ Euractiv 2024.

⁸ The European Parliament approves the High Representative for Foreign Affairs and Security Policy, the President of the European Commission and the other members of the Commission with a vote. The

As President-in-Office of the Council of the European Union, Hungary will be responsible for shaping the European Union's agenda in the second half of 2024 in the shared interest of the 27 Member States. However, while respecting the requirement of an honest broker, each presidency is given the opportunity to set the EU agenda. In May 2024, during the Belgian Presidency, we will celebrate the 20th anniversary of our accession and that of the Czech Republic, Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia to the EU. This will provide an opportunity in the course of our Presidency to present the progress made since the start of our membership, as well as to focus on the specific interests and common challenges of the region and the forward-looking policy initiatives of these countries.

As a result of the change of institutional cycle, we should expect less legislative work in its classical terms at the beginning of our EU Presidency. Hungary will hold the first presidency to incorporate the priorities of the 2024–2029⁹ Strategic Agenda into the work of the Council.

Preparing for the unforeseen

The Russian–Ukrainian war will certainly continue to be a decisive issue in the EU's activities in the years ahead of us, just as the outcome and aftermath of the Gaza conflict is not known at the time of writing this article. The Hungarian EU Presidency must be even better prepared than before to deal with unforeseen crisis situations. In 2011, our Presidency was marked by both the tragic Fukushima nuclear accident and the events of the Arab Spring. From the Hungarian side, attention must be paid not only during the Presidency, but also in the period leading up to it, to the above challenges, and to the representation of Hungarian interests in addressing them.

Climate change, droughts and the resulting food crisis will also have an extreme impact on already fragile regions, which could give further impetus to the spreading of extremist ideologies and terrorism, which are major triggers of mass migration, and require further decisive action in the area of border protection.

The EU has been suffering in the realm of competitiveness¹⁰ for decades, a process that has accelerated in recent years. “Since the mid-1990s, the average productivity growth in the EU has been weaker than in other major economies, leading to an increasing gap in productivity levels. Demographic change adds further strains. Analyses show that the EU is also not at par with other parts of the world in some transversal technologies, trailing in all three dimensions of innovation, production and adoption and losing out on the latest technological developments that enable future growth.”¹¹ The Hungarian

High Representative is appointed by the European Council (CoE), acting by a qualified majority and with the consent of the President of the Commission.

⁹ Council of the European Union 2024.

¹⁰ European Commission 2023a.

¹¹ European Commission 2023a.

EU Presidency will therefore place a strong emphasis on European competitiveness, with a particular focus on the development of a productivity-enhancing framework to substantially narrow the growth and innovation gap between the EU and its global competitors. This must be achieved with cohesion in mind, so that vulnerable regions are not left behind while improving pan-European results. In this context, Hungary intends to pay particular attention to addressing demographic issues and challenges, which are of growing importance in terms of the EU's competitiveness. The decline of the economically active population also affects consumption, investment and economic dynamism, so this is in any case a common European challenge. In light of the above, our objective is for the EU to recognise demography as a pillar of sustainable growth and competitiveness and as a priority in the next EU Multiannual Financial Framework (MFF), and to allocate appropriate EU resources to counter negative trends.

The war in Ukraine has once again highlighted the need for the European Union to take greater responsibility for its own security, moreover, for strengthening cooperation on defence policy based on its strategic interests, while reinforcing its capacity to act independently. To this end, the Hungarian EU Presidency, in addition to the implementation of the Strategic Guidelines¹² setting out the main directions of EU defence policy, will place particular emphasis on strengthening the European defence technological and industrial base (EDTIB).

While this had not emerged in 2011, by now the agenda of international climate and biodiversity diplomacy is generating a major coordination challenge. During the Hungarian EU Presidency, Hungary will have the important task of coordinating the European Union as a unified negotiating group in the 29th Conference of the Parties to the UN Framework Convention on Climate Change¹³ (COP29) and the UN Biodiversity Summit (COP16). Traditionally, it is the responsibility of the Member State holding the rotating presidency to coordinate the development of the EU's common position and to negotiate and adopt Council conclusions laying down the general EU position for the negotiations in the Council working party by unanimity.

In its complexity, the debate launched on the future of the Union¹⁴ is also likely to have an impact on the Hungarian Presidency.

Policy priorities of the 2024 Hungarian EU Presidency

In view of the above, we have identified the following nodes, which, based on the current state of our knowledge, could be high priorities for the Hungarian EU Presidency in the second half of 2024.

¹² Council of the European Union 2022.

¹³ United Nations s. a.

¹⁴ European Council 2023.

Promoting the enlargement process and the EU – Western Balkans Summit in Hungary

In the field of enlargement, the Council's activities follow a set agenda, which essentially foresees the programme of each presidency. This means the Stabilisation and Association Process and the preparation and organisation of its meetings, on the one hand, and the accession negotiations, including the negotiation of the accession chapters and the preparation and organisation of the Intergovernmental Conference for the negotiations, on the other hand. In addition, the Commission prepares an annual report (according to the current practice, in autumn) on the state of play of the Stabilisation and Association Process and the enlargement, based on which the Council adopts conclusions. Considering the current state of the accession negotiation processes (regarding Montenegro, Serbia, Albania, North Macedonia and Turkey), there is no chance of any negotiating country to conclude the negotiations or join the EU under the Hungarian Presidency.

One important reason for the current slowdown in the enlargement process is that there is no clear time horizon for accession due to a lack of political will, making it understandably difficult for decision-makers in candidate countries to take those most politically sensitive and far-reaching reform steps, which often imply eroding their political support. Hence, the lack of political will on the EU's side generates a lack of political will on the candidate side. The big question for the time until the Hungarian presidency takes place will be how the individual building blocks move, and what opportunities there are for us to move forward on this issue. Our aim is to make progress in the Western Balkans with all countries where the opportunities are given. We hope to have the opportunity to hold intergovernmental conferences with the negotiating countries, where we can open and close new accession chapters. This would also be tangible proof to our Western Balkan partners that the process is moving forward and that there is a real will on the EU's part regarding the region's accession.

An EU – Western Balkans Summit is also envisaged under the Hungarian Presidency. As Presidency, we will make every effort to strengthen the links between the EU internal market and the candidate countries. In recent years, the Commissioner for Neighbourhood Policy and Enlargement has put a series of proposals on the table, based on which this goal is achievable. In the field of infrastructure links, green policies or even digitalisation, there are a number of programmes to reinforce the connections between the EU and the candidate countries. It is important in a broader sense that, in today's world, where many countries are shutting themselves off, through these connections the EU keeps strengthening its relations with its immediate neighbourhood.

Although not part of the enlargement process, it is important to mention the European Political Community. All EU candidate and potential candidate countries are members of the EPC, as are the countries of the European Economic Area that are not EU members. In recent years, this forum has grown into a high-level political consultation forum, where Heads of State and Government review the most important tasks affecting the whole of

Europe, taking advantage of the opportunity to consult directly with the Turkish President or even the British Prime Minister. Given that the biannual EPC Summit is hosted by the Member State holding the Presidency in the second half of each year, the organisation of this summit will also be a top priority for the Hungarian Presidency.

Strengthening competitiveness

The EU has been steadily losing its competitive edge to global competitors for decades, and this process has accelerated in recent years due to soaring energy prices, the economic and trade consequences of the war in Ukraine, and the protectionist measures of our global competitors, primarily the U.S. and China. We must find appropriate responses to the resulting long-term challenges in order to substantially narrow the growth and innovation gap between the EU and its global competitors. It is crucial for Hungary to maintain our growth model as a small, open, investment- and export-driven economy within a European framework, and to promote local value creation and the emergence of new value chains.

The Hungarian EU Presidency will therefore place a strong emphasis on European competitiveness, with a particular focus on creating a framework for productivity, including the dismantling of existing barriers to the internal market, maintaining a level playing field and reducing red tape. Bureaucracy is particularly burdensome for smaller businesses and may discourage entrepreneurship; therefore, strengthening the resilience of small and medium-sized enterprises will be a priority, given their important role in the EU and national economies, as well as the labour market. Reducing red tape can help to overcome unjustified barriers for businesses, moving towards better regulation.

It will also be important to promote an open economy and international cooperation, and to ensure a flexible labour market that is sustainable in the long run. In this context, Hungary intends to pay more attention to addressing demographic issues and challenges, which are of growing importance in terms of the EU's competitiveness. The decline of the economically active population also affects consumption, investment and economic dynamism, so this is, in any case, a common European challenge. During the Hungarian Presidency, we would also like to strengthen the recognition of the cross-sectoral, horizontal role of culture, which contributes to sustainable development and positive social transformations, since cultural and creative sectors directly contribute to employment and economic growth.

The Hungarian Presidency will also seek to ensure that the EU does not adopt protectionist, market-distorting measures that could adversely affect investment from outside of Europe and lead to a decline in international trade, and ultimately to the creation of trading blocs. However, for this it is essential that Member States have balanced public finances, and we will continue to call for the dual objectives of debt sustainability and macroeconomic stability in the context of economic governance reform.

Addressing demographic challenges

A serious demographic crisis is facing the European Union, with none of the EU countries having a sufficient birthrate to keep their population from declining without a migratory influx. There are several solutions to counter the demographic decline in EU countries. The Hungarian Government's approach to women, families and gender equality is very different from, and in many cases completely contrary to, the essentially individualistic approach of Western European Member States. At the same time, family policy and demographic issues are a high priority for the Hungarian Government, and therefore, in view of the EU institutional transition, there is a good opportunity to adopt recommendations on demographic and family policy issues. Demographic issues and challenges are trends that will remain at the centre of attention and reflection, given the ageing society, the dual transition, the depopulation of rural areas and the changing world of labour, and will be of growing importance for the EU's competitiveness.

In addition, another important aspect of the Presidency will be to highlight the need to improve the situation of young people and the role of local communities in helping them to thrive locally, which can indirectly contribute to achieving demographic goals. A new approach is needed to strengthen territorial cohesion. The relocation of educational and vocational training institutions, cultural programmes, social and health services are tools which, by reversing mobility trends, can make depopulated regions attractive again, improve the conditions of people living there and lay the foundations for improving demographic trends. In view of all this, the demographic challenges certainly call for a common European response, which may be aligned with the Hungarian position. The Demographic Toolbox¹⁵ published by the European Commission on 11 October 2023, which was prepared on the initiative of Hungary, among others, can facilitate this process.

As far as the implementation of the Presidency's objectives are concerned, it is important to note that the next Multiannual Financial Framework (2028–2034) already provides resources to address (not immigration-related) demographic problems. The EU may use these to support families, to help Europeans have the number of children they want, to harness internal resources and strengthen communities, and to increase the population retention capacity of rural areas.

However, it is important that each Member State develops its family policy in accordance with its own constitution, traditions and customs. Family policy is and must remain a national competence. The Hungarian EU Presidency encourages Member States to share their experiences and best practices for the safety and well-being of European families. We also call for the mainstreaming of demographic aspects in all EU policies and the introduction of mechanisms and a toolbox to counteract negative demographic impacts. We are of the view that sufficient EU funding must be made available to the accession countries to address demographic challenges and to further improve work–life balance and employment opportunities for parents.

¹⁵ European Commission 2023b.

The fight against irregular migration with a special focus on the external dimension

During the Hungarian Presidency, an important task will be to prepare the implementation of the priorities of the new EU Strategic Agenda for 2024–2029 and the adoption of the relevant European Council guidelines. The European Council sets out strategic guidelines for planning legislative and operational programmes in the area of freedom, security and justice, which, in line with current practice, are meant to respond to the implementation of the Strategic Agenda¹⁶ in the field of justice and home affairs. Accordingly, the Council is responsible for preparing the European Council guidelines for the next institutional cycle on the basis of the priorities laid down in the strategic agenda.

As far as legislative dossiers on border management, visa policy and police cooperation are concerned, it is foreseen that both the incoming presidencies and the European Parliament will aim to complete the ongoing legislative procedures by the end of the current institutional cycle. The same is to be expected for the legislative proposals on the reform of the Common European Asylum System. Should no agreement be reached before the start of the Hungarian Presidency, this issue could also be on the agenda. Regardless of the evolution of the asylum reform process, the exploration and review of the correlations between asylum and the security aspects of migration could be raised as a cross-cutting issue, involving also the areas of law enforcement, counterterrorism and asylum. It is also worth mentioning that the external dimension of migration, a closer cooperation with affected third countries and, increasing the effectiveness of return activities will all be on the agenda of the Presidency. The latter issue is particularly topical, given that several European countries are considering their own solutions for processing asylum applications outside the EU. The evaluation of the annual Schengen cycle will also coincide with the term of the Hungarian Presidency. This point could provide an additional opportunity to emphasise the importance of external border protection and EU funding for border protection.

Strengthening European defence policy

The war in Ukraine has once again highlighted the need for the European Union to take greater responsibility for its own security and, furthermore for strengthening cooperation on defence policy, based on its strategic interests, and to reinforce its capacity to act resiliently and independently. This must naturally go hand in hand with recognition of the importance of its transatlantic ties, in line with the European Union's Strategic Guidelines and the North Atlantic Treaty Organisation (NATO) Strategic Concept,¹⁷ as well as the European Union's coordinated approach to strengthening the protection of critical infrastructure. To this end, in addition to implementing the Strategic Compass, which sets out the main directions of EU defence policy for the next ten years, the

¹⁶ Council of the European Union 2019.

¹⁷ NATO 2022.

Hungarian Presidency will place particular emphasis on encouraging the strengthening of the European Defence Technological and Industrial Base (EDTIB), including defence related innovation, and on enhancing cooperation between Member States in defence procurement. In this context, Hungary supports the long-term inclusion of the contribution to both defence research and the defence industry into the EU budget. The Commission's proposal for a European Defence Investment Programme (EDIP) will certainly help achieve this goal. The Programme is to be tabled in 2023, and was initiated by Heads of State and Government at the Versailles Summit in March 2022,¹⁸ days after the outbreak of the war between Russia and Ukraine, with a view to strengthening the capacity and resilience of the European defence technology and industrial sector, and is meant to reduce technological and industrial dependencies. In addition, the mid-term review of the European Defence Fund (EDF) and the Council Decision establishing the European Peace Facility (EPF) are due to take place during the Hungarian EU Presidency. Meanwhile, reflection on the future of the Permanent Structured Cooperation (PESCO) will also begin in preparation for the 2025 review. In the field of crisis management, leadership and governance, the promotion of the Strategic Compass targets to be achieved by 2025 (Rapid Reaction Capability, full operational capability of the Military Planning and Command Capabilities) is also a priority for the Hungarian Presidency. In addition, we see a need for strengthening European level cyber defence capabilities and cyberspace resilience, especially in the light of the global trend of malicious activities in cyberspace, which has been exacerbated by the Russian–Ukrainian war.

Shaping the future of cohesion policy

The mid-term review of cohesion programmes is to be carried out during the Hungarian EU Presidency, in the second half of 2024. The political messages on the assessment of the progress of cohesion programmes will be crucial in the negotiations on the future of cohesion policy and its role in the EU budget within the Multiannual Financial Framework (MFF), which are expected to commence in spring 2025, alongside the European Commission's legislative proposals. In light of this, one of the most important tasks of the Hungarian EU Presidency in the field of cohesion policy will be to send messages of strategic importance through Council conclusions on the future of cohesion policy to influence legislative proposals expected to be published in the spring of 2025. The Commission's Cohesion Report, expected in 2024, and the related 9th Cohesion Forum, as well as the Commission's synthesis report on evaluating the effectiveness of its cohesion policy, will provide important guidance. The General Affairs Council on cohesion policy, informal ministerial meetings, meeting of Directors General and professional events to be organised during the Hungarian EU Presidency can also contribute to the presentation of the reports' main findings, as well as to displaying political messages and possible Hungarian ideas for the development of a new cohesion policy.

¹⁸ European Council 2022b.

Adoption of the EU budget for 2025

The EU's annual budget will be negotiated in the budgetary procedure under Article 314 of the Treaty on the Functioning of the European Union, but in line with the current practice, the institutions must agree on a pragmatic timetable each year in due course ahead of the commencement of the procedure. It is a special situation that, according to the established practice, the Hungarian EU Presidency will also hold the rotating presidency of the Council's Budget Committee (COMBUD) during the Belgian EU Presidency in the first half of 2024, in the course of the presentation and discussion of the draft annual budget and its discussion during the negotiations of agenda items related to the 2025 EU budget. In line with earlier practice, the Council's position must be finalised in June–July 2024; the formal adoption (and transmission to the European Parliament) may take place in September 2024. As expected during the Hungarian EU Presidency, the Council will be represented in the budget negotiations with the European Parliament in October–November, in the framework of the trilogues and the Conciliation Committee procedure, and then the EU budget for 2025 will have to be adopted in the Council in November–December.

Budapest as the main venue for the Presidency

Immediately after the year when Veszprém and the Lake Balaton region had been the European Capital of Culture, Budapest will become one of the political centres of the European Union in the second half of 2024. This is great opportunity to work on the country's image, as thousands of high-level and expert delegates will visit our country.

During our Presidency, we plan to organise 16 Council meetings, in addition to an Informal European Council meeting and the European Political Community Summit. We plan to facilitate the European accession efforts of the Western Balkan countries through a summit in this region.

The main venues in Budapest can reflect the developments that had taken place in Budapest over the past 13 years: including the protection of our historic heritage and its modern, innovative use. This way, the choice of venue substantively underpins the Presidency's priority to secure the future of cohesion policy.

The EU Presidency will provide an opportunity to present and promote Hungarian culture, in particular, music and the fine arts, mainly at the Budapest and Brussels venues. A series of cultural events accompanying Presidency programmes will provide an opportunity for talented young artists and their workshops and schools to showcase their work. The Presidency will also offer Hungarian folk music and a taste of the national dishes to a wider public than the professional audience, including locals, at festival-style outdoor events across Europe. Besides presenting Hungarian innovation and world heritage buildings, a wide range of unique Hungarian products will also be part of the semester's programme.

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Zoltán Kovács

Operational Implementation of the 2024 Hungarian Presidency

Introduction

Hungary's second EU Presidency – officially referred to as the Hungarian Presidency of the Council of the European Union – in the second half of 2024 is a challenge in operational preparation and implementation, but it is also a rich seam of opportunity. While we have a wealth of experience and knowledge gained from Hungary's first Presidency of the Council in 2011, in certain ways the situation and range of opportunities we face today are radically different.

The following is a brief summary of our first Presidency. The Second Orbán Government was formed on 29 May 2010, shortly after its first two-thirds victory in the 2010 election. This left only six months to prepare for its EU Presidency starting on 1 January 2011. Despite the short time available to it, Hungary performed well and delivered a successful Presidency. “The Presidency has made Hungary more visible as an EU Member State both inside and outside the EU, and has raised public awareness of the European Union, its advantages and its potential.”¹

By contrast, there has been considerably more time to prepare for the 2024 Presidency. This has made it possible to create a structure that can offer the necessary flexibility, while preparing as thoroughly as possible. Preparations for the Presidency, in line with the tasks, will proceed on two parallel tracks related to the main priority locations of Hungary and Brussels, with the range of events spread across several sites in Hungary.

Veszprém and the Lake Balaton region were the European Capital of Culture last year, while in the second half of 2024 Budapest will become the political centre of the European Union. Hungary has been a Member State for twenty years, and will be at the EU's helm again after thirteen and a half years. The period of our Presidency will serve as a great opportunity to showcase Hungary's achievements accomplished since our previous presidency, as thousands of high-level and expert delegates will be visiting the country – many of them for the first time in years, or even decades.

Despite the many similarities, in 2024 there is one specific element that will be fundamentally different from our earlier Presidency. This will be the institutional transition. After its elections in June 2024, the European Parliament will be enlarged by 15 seats to comprise 720 delegates. It will also elect a new leadership, and during our Presidency there will also certainly be a new President of the European Commission. We will draw on the

¹ Government of Hungary s. a.



collective memory of the EU institutions and on the experience of our earlier Presidency to ensure that the new situation – and the transition towards it – is properly managed.

In order to ensure that the events during the Presidency are adequately attended by all parties involved, when planning the calendar of events we will pay particular attention not only to our national events in Hungary, but also to other major international events expected or planned during this period.

The more than ten years since our first EU Presidency have brought progress and new challenges in communication, technical and many other operational fields. My paper, however, is not independent of the environment surrounding us, and so I will focus on the specific areas of security, protocol and culture as observed in the period from the start of our preparations for the second Presidency up until the delivery of the manuscript at the end of October 2023.

Security

There are many disturbing current events in the sphere of international relations linked to my area of responsibility, and increasingly we can see that the issue of security is of paramount importance – not only the security of countries, but also the security of individuals and other forms of protection. For the Hungarian Presidency to be administered successfully, it will be of paramount importance to prepare for the elimination of – and, if necessary, the appropriate active response to – various security threats, to guarantee the safety of foreign and domestic guests, participants and the Hungarian people, and to ensure the professional performance of the various organisational and logistical tasks.

Hungary's EU Presidency will organise and coordinate several summits, and numerous informal ministerial and high-level meetings, conferences, cultural events, as well as specialist and policy discussions and meetings. This will involve the arrival in Hungary of a large number of important guests and persons for whom heightened security provisions will be needed: high-level officials, and heads of state and government. Preparing, organising and physically securing the various events will be a major task, requiring effective planning and implementation.

As I mentioned at the beginning of this paper, events in Hungary related to the Presidency will also be held in several locations outside Budapest. We will also place particular emphasis on the choice of venues, the accommodation of delegations and other guests, and the logistics and security of transport for participants. Ensuring that venues meet strict security standards while at the same time being easily accessible for participants is a complex logistical task.

To this end, a core group of Presidency venues has been identified that meet the highest protocol requirements, while at the same time being suitable in terms of security and accessibility. Accommodation for high-level delegations can be provided in the immediate vicinity of each, so that delegates' transport arrangements cause as little disruption as possible to traffic in the capital city. In addition, the selected venues can showcase the

developments in Budapest since 2010, by demonstrating both the preservation of our historic heritage and its modern, innovative use. In this way, the venues themselves will also be physical evidence supporting our advocacy for the Presidency's priority of securing the future of cohesion policy.

In order to ensure the smooth and safe running of the Presidency, Government Resolution 1433/2023 (X.6.) declares that the events related to the Hungarian Presidency of the Council of the European Union in the second half of 2024 shall be high-priority events. In accordance with this, as Government Commissioner responsible for the preparation and implementation of the operational tasks, I will be organising the events in cooperation with the National Events Organisation Agency and the competent ministers: the Minister of the Interior, the Minister of Defence, the Minister of Energy, and the Minister in charge of the Prime Minister's Office. The Hungarian Defence Forces, the Hungarian Police, the National Directorate General for Disaster Management, the Counter Terrorism Centre and the National Protection Service will be involved in the provision of security for events related to the Presidency. Health care at the events will be provided by the healthcare services attached to the Ministry of the Interior. The National Meteorological Service, the Special Service for National Security and the Constitution Protection Office will also contribute to the safe organisation of the events.

The Operational Group, which will comprise the above-mentioned bodies, will carry out its tasks according to a well-established system, which over the past ten years has contributed to the secure and smooth organisation and implementation of events on various commemorative days and national holidays. In accordance with the provisions of the Fundamental Law of Hungary, the latter are the following: the memorial day for the 1848–1849 Hungarian Revolution and War of Independence on 15 March; commemoration of the foundation of the Hungarian state and the state founder King Saint Stephen on 20 August; and commemoration of the 1956 Hungarian Revolution and Freedom Fight on 23 October.

In August 2023 we were able to gain invaluable experience informing our preparations for the organisational, logistical and security tasks of the Hungarian EU Presidency. At that time the World Athletics Championships overlapped with events linked to Saint Stephen's Day. In addition, Prime Minister Viktor Orbán played host in Budapest to several distinguished guests, including the presidents of Türkiye and Serbia, the Emir of Qatar and the leaders of several Central Asian countries. Thanks to the excellent cooperation between the relevant governmental organisations, the World Championships organisers and other contributors, all three organisational projects ran smoothly and without any disruptions. Hungary showed that it is capable of tackling even such complex and large-scale organisational, logistical and security challenges. This will also be our goal in the second half of 2024.

As in the past, during our second EU Presidency we will endeavour to limit traffic restrictions to the minimum time period and smallest area necessary for each event, thus helping to ensure that the events run as smoothly as possible and that the public has the easiest possible access to the Presidency events that are open to them.

Thousands of people will be working to ensure that the security and logistical challenges are properly managed and that the 2024 Hungarian Presidency of the EU runs smoothly. I am confident that after a successful six months, the sharing of our experiences and good practices will provide a model for future presidencies.

Protocol

During the Hungarian Presidency of the Council of the European Union in the second half of 2024 protocol and diplomatic contacts will not be fundamentally different from those of the first Presidency in 2011. Our goal is an ambitious, visible Hungarian EU Presidency in 2024, and in this respect it will present both opportunities and challenges. Our diplomatic protocol will make a major contribution to the smooth running of the event and also to a strong Europe – which we believe can only be based on strong Member States.

In terms of protocol and diplomatic events, the duality of the two venues previously mentioned, i.e. Hungary and Brussels will also be apparent, but the clear emphasis will be on the Hungarian venue – not least because of the informal summits and Council meetings. In terms of diplomatic contacts in Brussels, we will give a similarly prominent role to our Permanent Representation there and to our diplomats abroad, whose numbers will be adjusted to cope with the increased tasks involved. At the time of writing, the European Union comprises twenty-seven Member States (EU27), just as it did during the first Hungarian Presidency. With the departure of the United Kingdom and the accession of Croatia, to which our 2011 Presidency made an effective contribution, the diplomatic focus has shifted away from the Anglo-Saxon world towards continental Europe.

Protocol is another area where we are building to a significant extent on the experience and lessons learned from 2011 – and, of course, on the experience of Spain and Belgium: the other two countries in the trio of presidencies. And while we will be a part of that trio, working towards the next presidency, we will also be engaged in discussions with Poland. In this respect, preparations will naturally include targeted training for individual staff members – both on Member State and wider EU topics, as well as in general diplomatic matters.

Of particular importance from a protocol point of view will be the several Council meetings to be held in our country, together with related bilateral or group negotiations. We will pay particular attention to the informal European Council meetings, which will provide the heads of state and government of the Member States an important opportunity to discuss the main challenges facing the EU. Here, in addition to the general diplomatic protocol, the overall picture is completed by a number of other aspects: from gastronomy – which is a separate section – to security, logistics, etc. For reasons of space these are only touched upon in this paper. Similarly, we shall not address the issue of possible guests from third countries here, except to say that, based on our experience, we must prepare for that eventuality. The area of protocol is considered by some to be a genuine “defensive” function, in the sense that if everything is done properly it

is almost invisible, but in the event of unexpected challenges it can quickly come to the fore. In connection with challenges, priority is given to the security aspects briefly mentioned above. Our fundamental aim is to ensure that visitors are safe and can work without disturbance at every event. Logistics is primarily linked to security in order to ensure that persons requiring heightened security can arrive at meetings not only safely but also on time, while simultaneously ensuring that the related measures do not affect everyday life to a greater extent than is necessary.

As regards protocol, the Operational Group will also act to ensure that unforeseen developments can be dealt with appropriately. In addition to the appropriate reception of guests, communication will cover both their briefing and the interpretation of talks.

Last but not least, the 2024 Hungarian Presidency is also preparing to present protocol gifts to our guests, in line with the established practice of EU presidencies.

Together with our experienced colleagues and diplomats, we shall work to ensure that, from a protocol point of view, the success of the “diplomatic blockbuster” achieved during the days around the celebrations for 20 August 2023 will be repeated for this “EU blockbuster” over several months.

Culture

During the Hungarian Presidency of the Council of the European Union in the second half of 2024, another priority will be culture. We see this as a means of strengthening our ties with other Member States, and – beyond the traditional realm of politics – of providing insights into an important part of our essential character.

Perhaps the most important role for culture will be in cultural diplomacy. A particularly important role in the aforementioned Hungary–Brussels pairing will be played by the Hungarian Cultural Institute in Brussels, where the international public will be able to gain a personal insight into the 2024 Hungarian Presidency. As a result of their experience there, some may be encouraged to visit our country, and thus to get to know us first-hand. At a single location throughout the Presidency, the Institute in Brussels will have the task of presenting the highlighted cultural aspects forming the backbone of the cultural programme in Hungary. In both locations the message will naturally be adapted to the local surroundings, but in order to ensure a coherent message the main elements will be the same.

Hungary is a nation with a rich and diverse culture, which has formed a state in the heart of Europe for more than one thousand years. As pointed out in the summer of 2023² by Prime Minister Viktor Orbán, this culture includes, for example, our unique and richly resourceful language, our creativity, our music and our cuisine. This list is far from exhaustive. The Presidency’s cultural programme is also an opportunity to present to Europe Hungary’s talent and the workshops that nurture it.

Of course our nation also includes Hungarians beyond our borders. An important role in facilitating our contacts with them is played by our membership of the European

² Cabinet Office of the Prime Minister 2023.

Union. Their culture is also our culture, and the cultural programmes of the Hungarian Presidency will also include the display of this.

In presenting our culture, we need to find the right balance between elements that are of interest to a wider audience and elements that may be less well known, but which similarly reflect the Presidency's priorities. The Presidency is a very good opportunity to showcase the diversity of Hungarian culture to the whole of Europe.

Similarly, in terms of culture it is important to take into account other major international events expected or planned for this period. From a protocol perspective, however, the situation is different in that one must accommodate events involving not only politicians but also artists.

Culture, and more specifically physical culture, also includes sports. Our achievements in the Olympic Games and other sporting events surpass those of countries of similar population size, and we can be justifiably proud of our athletes. I would also like to take this opportunity to announce that my colleagues and I will be taking part in a run to mark the twentieth anniversary of our country's membership in the EU. This will be the perfect opportunity to introduce our country's Presidency to the sport-loving public even before it begins.

Our history has also profoundly influenced our culture and uniquely shaped us into who we are today. It is important to show and explain the unique Hungarian perspective on developments at home and around the world to those also involved in many of the events. By presenting the Hungarian point of view to those who are open to it, we can add nuance to the events of history and contribute to a better understanding of one another in European politics.

To sum up, our key objective is to make our unique view of the world – reflected, for example, in our culture – known as widely as possible, in a safe environment and with well-functioning logistics. We aim to communicate this not only to the politicians and experts visiting Hungary, but also to members of the general public in Hungary and Europe who will be following reports of the Presidency's events. Unfortunately it is my experience that across much of Europe there are media outlets which routinely fail to present the Hungarian reality in a way that the Hungarian electorate – as repeatedly expressed in elections – thinks it should be presented. Our aim is to show interested observers – both in Hungary and Brussels – a European Hungary which contributes to a strong Europe with its unique vision and values.

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Bálint Ódor

The Challenges of Implementing the 2024 Presidency from a Brussels Perspective

Introduction

The EU Presidency and the one and a half year period preceding it impose special duties on the permanent representation of the Member State holding the Presidency, as a large part of the presidency's work will be carried out in Brussels, Luxembourg and Strasbourg. One major tier of the 2024 Hungarian Presidency will be in Hungary and another one in Brussels, and this paper presents the Brussels aspects of the EU Presidency. Before describing the tasks of the Presidency in Brussels, it is necessary to present the EU decision-making map and the political processes planned for the summer of 2024, as well as the expected impact of the institutional transition on the 2024 Hungarian EU Presidency.

The EU decision-making map and expected policy developments in 2024

Since 2020, the number and complexity of EU responses to the challenges posed by interacting crises that take place at the same time has grown, and the balance of EU institutions and the roles of certain bodies within each institution have changed.

Over the last three years, in addition to (or instead of) national measures, Member States have increasingly favoured a joint EU response to the challenges posed by the crises, which inevitably implied a strengthening of the political-institutional position of the European Commission. Examples include the joint procurement of vaccines during the Covid-19 pandemic, the creation of an EU digital Covid certificate to certify vaccination against the pandemic (which was then taken over by several third countries during the pandemic to restore international passenger traffic), or the creation of the Recovery and Resilience Facility (RRF), a joint response to the economic crisis caused by the pandemic. The response to the Russian aggression against Ukraine was also adopted at EU level, from the first day of the war's outbreak by adopting sanctions against Russia (and later Belarus), providing financial support for Ukraine, joint financing of the transfer of military equipment, ensuring temporary protection for refugees, etc. The implementation of emergency measures, but in particular the RRF, has further increased the role of the Commission in areas where the Treaties do not confer any (explicit) powers on it. The RRF has become an important tool in the hands of the Commission, inter alia to force the implementation of the reforms set out in the European Semester (see for example the case of the French pension reform). The Commission has taken some new

types of initiatives, from tackling the Covid-19 pandemic, through measures dealing with the energy crisis in 2022, to a robust response to the war in Ukraine. The draft sanctions packages were presented by the Commission, in cooperation with the European External Action Service. The joint EU macro-financial assistance to Ukraine was also initiated and proposed by the Commission and was decided recently on the basis of this proposal, but the Commission also played a prominent role in the management of Brexit. These measures have strengthened the Commission's role in the EU decision-making process. The European Commission also pursues policy objectives it has set autonomously, and, in addition to its role as guardian of the Treaties, it has significantly reinforced its executive, coordinating and administrative roles.¹

Over the past three years, it became common for the ordinary legislative procedure to be evaded² by using emergency measures, whether to tackle the Covid-19 pandemic or the 2022 energy crisis.

In recent years, the weight and role of the European Council continued to grow during successive crises. Heads of State and Government met regularly during Covid, including in face-to-face meetings. The main decisions on how to tackle or recover from the pandemic and the energy crisis were discussed by Heads of State and Government at meetings of the European Council.

As quarantine rules and health regulations during the Covid-19 pandemic did not allow for physical meetings in the Council, it became common practice to adopt acts by written vote in view of the exceptional circumstances, so that Council formations lost their importance and, during the pandemic, most substantive discussions took place in the meetings of the Permanent Representatives Committee (Coreper), the only Council body that kept meetings without interruption. Decisions on the 2020 main policy issues (such as immediate responses to Covid-19, setting up measures for economic recovery or preparing for a no-deal Brexit) were not adopted in the usual face-to-face Council meetings. Instead, they were approved by Coreper and adopted in a written procedure.

It is also important to underline that, in the context of crisis management, decision-making in the EU, especially in the Council, accelerated, but not in terms of the ordinary legislative procedures. There were occasions when EU decisions were made in a matter of hours in Coreper meetings, by adoption in written procedure, for example in the case of the first sanctions packages or support measures adopted under the European Peace Facility (EPF).

¹ Article 17(1) of the Treaty on European Union also confers executive and coordinating tasks on the Commission, but not exclusively, as the Council also exercises its policy-setting and coordinating functions.

² Under the first paragraph of Article 122 of the Treaty on the Functioning of the European Union, the Council, without prejudice to the other procedures laid down in the Treaties, may, on a proposal from the Commission, decide, in a spirit of solidarity among Member States, on measures adequate in the economic situation, in particular where there are serious difficulties in the supply of certain products, including energy in particular.

The role of the European Parliament weakened owing to the bypassing of the ordinary legislative procedure, while the EP sought to strengthen its influence by exerting political pressure on the European Commission. For the preservation of the institutional balance, the further strengthening of the Council's role is of particular importance.

Despite the accelerated pace of decision-making and the fact that the issues on the agenda generated considerable debate due to their significance, it is important to note that, ultimately, over the past three years, the EU's unity was strengthened, as the pressure to take decisions required a better understanding of national positions and for the consensus to be built. This is true even if, in many cases, not all Member States could fully identify with the decisions taken. The question is how unity will be affected by the crisis in the Middle East, where Member States traditionally have a different perspective on the situation and response to the crisis. Due to the crisis in the Middle East, the trends of the past three years may change.

A key question in terms of preparing for the Hungarian Presidency is whether the trend of the last three years will continue in terms of the need for joint action, or whether Member States will increasingly apply national measures. Differences between Member States could already be witnessed in October 2023 in the discussions on the situation in the Middle East in international organisations. An example would be the debate on the Middle East in the UN at the end of October 2023, where Member States voted on the proposed resolution in three different ways.³ The dynamics of EU decision-making would change if the crisis in the Middle East reversed the trend and Member States increasingly resorted to national solutions because of a lack of EU unity or other considerations. Part of this process is the trend that more and more Member States are temporarily closing their Schengen borders⁴ and initiating bilateral migration-related agreements with third countries.⁵ A change in the position of a few Member States in relation to the war in Ukraine may lead to a similar result, especially in matters related to the promotion of de-escalation. The Commission's role will also be markedly defined by breaking the trend whereby the Commission takes innovative initiatives, which results in the indirect emergence of new powers and responsibilities for the Commission.

The following, still unanswered questions are therefore of crucial importance for the Hungarian Presidency. Whether the war in Ukraine continues. The way in which the Middle East crisis develops and how the EU's unity will be affected by the EU's response. Both issues will be fundamental to the agenda of our EU Presidency, but there

³ Protection of civilians and upholding legal and humanitarian obligations (A/ES-10/L.25). Austria, Croatia, the Czech Republic, Hungary voted against. Abstained: Cyprus, Denmark, Estonia, Finland, Germany, Greece, Italy, Latvia, Lithuania, the Netherlands, Poland, Romania, Slovakia and Sweden. Voted for: Belgium, France, Ireland, Luxembourg, Malta, Portugal, Slovenia, Spain.

⁴ In October 2023, 11 Member States announced the reinstatement of border controls at their internal borders.

⁵ E.g. the Italy–Albania agreement on migration cooperation signed in Rome on 6 November 2023, which provides for the concession of certain areas in Albania where Italy can set up facilities for dealing with the admission and temporary reception of migrants rescued from the sea.

is a big difference between whether we are talking about a possible peace process and reconstruction in Ukraine or the management of the debate on the financial support for Ukraine. In addition to the external aspects of the situation in the Middle East, internal security and other internal aspects may also receive a central position in the Hungarian Presidency's agenda. The question also arises as to what effects the migration situation will have on the free movement of persons. And what impact will it have on the internal market? Another question is whether any new crisis emerges during the Presidency? This is the most difficult to plan ahead, even if we may detect some signs of possible crises in the months leading up to the presidency. How quickly and effectively we will be able to act as a Presidency when EU responses or measures are needed will be crucial to the success of the Hungarian Presidency. We must develop an appropriate crisis management capacity for the Presidency to be able to convene a Coreper meeting, an IPCR (EU Integrated Political Crisis Response Arrangements) or a Council working party meeting, perhaps even immediately. Dealing with unforeseen crises also poses a challenge because it is the Commission that manages most of the EU's instruments; the European External Action Service coordinates foreign and security policy aspects, meanwhile, a unified response must be given by the Member States in the Council. IPCR, established in 2013 and activated for the first time during the 2015 migration crisis by the Luxembourg Presidency, and Coreper can coordinate crisis response actions that are, in many cases, horizontal in nature.

Institutional transition (new European Parliament, new European Commission)

Our EU Presidency will take place in the period where the new EU institutional structure is established; these political developments will have to be taken into account. In a nutshell, the institutional transition will proceed as follows. The European Parliament elections will be held between 6 and 9 June 2024; the EP's inaugural session is expected to take place on 17 July 2024 and it is then at the earliest that the new EP President and committee chairs can be elected. Next comes the election of the President of the European Commission. However, this must be preceded by an agreement between the Heads of State and Government of the Member States at the European Council concerning EU leaders (President of the European Commission, the European Council, as well as the EU High Representative for Foreign Affairs and Security Policy), on which informal discussions will start immediately after the EP elections. At the end of June, a European Council meeting is expected to take place in Brussels, where a decision regarding the top positions may be adopted, but the decision may be postponed for a few days or weeks until the beginning of the Hungarian Presidency. So either we start the Hungarian Presidency with an informal agreement between the Heads of State and Government on the top leaders, or the decision must be taken during the Hungarian Presidency at another European Council meeting in Brussels. In the latter case, the rotating presidency can also play an informal role, although formally this is the task of the President of the European Council. Following this agreement, the EP must approve the Commission President by

an absolute majority (i.e. with half of the MEPs plus one vote). Then, Member States nominate a Commissioner and the Commission President has to distribute the portfolios among the Commissioners-designate, who must be heard and approved by the European Parliament (also by an absolute majority). Once the European Parliament approves the President and Commissioners, the European Council formally appoints them by qualified majority.

Two scenarios can unfold: either 1. the EP elects the President of the Commission in July; or 2. the President of the European Commission is elected only in September. In the latter case, the nomination of Commissioners may start and the Commissioners-designate may be heard in the EP. In this case, the new European Commission is unlikely to be set up before 1 December 2024, but it may also be the case that it will not start operation until early 2025. If the EP elects the Commission President in July, there is a possibility for the Commission to be set up by 1 November 2024.

A top priority of the Hungarian Presidency will be to contribute to a smooth institutional transition. At the same time, these uncertainties need to be taken into account in the planning and running of the Presidency. It is also possible that we will work with the current Commission until the end of the Hungarian Presidency, and that a new Commission will only start operating under the 2025 Polish Presidency. Institutional dynamics will affect the Hungarian Presidency in different ways. It may be important for the new European Parliament to resume the legislative work as soon as possible, for if no trilogue is held during the Hungarian Presidency, legislative work may be suspended for up to a year, while Member States' positions will be continuously negotiated in the Council. Meanwhile, after the elections, the EP will be occupied with internal affairs. The question is how quickly the new committees of the EP will be set up. For the EP, the basic rule is legislative continuity ("rejecting the discontinuity principle" – legislative dossiers tabled in the previous institutional term and discussed by the previous EP must be carried forward as a rule). In case of the Commission, on the one hand, there will be Commissioners who will be elected as MEPs and will therefore have to give up their mandate, and on the other hand, there will be Commissioners who will not be reappointed by their Prime Minister or Head of State, so some Commissioners may want to see as much progress as possible on the priority legislative proposals they put forward, so that they can actively participate in the trilogues that will resume in October or rather in November (see more on these in the next section).

Criteria related to the process of developing the Hungarian Presidency Programme

The priorities of the Hungarian Presidency must be set and the programme prepared by taking the above framework into account. The latter should only be finalised in the weeks before the start of the Presidency. (I will not cover details of the planned priorities of the Hungarian Presidency, as this is dealt with in other papers in this volume.) According to the letter of intent of European Commission President Ursula von der Leyen in her

September State of the Union address, only 63% of the 633 legislative proposals tabled since 2019 had been agreed upon by mid-September, meaning that 234 legislative dossiers were still open in September 2023.⁶ This is a high number, and the Spanish and Belgian Presidencies will make efforts to close as many dossiers as possible, but it is expected that, at the end of the Belgian Presidency, a significant number of dossiers will still be pending. Due to the EP election campaign, the substantive legislative work in the EP will end in March, with the last plenary session to be held in mid-April 2024, at which preliminary political agreements can still be adopted; after this, no legislative procedure may continue. This will give the opportunity for a detailed review of the running dossiers between April and June, for the purposes of planning the Hungarian Presidency. It will be a challenge for the Hungarian Presidency that it is more difficult to prepare the presidency in terms of EP relations, as it will not be known who the new MEPs will be, what the composition of the committees will look like, nor who the rapporteurs of the individual dossiers will be. Until the end of June, the Belgian Presidency is expected to continue to develop the Council's position on the ongoing dossiers. In addition, from a planning point of view, it must be taken into account that the legislative work in the EP will restart in autumn at the earliest, so the Hungarian Presidency will not be able to negotiate with the EP on specific legislative dossiers in trilogues until October at the earliest. Legislative work, and more precisely the trilogue negotiations with the co-legislator EP, is an important responsibility of the presidencies. During the Swedish Presidency, there were approximately 100 ambassador-level trilogues where, depending on the subject, the Permanent Representative or Deputy Permanent Representative negotiated with the EP on the basis of the Council mandate with a view to building a compromise solution on legislative acts. During the Swedish Presidency, the trilogues, typically chaired at ambassador level by the Permanent Representative or the Deputy Permanent Representative, were prepared in nearly 400 technical trilogue meetings.

At the same time, setting the Hungarian Presidency's priorities cannot be delayed until the beginning of the presidency, as in many cases considerable preparatory work is needed, which has already started on several points. For example, to enable a strategic debate in areas not previously discussed in the Council, preparations must be made in an appropriate format, in cooperation with the Commission and other EU institutions and actors. Where, for example, we want to achieve legislative results during the Presidency on any issue we consider to be important, or to adopt Council conclusions setting out policy objectives on important policy matters, we must ensure that the Commission presents a legislative proposal, a communication or other document (e.g. an annual report on cohesion policy, etc.) before the Presidency term.

Hungary forms a presidency trio with Spain and Belgium. The Spanish–Belgian–Hungarian trio Presidency programme was finalised by the three countries in June 2023, before the start of the Spanish Presidency, and presented by the three countries at the General Affairs Council in June 2023, and subsequently endorsed by the Council. The trio's programme already includes the flagship priorities and objectives of the

⁶ European Commission 2023a: 2.

Hungarian Presidency. This is why the following topics form the backbone of the Hungarian Presidency: the European Union's competitiveness, demographic challenges, the importance of cohesion policy, defence policy and the enlargement process.

Most of the Presidency programmes build on ongoing legislative proposals, prioritising them according to the criteria specified by the Presidency, and/or respond to crisis situations, but each Member State also has specific objectives that take several years to prepare. On the Hungarian side, these points have been identified and work has been ongoing since 2022 or even before that date. Strengthening the EU's competitiveness will be a cross-cutting horizontal objective in the course of the Hungarian Presidency, covering all related policy areas. This will help us push the debate on legislative acts forward in the Council, to hold trilogues with the EP contributing to the EU's competitiveness, and to try to influence the final outcome of the legislative dossiers on the agenda in a way that reinforces the EU's competitiveness. From among the specific priorities, demographic challenges will be one of the most important issues. A year before the Hungarian Presidency, we successfully achieved that the European Council, in its conclusions adopted in June 2023, called upon the Commission to prepare a demographic toolbox that outlines the demographic challenges and the relevant Member State and EU responses.⁷ On 11 October, the Commission presented the Communication requested by the European Council,⁸ on which the Council debate started during the Spanish Presidency.

In addition, also due to the nature of the institutional transition, the Hungarian Presidency will have the task of adopting general policy guidelines in the field of individual policies with a view to implementing the new strategic agenda for the 2024–2029 period. The development and adoption of the new Strategic Agenda is within the powers of the European Council and its preparation is ongoing; its adoption is expected in June 2024, at the end of the Belgian Presidency. In finalising the programme of the Hungarian Presidency, attention must also be paid to the agenda to be adopted by consensus, setting out the new institutional cycle's main objectives.

In line with traditions, the Hungarian Presidency Programme will be presented before the start of the Presidency, in June 2024.

Another important task in the context of the Presidency programme is to compile the Presidency calendar, which must consider not only the EU events expected during the Hungarian Presidency (European Council meetings, Council meetings, European Parliament plenary sessions, international summits), but also the most important international events (G7 summit, G20 summit, COP 28 summit, UN General Assembly, etc.). As a first step, the incoming presidency must draw up a calendar of high-level presidency events (formal and informal European Council meetings, international summits with EU relevance, formal and informal Council meetings, Coreper and PSC meetings), in close consultation with the General Secretariat of the Council, the Cabinet of the President of

⁷ At the initiative of Hungary, the following text has been included in the European Council conclusions: "The European Council [...] invites the Commission to present a toolbox to address demographic challenges and notably their impact on Europe's competitive edge" (European Council 2023: 7, paragraph 18.g).

⁸ European Commission 2023b.

the European Council, the EEAS and the Commission, and present a first draft to the institutions six months before the start of the presidency (i.e. in December 2023 in the case of Hungary). The full presidency calendar will be prepared next, including all EU expert and high-level meetings and presidency events. As a rule, the final presidency calendar must also be shared with the institutions before the start of the presidency term (in our case, June 2024; the calendar of planned working party meetings is to be submitted to the Secretariat General 8 weeks before the start of the presidency). Before the start of the presidency, the expected agenda for the Council meetings must be shared with the Member States and also agreed in advance with the General Secretariat of the Council, the Cabinet of the President of the European Council, the EEAS and the Commission. Consultations with EU institutions on the presidency calendar and draft agendas for Council meetings are mainly handled by Hungary's Permanent Representation to the EU (PR).

The responsibilities (and challenges) of the Permanent Representation in running the Presidency

The responsibilities of the Permanent Representation to the EU (outside presidency terms) are to represent Hungarian interests in the Council of the European Union, to prepare for the European Council, to participate in the elaboration of the Hungarian position and to represent the Hungarian position in the decision-making process of the European Union. In this context, the Permanent Representation (PR) liaises with the European Commission and monitors the legislative activity of the European Parliament. Representatives and experts of the entire Hungarian Government structure are present at the Hungarian Permanent Representation in Brussels. The specialised diplomats are delegated by the Ministry of European Affairs, the Ministry of Foreign Affairs and Trade and the ministries in charge of coordinating EU affairs.

During Presidency terms, the PR has different roles and responsibilities than during its business-as-usual operation. The country holding the rotating presidency acts as an honest broker, ensuring the continuity of the Union's work and the smooth functioning of the EU's legislative process, as well as the regularity of the legislative process in accordance with the rules of procedure, to which the functioning of the PR must be adapted.

A key prerequisite for a successful EU Presidency is that the specialised diplomats of the PR receive the necessary training, have the requisite professional competence and experience, as well as a detailed and practical knowledge of EU decision-making processes and procedures. Indeed, one must be able to understand also those EU policies or areas where there is no particular Hungarian interest, such as the allocation of fishing quotas. During the Presidency, Hungary sets the Council's agenda, including ministerial meetings, Coreper II (Committee of Permanent Representatives) and Coreper I (Committee of Deputy Permanent Representatives) meetings, working parties and other Council preparatory bodies chaired by the Presidency.

Coreper II and Coreper I,⁹ as well as other special preparatory committees and Council working parties, will have a key role in the work of the Presidency. We expect to chair around 152 working parties out of the nearly 180 that are in operation (the exact number can be determined before the Presidency). 28 external relations working parties and the 12 committees involved in the preparation of ECOFIN have a permanent chair, such as the Economic and Financial Committee (EFC). During the Presidency, working parties will work with the participation of at least three Hungarian diplomats, civil servants or experts: the chair of the working party, the vice-chair of the working party and the person at the Hungarian desk. The three of them will develop the essence of the dossiers in each case. With the help of the Council Secretariat and on the basis of the discussions in the working party, compromise texts will be drawn up for legislative dossiers, but also Council conclusions or other documents. The majority of the working parties will be chaired by specialist diplomats from the PR, but most of the Vice-Chair's tasks will also be carried out by diplomats in Brussels, who will be permanently based at the PR during the Presidency term.

Another part of the working parties will be chaired by officials and experts from the ministries, who will travel to the meetings from Budapest. Each working party meets with varying frequency. During the Hungarian Presidency, there will be working parties that meet several times a week and working parties that meet once a month (or even less frequently). The Presidency may convene the working parties several times a week if necessary. This is typically done when there is a legislative dossier on the agenda that the Presidency wants to close before a Council meeting or even a European Council meeting. In non-priority matters, the Presidency may even decide not to include certain legislative dossiers in the agenda. It must be noted, however, that under the Council's rules of procedure, Member States may also take the initiative to include certain items on the agenda by a simple majority, in which case the Presidency has no discretion. The rotating presidency also has to work intensely between meetings so that background consultations may be used to make headway on individual dossiers. Most of the legislative and other dossiers on the agenda can be finalised in the working parties,¹⁰ so that they are included on the Coreper and Council agendas for formal adoption as non-debatable items. Issues that cannot be finalised in the working party are put on the agenda of Coreper II or Coreper I. The Presidency will include a dossier previously discussed in a working party on the Coreper's agenda for two reasons: when political guidance is needed on specific issues, or when it is not possible to resolve disputes between Member States at expert

⁹ Coreper II is responsible for justice and home affairs, economic and financial affairs, foreign affairs and general affairs, and for preparing the European Council. Coreper I will cover agriculture and fisheries, competitiveness, education, youth, culture and sport, employment, social policy, health and consumer affairs, environment, and transport, telecommunications and energy.

¹⁰ The agenda of Coreper meetings is divided into two parts: items for discussion and items without discussion. The agenda of Coreper II meetings includes on average 40–50 or more so-called “without debate” items. These dossiers have been closed at working party level, so the ambassadors do not discuss the substance of the issues at the beginning of the meeting, but adopt them formally. Coreper agendas are public, unlike those of Council working parties. For the Coreper agenda, see for example the agenda of Coreper II on 11 October 2023: Council of the European Union 2023.

level. Most disputes are resolved at the level of Permanent Representatives or Deputy Permanent Representatives, so that in general only a small number of controversial and open legislative dossiers or draft Council conclusions end up on the agenda of ministerial level meetings. This is most likely to happen regarding the most politically sensitive issues, such as certain aspects of the Pact on Immigration and Asylum or energy issues. In such sensitive matters, the ministers or the prime minister of the presiding Member State may also have close coordination and compromise-building tasks, in which case negotiations are conducted with the respective capital cities.

In case of trilogues, negotiations are conducted in a similar fashion. The vast majority of discussions with EP and Commission representatives are conducted by the Permanent Representative or Deputy Permanent Representative with the help of specialist diplomats from the Presidency, with ministers taking part in trilogues in exceptional cases only. Prior to the trilogues, the presidency must always seek a mandate from the Member States, from the relevant working party for more technical issues, and typically from the Permanent Representatives for more political issues.

The tasks of Coreper II include the preparation of Council meetings¹¹ and European Council meetings. Prior to European Council meetings, the Permanent Representatives discuss the conclusions three, four or more times, or have further preparatory discussions on the basis of other preparatory documents for the European Council. The conclusions of the European Council are drafted by the Cabinet of the President of the European Council, but the debates are held in Coreper, chaired by the Presidency. The conclusions cover the most important policy issues, and can provide guidance on legislative dossiers under negotiation, set new objectives and orient the work of the Council, the Presidency, the Commission and other EU institutions. The Presidency therefore has a key role to play in negotiating the conclusions of the European Council. In recent years, it has become standard practice for horizontal, complex or politically sensitive issues to be discussed directly by Coreper, rather than including them in the agenda of working parties. It is up to the Presidency to decide what goes on the agenda of a working party or Coreper, but, since the latest French Presidency, the final declarations of EU and third country summits are discussed by Coreper from the very beginning of the process, and the relevant geographical working parties are not involved in the drafting.

In Brussels, the Presidency is responsible for ongoing dialogue and consultation with the heads of the individual institutions. The Presidency's work is influenced by the Commission's planned initiatives, the topics to be discussed at the European Council, etc. In many cases, the objective is to close trilogues before European Council meetings. Coordination is also important because some dossiers may be taken up to the level of Heads of State and Government, and thus the compromise-building task is no longer the responsibility of the Presidency but of the President of the European Council following a certain stage of the negotiations; for example, negotiations on the Multiannual Financial Framework usually start at Council level (in a working party, then go up to Coreper,

¹¹ Coreper II prepares the following Council meetings: General Affairs Council, Justice and Home Affairs Council, Economic and Financial Affairs Council, Foreign Affairs Council.

and then the General Affairs Council), but in the final stage the Heads of State and Government decide on it in the European Council.

The Permanent Representative of the Member State holding the presidency is responsible for regular consultations with the Head of Cabinet of the President of the Commission, the Secretary General of the Commission, the Cabinet of the President of the European Council and the Secretary General of the EEAS. The purpose of the consultations is to coordinate the plans of the Commission, the President of the Council or the High Representative, before setting the agenda for Coreper or other Council preparatory bodies and working parties. If, for example, the Commission publishes a major initiative in the days following the consultation, it can ask for it to be put on the agenda in Coreper. The Permanent Representative will then consult the capital in order to finalise the agenda and review other operational issues.

Presidencies are also characterised by intense and multi-level contacts with the EP. Due to the institutional transition, the first period of our Presidency will be occupied by the internal affairs of the EP, but the Hungarian Presidency will also be active during the plenary sessions. The timing of the launch of the trilogues will depend on the EP, and we will be set to start negotiations as soon as the EP will be ready to do so. At the beginning of each presidency term, the ministers chairing the presidency formations meet with the relevant EP committees.

The Political and Security Committee (PSC) and the geographical and horizontal working parties in the area of foreign and security policy are presided by a permanent chair and are not chaired by a representative of the rotating presidency. However, it is also important to consult on, and, where possible, coordinate the Presidency's objectives in these areas. After the PSC, Coreper is involved in the preparation of the Foreign Affairs Council, with discussions prior to the ministerial meeting conducted directly by Coreper managed by the rotating presidency. Close consultation with the EEAS chairing the PSC and the geographical working parties is also necessary because decisions in the field of foreign and security policy are, as a rule, taken by unanimity.

Among the tasks to be discharged in Brussels, communication and regular media coverage must also be mentioned. The Permanent Representation has several spokespersons during the Presidency; in most cases there is a separate Coreper II spokesperson and Coreper I spokesperson, who communicate the decisions adopted in the respective areas with the necessary professionalism in real time. An important responsibility of the Presidency press team is to communicate the outcome of the late-night negotiations, even in the early hours of the morning, immediately after the agreement had been reached. Another important part of the relations with the media is the informal briefings before Council meetings to media representatives by the Permanent Representative and the Deputy Permanent Representative.

The PR is responsible for coordinating 20–22 meetings in the Council on a daily basis. It means arranging the simultaneous meetings of 16 committees or working parties chaired by the Presidency or the trilogue, and six committees or working parties chaired by the EEAS. It may be even more than this number if some working parties meet for half a day, allowing for additional meetings to be held in the morning or afternoon. At the PR,

it is the Presidency coordinator who is responsible for scheduling which committee/working party meetings are possible (overscheduling occurs when working party chairs indicate a need to hold a meeting but there are not enough rooms or interpreting teams, therefore, they have to prioritise between the meetings). During a 6 month presidency, there are somewhere between 1,700 and 2,400 meetings that take place in Brussels or Luxembourg. During the second semester presidencies, the number of meetings is usually lower, as there are no meetings for a bigger part of August.

In addition to organising and hosting around 2,000 meetings, presidencies also organise other professional side-events, such as when Director Generals from the capitals travel to Brussels for a Council working party meeting. These side-events are also an important opportunity for the Presidency to communicate its objectives and achievements to the wider public. (The PR expects that it shall organise nearly 100 side-events during our Presidency.)

In addition to formal Council meetings and expert events, the Presidency will also hold cultural events in Brussels. Presidencies kick off with a major opening event, accompanied by a cultural event, and also organise exhibitions, concerts and other cultural events.

The PR will temporarily take on the increased responsibilities of the Presidency with a higher staff number.

Conclusion

To summarise the above, implementing the rotating presidency is a major task and also an excellent opportunity for the Member State holding it. For a fruitful presidency, successful preparation is an important prerequisite. The success of the presidencies is measured mainly by the number of cases closed, as well as their importance. In my opinion, the Hungarian Presidency will not be judged primarily on the basis of the closed legislative dossiers, due to the institutional transition and the necessarily more limited legislative work that this will entail. Instead, it will be evaluated on the basis of how the Hungarian Presidency contributes to a smooth institutional transition and the implementation of the new strategic agenda for the 2024–2029 period, the adoption of general policy guidelines in the field of individual policies, and the way it will manage current crisis situations and the EU's responses to unforeseen crisis situations. In addition, the Hungarian Presidency will continue to negotiate legislative proposals within the Council in the case of dossiers where there is no agreed Council mandate yet. In the last two or three months of the Presidency there may also be trilogues, which will give us the opportunity to play a meaningful role in EU legislation. In the EP, the necessary conditions may be in place by the beginning of November (committees will be set up, the legislative dossiers will be distributed among the committees, the rapporteurs will be appointed, etc.). So, as we are expected to have Council positions on a number of dossiers carried over from the 2019–2024 legislative period, we will be able to continue negotiating the most important proposals with the EP. All in all, we should prepare for a political presidency, where it will be impossible to shy away from criticism of Hungary,

but the principle of sincere cooperation must guide the functioning of the institutions, as it will also guide the Hungarian Presidency. Hungary held a successful Presidency in 2011, and the positive results have been felt ever since, with more than 100 dossiers closed. Among the dossiers, several were of great importance, such as the conclusion of the Croatian accession negotiations or the so-called six-pack in the field of economic governance. Hungary's Presidency 12 years ago sparked general recognition for the Hungarian administration, expected by Member States and EU institutions to repeatedly stand the test in 2024, despite the more challenging external environment. A successful presidency can yet again positively impact Hungary's image for many years to come, and thereby also the country's effectiveness in asserting its interests in EU decision-making.

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Preparing for the 2024 Hungarian EU Presidency from the Perspective of Training and the Involvement of Civil Society

Introduction

Carrying out the duties of the Presidency of the Council of the European Union is an occasion that falls on us every 13 and a half years, which is the second time since 2011. It represents a significant responsibility and at the same time a great opportunity for all Member States. During the half-year period of the Hungarian EU Presidency, Hungary will play a major role in the political management of the European Union, in the functioning of the Council of the European Union and in representing the European Union towards EU institutions and third countries, as well as international organisations. We will have an impact on the Council's work, by determining what issues will be put on the agenda.

Following a series of crises, Hungary will hold the Presidency of the Council of the European Union in an institutional transition amid unprecedented geopolitical uncertainty. As Minister János Bóka stated: "While we could say that not many would swap with us, we would rather say that this is a task worthy of Hungary, the Hungarian Government, and we would not settle for anything less."

In the second semester of 2024, Hungary will be the face and the voice of the Union, which entails a special responsibility for our country. We can say that the prerequisite for the successful implementation of the Hungarian EU Presidency is a well-trained, dedicated and motivated presidency staff committed to representing Hungarian national interests. The Presidency takes place in a special period, immediately after the European Parliament elections, i.e. the time of the EU institutional renewal, which recurs every five years for changes to take place in the EU institutional system and in the ranks of those managing it. Therefore, it is essential that the officials participating in the work of the Presidency receive practice-oriented training on institutional issues as well as decision-making and European politics, covering internal procedures as well. Instead of taking a theoretical approach, the training plan was developed taking into account aspects of practical feasibility, effectiveness and timing.

Hungary has already held a successful EU Presidency in 2011, so the current Government could launch the preparations for the Hungarian EU Presidency following the 2022 parliamentary elections almost two years before its implementation, relying on the experience gained a decade ago. As such, political and institutional stability was a given. At the highest level, the Hungarian EU Presidency will be represented by the most experienced Head of Government in the European Union, Viktor Orbán, who

is preparing for his second Hungarian EU Presidency during his mandate as Prime Minister.¹ However, the 2024 Hungarian Presidency is in many ways different from the Presidency implemented in the first half of 2011. On the one hand, the second half of the 2024 Presidency is in practice one month shorter, as the Union's institutional work typically grinds to a halt in August. This also means that there is less time for the implementation of the Hungarian Presidency Programme, related events and informal meetings.

On the other hand, the Presidency comes at a peculiar time, during the change of the Union's institutional cycle. The heads of the foremost EU institutions are nominated and approved during this period. The process will start with the elections to the European Parliament, to be held between 6 and 9 June 2024. Next, the European Parliament is scheduled to elect the President of the European Parliament, which, according to the adopted parliamentary calendar, will most probably take place in July, so during the Hungarian EU Presidency, followed by the election of the President of the Commission and the approval by the European Parliament of the Commissioners and the new Commission; and the High Representative for Foreign Affairs and Security Policy during the second half of 2024 (in light of the hearing of the Commissioner-designates by the European Parliament). Based on the experience of the last two instances of institutional renewal, the earliest possible date for setting up the next European Commission would be November or December 2024, but this could be delayed until early 2025, as the elections to the European Parliament are about two weeks later than those of the previous two institutional cycle changes. Consequently, it is a characteristic of presidencies taking place in such periods that legislative work (including the interinstitutional negotiations known as 'trilogues') is less active than in other, 'normal' periods. The legislative process is expected to be revived only in the second half of our Presidency. As such, one of the most important tasks of the Hungarian Presidency will be to ensure the stability of the institutional transition. Institutional transitions have already been managed by Presidencies (for example the 2014 Italian Presidency and the 2019 Finnish Presidency), but, in my personal view, the EU has never experienced such a tense geopolitical, geostrategic and institutional situation. A 'show of force' by the European Parliament, namely, its efforts to strengthen its own institutional role, are expected to gain momentum: the Spitzenkandidat system,² transnational list, demands for treaty changes and legislative initiatives all foreshadow interinstitutional and high political tensions.

The European Union is currently experiencing a series of crises: one crisis hardly ends, and another begins. In our EU policy, we represent a marked sovereigntist position, namely that a strong Europe based on strong nation states is the only way for the European Union to succeed in the future, as opposed to the increasingly federalist position of the EU institutions, which seek and, little by little, acquire more and more powers in the context of crises.

¹ Chancellor Angela Merkel had this opportunity in 2007 and 2020.

² The EP's demand to nominate the head of the list of the political party that won the elections as President of the European Commission.

Structure of the preparations for the Hungarian EU Presidency in the second half of 2024

Preparations for the Hungarian Presidency started in July 2022 within the organisational framework of the Ministry of Justice, given that, from 1 July 2019 (until 31 July 2023) the Ministry of Justice was responsible for the coordination of EU affairs. Already back in 2022, as a first step in preparing for the tasks of the Presidency, the Ministry of Justice started to establish the institutional structure of the Presidency. In this context, two Government Decisions were adopted, Government Decision 1350/2022 (VII.21.) on the tasks related to the preparation for the Hungarian EU Presidency in the second half of 2024, and Government Decision 1351/2022 (VII.21.) on the establishment of the Government Committee for the EU Presidency. Preparations continued in the Ministry of European Union Affairs as of 1 August 2023.

The Government Decision on the tasks related to the preparation for the Presidency enumerates the main tasks related to the implementation of the Presidency, such as the definition of priorities for the Hungarian EU Presidency, human resource needs, informal meetings and events and the budget. In addition, following the institutional logic of 2011, a separate post of a Government Commissioner has been established to prepare for and manage the operational tasks of the Presidency. The said decision also requires the preparation and training of staff involved in the preparation for, and implementation of the EU Presidency. In October 2023, the Minister of Justice appointed me as Ministerial Commissioner for this task, starting from 1 January 2023, in order to contribute to the discharge of complex tasks and to our long-term staff policy goals (this position did not exist during the 2011 Hungarian EU Presidency).³ My responsibilities include staff training, involvement of civil society organisations and coordination of staff policy tasks. I continued the performance of these Commissioner's tasks from 1 August 2023 as Ministerial Commissioner in the Ministry of European Union Affairs.

Preparation and training of staff involved in the preparation for and implementation of the Hungarian Presidency in the second half of 2024

The preparation and the implementation of tasks related to the EU presidency place a heavy workload on the staff in the administration of a Member State. During the Hungarian EU Presidency, the Council will have to be managed from the lowest level, meaning from the Council working party and preparatory committees level (hereinafter referred to as the committees) to the highest, i.e. ministerial level. One of the most important tasks during the Presidency is chairing more than a hundred Council working parties and committees. It is also necessary to negotiate on behalf of the Council with the European Parliament, and that the Member State holding the Presidency act and

³ The Ministerial Commissioner is supported by a two-person secretariat, Zsuzsa Ágnes Cser and Renáta Patai, Senior Government Advisers, who also contributed to this article.

negotiate⁴ on behalf of the Council at political level in the role of a so-called *honest broker*. In addition, a considerable number of informal meetings and more than a hundred events must be organised and held, both in our country and in Brussels.

In view of this, it is justified that particular emphasis be placed on the training of the members of the Presidency staff involved in the preparation and direct management of the Hungarian EU Presidency. It is Hungary's essential interest and a prerequisite for the successful performance of our Presidency that we have a well-qualified, committed and motivated Presidency staff, committed to Hungarian national interests. A key objective is to equip the Presidency staff with comprehensive, practice-oriented training, including knowledge related to the EU's internal institutional and decision-making processes, as well as the context of European politics.

The training was designed with practical feasibility, efficiency and timeliness in mind, rather than taking a theoretical approach. The training for the Presidency aims to prepare for the work of the Presidency, so that staff effectively acquires and improves their practical knowledge necessary for a successful performance during the Presidency. The training plan for the Presidency staff was adopted by the Government in March 2023.

The training plan identified different target groups. The training will be given to officials directly involved in EU affairs who are posted to the Permanent Representation to the European Union (hereinafter: PR) and will carry out Presidency tasks in Brussels, as well as the EU affairs officials (primarily working party leaders and their deputies and EU affairs coordinators), who will carry out Presidency work from Budapest. The training plan also includes ministers and secretaries of state representing the Presidency in the Council, as well as deputy secretaries of state directly involved in the preparation of Council meetings, senior diplomats and specialised diplomats of the PR, and finally, liaison officers, who facilitate the Presidency's high-level meetings and events.

The training will take place in close cooperation with the Ludovika University of Public Service (hereinafter: Ludovika University), established in 2011.⁵ The aim of the Ludovika University is to train professionals in the fields of public administration, national defence and law enforcement, to ensure the supply of officers for the national defence and law enforcement services and to create interoperability between civil service career paths.

As a key institution in the training of Hungarian public administration professionals, the Ludovika University provides training for the civil service's personnel supply base and for officials already active in the civil service. The experience gained in the field of preparing for a career in public administration at the Ludovika University, as well as in training professionals for EU and international diplomacy (in particular the Europe of Nations Career Programme, which was developed jointly with the Ludovika University, in my capacity as Deputy State Secretary for EU Relations), all justified the involvement of

⁴ GYÖRI et al. 2014: 163–184.

⁵ As set out in Act CXXXII of 2011 on the National University of Public Service and on Higher Administrative, Law Enforcement and Military Education.

the Ludovika University of Public Service in this targeted programme for the preparation of the Presidency staff.

The Presidency training period was opened on 8 May 2023 by Judit Varga, former Minister of Justice.

Fields and target groups of EU Presidency training

Some parts of the EU Presidency training are unified, while other parts are differentiated according to the level of knowledge and experience of the selected individuals and based on the tasks they will have to perform during the Presidency (e.g. chairing a working party).

The training programme for the Hungarian EU Presidency covers five main areas: a specific Hungarian EU Presidency training; competence and skills development; Presidency training provided by the Council General Secretariat; English language training at C1 level (in the framework of Ludovika University) and French language training at B1, B2 and C1 levels, as well as security awareness training.

A target group will receive around 100 hours of training over four months, including English language training, plus an additional 24 hours of competence development per individual for working party chairs and their deputies. The preparation of the first target group, those to be posted to Brussels, took place in the second quarter of 2023. The training of the second target group, namely officials performing Council working party and preparatory commission chair tasks from Budapest, started in September 2023 and ended in December 2023. The specific training programme at the Ludovika University will be completed in April 2024 with the training of EU coordinators and newly recruited officials, who will support the domestic presidency staff. We will also focus on the training of the *liaison officers* of the Delegations, who will be selected in a tiered selection process and will be trained in the course of April–May 2024.

The Hungarian EU Presidency training established together with the Ludovika University

The Government has a long history of professional cooperation with Ludovika University. An excellent example would be the one-year European Union civil service training programme, the so-called Europe of the Nations Career Programme, established in 2019 by the Ministry of Justice and Ludovika, operated today by the Ministry of European Union Affairs and Ludovika. The Career Programme was launched in 2020; fourth year students of the Programme started their studies in autumn 2023. The experience gained in the implementation of the Career Programme has also been put to good use in the development of the Presidency training programme.

One of the guiding principles for the development of a specific Hungarian EU Presidency training at Ludovika University was to provide the most useful, hands-on

training possible, as well as to cover the EU's internal institutional and decision-making processes and policy context. In the training programme we have engaged lecturers who were involved in the work of the 2011 Hungarian EU Presidency as leaders and/or are currently in key positions in the management of the 2024 Presidency, so they can share the experience, insights and practices that will be essential for officials working in central administration as well as for diplomats delegated to the PR.

The following seven subjects have been identified for the specific training programme at the Ludovika University:

- Introduction to the objectives of the Hungarian EU Presidency
- Presidency in practice
- The EU's institutional and decision-making system in practice
- Government communication
- Protocol challenges during the Presidency
- Member State EU policies
- English as a specialised language

The training programme was designed to prepare for the substantive and practical tasks of the Presidency, placing them at the same time in a broader geopolitical context. Particular focus was placed on training the Council working party Chairs and their deputies, treating them as a separate group. In their preparation, it is appropriate to focus in more detail on the practical tasks of the Presidency of the Council and the conduct of the 'trilogues'. English as a specialised language course is compulsory for those who have not passed a complex tertiary level exam in English. The training is complemented by so-called 'Presidency Europe Clubs', to allow for an informal exchange of views with senior civil servants and politicians on issues and topics of particular importance and with the broader political and institutional context in the run-up to the Presidency.⁶

Skills development

In the course of the year 2023 we also offered a differentiated training opportunity for working party and committee chairs focusing on *soft skills*. In order to ensure the success of the Hungarian EU Presidency, the high-quality performance of presidency tasks it is crucial that the officials conducting and participating in negotiations and consultations possess the appropriate skills and abilities. Therefore, we provided specific training for them in the areas of communication, networking and negotiation techniques. These competences are developed by trainers who are experienced and are recognised, successful trainers in their field.

⁶ Guests of EU Presidency clubs were in 2023: Balázs Orbán, Political Director of the Prime Minister, Tamás Deutsch, Head of the Fidesz–KDNP EP delegation, Zsolt Németh, Chairman of the Foreign Affairs Committee of the National Assembly, Judit Varga, Chairman of the European Affairs Committee of the National Assembly, Pál Barna Zsigmond, Vice-Minister in the Ministry of EU Affairs, and Kinga Gál, Member of the European Parliament.

Training to be provided by the General Secretariat of the Council

A further requirement for the successful implementation of the Presidency is that the Presidency staff be able to run the Council and conduct its meetings at a high professional standard. The General Secretariat of the Council (General Secretariat) has an institutionalised practice for the preparation and training of those involved in the tasks of the Presidency. In preparation for the presidencies, the Secretariat General organises horizontal and field-specific briefings and training sessions for those in the various levels of the presidencies' institutional structure, such as the Permanent Representative and Deputy Permanent Representative, senior diplomats of the PR, future chairs and deputy chairs of working parties at different stages of the presidency preparation. Since autumn 2023 we have taken advantage of the General Secretariat's training courses, which had been tailored to the specific needs of the administration in Budapest and the PR.

French language training

A high level of knowledge of English with EU specific terminology is essential for the performance of presidency tasks, and a working knowledge of French is an advantage. The French language training is designed so as to reach a level of language proficiency of at least intermediate (B2), and where possible, upper intermediate level (C1). In view of this objective, it has been proposed that French language training should start from level B1. The language training module was designed based on the level of language skills assessed and expected during the selection process, building mainly on EU professional modules in addition to general language training. The aim of the French language course is to develop French language competencies in the field of international relations and diplomacy, as well as to improve French language skills and their practical use in professional situations.

Involvement of civil society

The Presidency of the Council always poses a great challenge for the Member State holding it, but now, because of the political, institutional and geopolitical constellation, it shall take place at a particularly important moment in history, which is both an exceptional opportunity and a responsibility. As mentioned above, the second Hungarian Presidency of the Council comes at an important time in many respects, it is the period of the institutional cycle change.

The elections to the European Parliament will take place between 6 and 9 June 2024, less than a month before the start of our Presidency. On the European Parliament website one can read: "The European elections give you the chance to select who will represent you in the European Parliament and help decide what kind of Europe we have."⁷ The extent to

⁷ European Parliament s. a.

which citizens or Member States have the possibility to influence the future of Europe and whether the position of all Member States really has the same weight could be analysed at length, because, as Deputy State Secretary in charge of government coordination of the Conference on the Future of Europe, I have experienced how the Hungarian views put on the EU table regardless the active Hungarian participation (Hungary was the most active Member State with 816 events) were ignored. However, this experience has also highlighted that Hungarian civil society organisations and citizens are remarkably active and committed to issues affecting the future of the European Union and our continent.

All these factors, i.e. the forthcoming elections to the European Parliament and the subsequent Hungarian EU Presidency, as well as the institutional, power and decision-making efforts, which are currently being interpreted as a follow-up to the Future of the EU conference, could lead to an even stronger interest from society, the opportunity to directly influence the functioning of the EU recurs once every five years, the opportunity for a Member State to hold the Presidency of the Council arrives merely once every 13.5 years.⁸

In light of the above, it is important to be able to think about the Hungarian EU Presidency in the context of European elections, since the decision of European citizens, including Hungarian citizens, will also strongly influence the political direction of post-2024 Europe.

As the Ministerial Commissioner in charge of relations with civil society organisations, it is my priority and an important objective to ensure that the dialogue with the citizens on the Hungarian EU Presidency starts well before the Presidency begins, and that the society is adequately informed of the forthcoming Presidency, consequently bringing them closer to the European Union and our Presidency.

In view of the above, we have started working with our social partners and NGOs a year before the Presidency. One of the main objectives behind liaising with civil society organisations, youth organisations, business organisations, research institutes and think tanks is to obtain information on their events and for them to share their views with us, to cooperate along common points, to gain a more comprehensive picture of the civil society's position as well as to inform them of the Hungarian Government's positions, and finally, to inform them of the preparations for the Hungarian EU Presidency.

Our aim is to provide the widest possible range of information, for example by regular reporting on preparations for the Hungarian EU Presidency at the plenary session of the National Economic and Social Council, or at the National Youth Dialogue.

We place great emphasis on the involvement of academia. As a partner of the Hungarian Government, Ludovika University is actively involved in the preparations for the Hungarian EU Presidency, since we also jointly perform the training of the Hungarian EU Presidency staff. Ludovika University also edits several EU Presidency publications and organises conferences. There is also close cooperation with the Central European Academy and the Ferenc Mádl Institute for Comparative Law (FMI). These research institutions plan numerous conferences in the context of the Hungarian EU Presidency in 2024.

⁸ Council of the European Union s. a.

We also maintain close contact with the EU institutions during the preparations for the Presidency, and we are working together with the representations of the European Commission and the European Parliament in Budapest. In this framework, we are holding a series of high level and expert level (from academia) events together with the Representation of the European Commission in Hungary. The first event of this series took place on 22 September, where we presented the Presidency Programme of the Spanish–Belgian–Hungarian trio and the expected focus points of the Hungarian EU Presidency to the representatives of interested civil society organisations. The participants were also informed of the operational preparations for the Presidency. Minister János Bóka and Government Commissioner Zoltán Kovács shared information and answered questions from participants. We will present in detail the focus points of the Hungarian EU Presidency in the following four sessions, involving academia and civil organisations, moving towards a veritable consultation with interested civil society players.

The Presidency is not only a forum for political and institutional coordination, but also includes a series of events that will allow us to present Hungary to Europe, as the number of entries to Hungary will multiply during the six months of the Presidency. Many of those travelling to Hungary from the EU Member States will be either first-time visitors or have visited for the last time in 2011, during the first Hungarian EU Presidency. This is why now is a great time to showcase the values of our country. We are convinced that showing the true face of Hungary will help promote the priorities of the Hungarian EU Presidency and we hope that visitors will not only get to know but also understand the Hungarian position during their stay in Hungary.

Although we will be displaying the Hungarian way of thinking and virtues to many visitors during the Hungarian EU Presidency, there will also be many who will not have the opportunity to visit Hungary. For this reason, I believe it is important that the Hungarian EU Presidency also be prominently displayed abroad. Our partners in this endeavour are our embassies in the EU Member States, who present the Hungarian priorities, positions and culture at formal and informal events throughout the Hungarian EU Presidency.

For the same reason, we are also working closely with the Hungarian members of the two advisory bodies of the EU, the European Economic and Social Committee (EESC) and the European Committee of the Regions (COR), to promote the Hungarian EU Presidency across the EU.

Credo

The period up to 31 December 2024 will not be easy; indeed, it will be rather challenging, since we have a lot on our plate. However, besides the great responsibility we must shoulder, the Presidency is a huge opportunity to show the true colours of our country, to help understand the Hungarian position, while contributing to our country image.

Those participating in the work of the Presidency must have the skills and competences to carry out all the additional tasks arising throughout the Presidency and manage the challenges of the Presidency work effectively. In Brussels, the environment will not necessarily be friendly, which will require the appropriate attitude and stance.

Consequently, we have structured a training to be as useful and practical as possible, drawing on examples from other Member States, also using best practices and the experience of the 2011 Hungarian EU Presidency. I chaired the working party drafting the Croatian Accession Treaty in 2011, so I experienced first-hand the skills, internal institutional procedures and Member State dynamics required to perform the presidency work successfully. When compiling the training plan, we kept in mind that each and every colleague participating in the training should benefit as much as possible from the training and possess a hands-on knowledge, equipping them with the skills to confidently represent the Hungarian position and have a good understanding of the institutional and political processes that will be particularly tense at this time.

By the end of the training period in May 2024, we will have trained around 900 officials (in addition the so-called liaison officers). Thanks to the training and the successive implementation of Presidency tasks, we will be able to rely on the work of highly qualified EU professionals speaking several languages, with a deep knowledge of EU institutions and decision-making processes. Training for the EU Presidency is both a long-term investment and an opportunity that can contribute to achieving our EU staff policy goals and, on the long run, increase the efficiency of central administration through the employment of trained and experienced staff.

It is my honour to contribute for the second time to the success of the Hungarian EU Presidency. In 2011, during the first Hungarian EU Presidency, I had the opportunity to work on a policy area in Brussels, and this time I take part in the preparations in Budapest. I believe that the efforts and work invested in the Presidency will contribute to both the success of the European Union and the effective representation of our country's interests.

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Recruiting the Presidency Staff and Setting Up the Personnel Framework for the Hungarian EU Presidency

Introduction

For the second time, Hungary will take over the Presidency of the Council of the European Union between 1 July 2024 and 31 December 2024, as the last member of the presidency trio¹ consisting of Spain, Belgium and Hungary. In order to ensure the successful and high-quality implementation of the Presidency, the Hungarian Government has started the main preparations immediately after the May 2022 parliamentary elections.

As a first step, the Government Committee for the EU Presidency was established,² which is chaired by the Prime Minister and provides strategic and political guidance in relation to the Presidency, and the Minister of Justice, in line with the Minister's overall responsibility for the coordination of EU affairs, was appointed to assume the tasks and the political coordination of the Presidency.³ Relevant for the structuring of the preparatory work was that in July 2022 the Government set out the main tasks and the corresponding deadlines for the preparation of the Presidency.⁴ The roadmap adopted included, among other things, the establishment of the political and operational governance structures, calling on the ministries to prepare the strategic orientation for the Presidency's priorities, setting up the conceptual framework of the informal meetings and events to be held in Hungary, drawing up the Presidency budget, and developing the personnel framework for the Presidency.

Considering the established practice of previous presidencies, including the Hungarian EU Presidency held in the first half of 2011, the Government decided to create a two-pillar structure under the responsibility of the State Secretary responsible for EU Affairs in the Ministry of Justice. Accordingly, the Deputy State Secretary for EU policy in the Ministry of Justice was responsible for the substantive tasks related to the Presidency, i.e. primarily the coordination of government measures, the preparation of the strategic

¹ Member States holding the Presidency work closely together in groups of three, referred to as 'trios'. This system was introduced by the Lisbon Treaty in 2009. The trio sets long-term goals and prepares a joint agenda determining the topics and major issues that will be addressed by the Council over an 18-month period. The institution of the trio presidency is also expressed in the mutual assistance that the members of the group provide to each other.

² Government Decision 1351/2022 on the Establishment of the Government Committee of the EU Presidency.

³ On 1 August 2023, the Government established the Ministry of European Union Affairs, thus these tasks have since been taken over by the Minister responsible for European Union Affairs.

⁴ Government Decision 1350/2022 on Tasks Related to the Preparation of the Hungarian EU Presidency in the Second Half of 2024.

priorities of the Hungarian Presidency and the Trio Presidency, the tasks related to the Government Committee of the EU Presidency, and the selection of the Presidency staff. A special Government Commissioner was appointed in the Ministry of Justice to coordinate operational tasks, i.e. selecting venues and conducting informal meetings and events related to the Presidency, as well as preparing and implementing the Presidency Budget.

One of the first and foremost substantive tasks involved in the preparation of the Presidency was the screening of ministries in the autumn of 2022 to determine the exact number of officials required for the successful implementation of the Hungarian EU Presidency. Therefore, as part of the process, the Ministry of Justice, in close cooperation with the competent ministries, assessed the relevant Presidency tasks, and the specific undertakings these would imply for the Hungarian central administration.

The tasks under the EU Presidency

Taking over the rotating presidency of the Council of the European Union, Hungary's primary task is to act as an honest broker, shaping the issues on the EU agenda in the common interest of the Member States and ensuring the continuity of legislative work in the Council. In this context, Hungary must help shape the Council's position and represent it in negotiations with the other EU institutions. This is a multifaceted task which, in addition to the planning and the chairing of Council meetings (including informal meetings to be held in Hungary), includes also the planning and chairing of Council working groups and preparatory committees and coordinating the EU's position in areas of international relevance in various international organisations. A notable difference compared to the Hungarian Presidency in the first half of 2011 will be that, in line with the practice of recent years, Hungary will also host an informal meeting of Heads of State and Government in the second half of 2024.

Under the EU treaties in force, the Council meets in ten different configurations, chaired by the Member State holding the six-month Presidency of the Council, with the exception of the Foreign Affairs Council.⁵ There is no hierarchy between the different Council configurations, but the General Affairs Council has a specific coordinating role, including the preparation and follow-up of European Council meetings and is responsible for organisational, administrative and horizontal matters. The Council configurations

⁵ These Council configurations are the following: General Affairs Council (including cohesion policy); Foreign Affairs Council (including European security and defence policy, trade policy and development cooperation); Economic and Financial Affairs Council (including the budget); Justice and Home Affairs Council (including civil protection); Agriculture and Fisheries Council; Competitiveness Council (Internal Market, Industry, Research, Space and Tourism); Transport, Telecommunications and Energy Council; Employment, Social Affairs, Health and Consumer Affairs Council; Environment Council; and Education, Youth, Culture and Sport Council (including audiovisual issues).

themselves often meet in different formations, so that in practice a configuration may have several Presidents. Member States are represented at ministerial level, i.e. ministers or state secretaries, at Council meetings and can therefore only be chaired by a minister or state secretary. The Foreign Affairs Council is chaired by the High Representative of the Union for Foreign Affairs and Security Policy. The High Representative may be deputised, if necessary, by a member representing the Member State holding the rotating Presidency of the Council, which, as has been the practice in recent years, usually takes place when the Council discusses issues related to common commercial policy. It is also standard practice for Council presidencies to organise informal ministerial meetings, usually in the Member States holding the rotating Presidency. These meetings are not formally considered Council meetings and their main purpose is to facilitate joint reflection and exchange of views, without any formal setting.

Council meetings are prepared by Council working groups and preparatory committees. Some of these are permanent but their actual number varies depending on the issues on the EU agenda. The frequency of the meetings of each working group also varies considerably, depending on the number of dossiers on the agenda and the practice of the working group concerned. The Council currently has around 137 Council working groups and preparatory committees,⁶ including several with a number of sub-groups dealing with specific policy areas. There are currently around 32 Council working groups and preparatory committees with a permanent or elected President. In case of the latter, the rotating Presidency does not have a major role to play, but they also mean additional duties for the rotating Presidency, which is to ensure the coordination of the Council's decision-making as a whole. This means that overall Hungary will have to chair around 157 Council preparatory groups (including the sub-groups) in 2024.

Similarly to the Hungarian EU Presidency that took place in the first half of 2011, there are still Council working groups which Hungary has limited expertise to chair (typically on fisheries and maritime policy issues). In this case, the possibility of handing over the chairmanship of the Council working group to another Member State, e.g. to either one of our trio partners, Spain or Belgium, or to the Polish Presidency following the Hungarian EU Presidency, could also be an option. In addition, EU institutions are also open to second their officials to the rotating presidency to help them perform their duties. The General Secretariat of the Council is usually prepared to second two officials for up to 9 months, while the European Commission is prepared to second five to ten officials for up to 8 months to the Member State holding the rotating presidency. Experts from the European Parliament, other EU institutions and even international organisations may also be called upon to carry out Presidency tasks on a temporary basis. Hungary will make use of this opportunity in 2024, as it did during its Presidency in the first half of 2011.

⁶ Council Decision 2009/937/EU of 1 December 2009 adopting the Council's Rules of Procedure (OJ L 325, 11.12.2009, 35), as amended by Decision (EU) 2022/1242 of 18 July 2022 (OJ L 190, 19.7.2022, 137).

The Presidency Staff

The Presidency will involve the whole of the central administration, considering the wide range of activities from chairing Council working groups and preparatory committees to presiding over Council configurations. In view of the different responsibilities involved in each Council configuration and in light of the Hungarian Government structure, in order to ensure that the preparations for the Presidency progress properly, the Government decided in June 2023 which ministries will chair what Council configuration in the second half of 2024. Accordingly, with one or two exceptions, just about all the members of the Hungarian Government will actively participate in performing the duties arising from the EU Presidency, while a few of them will also be responsible for chairing multiple Council configurations next year.

In order to ensure a successful conduct of the EU Presidency, it is essential to select skilled officials to be involved in the Presidency's tasks, i.e. the Presidency Staff, some of whom will be based at the Permanent Representation to the European Union in Brussels, while others will be working in the central administration in Budapest. The guiding principle of the human resources policy concept developed by the Ministry of Justice in the autumn of 2022 was that, in order to successfully carry out the Presidency tasks, it is essential that Council preparatory configurations and working groups are chaired by, and include people with excellent knowledge of the relevant dossiers, who have several years of experience in the national administration and in EU affairs, and have the ability to conduct negotiations in English (although in many working groups a good command of French is also required). Accordingly, the staff who will be involved in the working groups during the Presidency will be primarily those government officials who are already working at the Permanent Representation to the EU in Brussels and in the ministries or Government Agencies in Hungary.

An important criterion for the selection of the Presidency Staff was the need to appoint at least one chairperson and one vice-chairperson for each of the Council working groups and preparatory committees, and often for the sub-working groups as well, to be able to carry out the tasks of the Presidency. Besides, one or two additional officials are usually selected to assist the chairperson and to be present at meetings as Hungary's representative (sitting behind the 'Hungary' flag). However, in addition to this minimum number, a significant number of working groups require more staff than this, considering the frequency of meetings or the number, importance and complexity of the dossiers dealt with by the working group. Accordingly, by the end of October 2023, the Presidency Staff includes a total of around 750 persons, who will carry out the day-to-day Presidency tasks in the different Council configurations, as well as the central coordination tasks during our EU Presidency.

For the selection of the staff, it was the ministries in charge of the respective areas who proposed the experts who would be assigned to the Council working groups, with the final decision being taken by the ministries together with the Ministry of Justice, which has the overall responsibility for the Presidency tasks and policy coordination.

A further important guiding principle was that the number and composition of the staff involved should be kept flexible so that it may be adjusted in the event of unforeseen changes in the run up to the Presidency.

The Permanent Representation to the European Union in Brussels

A significant part of the EU presidency work is carried out in Brussels, which is why each presidency temporarily and significantly increases the staff (both diplomatic and administrative/technical) of its Permanent Representation to the EU, usually a year before the start of the respective presidency. Accordingly, in the autumn of 2022, the Ministry of Justice, in cooperation with the competent ministries, assessed the human resource needs of the Hungarian EU Presidency, as a result of which the Government decided to increase the staff of the Permanent Representation to the EU in Brussels for a limited period.⁷ As a result, the personnel of the Permanent Representation will double by the start of the Hungarian Presidency in the second half of 2024, similarly to the situation during our Presidency in 2011.⁸

Most of the additional diplomatic staff will take up work by 1 September 2023 in order to ensure smooth cooperation with the trio partners. Their timely deployment is also necessary to allow them, as members of the incoming Presidency, to build up the necessary contacts before the start of the Hungarian Presidency and to acquire a better understanding of the functioning of the EU institutions and the dynamics of negotiations. By contrast, the increase in administrative and technical staff will take place only a few months before the start of the Presidency.

Closely linked to the work in Brussels is the coordination of the Council's position in international organisations and international conferences during the Presidency. The coordination of the EU's position in international organisations, in particular the United Nations (UN) and the World Trade Organisation (WTO), is a major additional task in the context of Presidency responsibilities. In view of this, the Hungarian Government has also decided that, in addition to the Permanent Representation to the EU in Brussels, three other key multilateral missions will also be reinforced during the Presidency: the Permanent Representation to the UN in New York, the Permanent Representation to the UN, the WTO and other international organisations in Geneva, and the Permanent Representation to the Food and Agriculture Organisation in Rome. It is also important to note in this context, that these additional Presidency posts are fixed-term, in which case the date of posting – in accordance with established practice of previous Presidencies – starts on 1 September 2023 and, taking into account the follow-up work related to the Presidency, as a general rule, ends on 30 June 2025.

⁷ Government Decision 2089/2023 on Tasks Related to Ensuring the Human Resource Requirements Necessary for the Hungarian Presidency of the Council of the European Union in the Second Half of 2024.

⁸ The staff of the Permanent Representation to the European Union in Brussels consisted of nearly 100 diplomats and about two dozen administrative and technical staff and local employees in 2022, i.e. at the beginning of the preparations for the EU Presidency.

The central public administration

In addition to the staff of the Permanent Representation to the EU in Brussels and other relevant multilateral representations, the successful implementation of the Presidency will also mean a significant additional workload for the Budapest-based part of the central administration, i.e. the competent ministries and Government Agencies. Firstly, this means taking part in the work related to the Council's 137 or so working groups and preparatory committees. Along with the additional Presidency Staff seconded to Brussels (the Presidents, the Vice-Presidents, and those sitting behind the 'Hungary' flag), part of the tasks will be carried out by government officials from Budapest who will occasionally have to travel to Brussels. This means a considerable increase in the workload of the central administration, as meetings will have to be organised, coordination with Member States and EU institutions must be ensured, and documents to be discussed by the working groups and the preparatory committees will have to be prepared. Secondly, the central management and coordination of the EU Presidency, ensuring the coherence of the Presidency's activities and the related high-level strategic and political discussions will be the responsibility of the Ministry of Justice (succeeded by the newly created Ministry of European Union Affairs after 1 August 2023), through the Deputy State Secretariat for EU Policy. Thirdly, the coordination of the activities of each Council configuration (including tasks related to formal and informal Council meetings) will be carried out involving the relevant ministries to ensure that the Presidency's activities in each field are coherent and well-coordinated. Fourthly, each competent ministry has government officials whose main task is not closely linked to EU affairs, but who, due to their special expertise, are only occasionally involved in the negotiation of EU proposals and only assist the chair of the working groups and preparatory committees during the Presidency on a part time basis.

In view of the tasks outlined above, from the autumn of 2022 onwards the Ministry of Justice has held several rounds of consultations with all competent ministries on the increase in staffing required due to the additional tasks arising with the Presidency. As a result of several months of consultations and taking into account the workload of the Presidency, the tasks based on objective criteria,⁹ and at the same time observing budgetary considerations, in August 2023 the Government decided to create 230 temporary posts between 1 September 2023 and 30 June 2025 in order to cover the tasks arising from the Hungarian Presidency in the second half of 2024. The increase in the number of staff outlined above also includes the specific staffing needs stemming from Presidency tasks that are related to major international conferences in the second half of 2024. From among these, the 29th Conference of the Parties to the UN Framework

⁹ These primarily covered the number of council (sub)formations, council working groups, (sub)working groups and preparatory committees falling under the responsibility of each ministry, as well as the expected number of their meetings during the presidency semester, as well as the expected workload of ministries, i.e. the number of dossiers expected to be on the agenda during the Hungarian EU Presidency.

Convention on Climate Change (COP29) and the 16th Conference of the Parties to the UN Framework Convention on Biological Diversity (COP16) stand out. The Presidency will be responsible for coordinating and representing the EU position, i.e. negotiating on behalf of the EU and its Member States at these major international conferences, which sometimes last several weeks and take place in various locations.

As in the case of the staff increase at the EU Permanent Representation in Brussels, it was an important aspect of the Presidency planning that unforeseen or unexpected situations and tasks should be prepared for in advance, allowing for an appropriate strategy, organisational system and staff to be mobilised immediately where necessary. With this in mind, the above mentioned 230 temporary increase of posts includes a reserve of 30 posts. The decision on how, and if at all to use the reserve will be taken in the run-up to the Presidency. It is important to note furthermore, that the above figure does not include the additional approximately 60 staff requested during the development of the Presidency structure in 2022 to reinforce the operational staff of the Presidency in the Ministry of Justice.

Training the Presidency Staff

The Hungarian EU Presidency in the second half of 2024 can only be successful if it can rely on well-prepared government personnel that is committed to Hungarian national interests and capable of representing them adequately. The tasks of the Presidency require government officials who are well acquainted with the institutions and functioning of the European Union and possess a good understanding of the relevant dossiers and have at least a good command of English while the knowledge of other official languages of the Union is an added value. It is also important that, in addition to their expertise and language skills, government officials also have the appropriate skills to carry out the tasks related to the Presidency.

A systematic training of government officials is necessary to get ready for the tasks of the presidency, the preparation for which usually starts 2–3 years before the actual implementation of the presidency. The Hungarian Government set 1 January 2024 as the target date for the human resources preparations for the Hungarian EU Presidency. Accordingly, preparations regarding the staff started in the autumn of 2022, with the selection and training of government officials involved directly in the Presidency. This was in line with paragraph 4 of Government Decision 1350/2022 on the tasks related to the preparation of the Hungarian EU Presidency in the second half of 2024, which stipulated that the preparation and training plan for staff involved in the preparation and management of the EU Presidency had to be finalised by 31 December 2022.

The main objective of the Presidency training plan was to develop and deliver training courses specifically tailored to the preparation and work of the Hungarian EU Presidency. The Ministry of Justice, in close cooperation with the Ludovika University of Public

Service, has set up a special programme for the training of the Presidency Staff, e.g. for those persons who will be directly involved in managing the Hungarian EU Presidency.¹⁰

As the Presidency approaches, the General Secretariat of the Council is also increasingly involved in the preparation of the Presidency Staff. As a part of this effort, a high-level awareness raising seminar was held in Budapest in June 2023 for the future chairs of Council configurations, providing an opportunity to take stock of the main elements of the presidency role and best practices in small groups, allowing for interactive discussion. Furthermore, the Secretariat General provides support for presidency tasks related to press and communication (e.g. speaking points for post-Council press conferences) and, upon request and before the start of the presidency, provides personal presidency coaching in Brussels or Budapest for future chairs of Council configurations, adapted to their area of expertise.

Incentivising Presidency Staff

Not only does the implementation of the EU Presidency pose a considerable challenge for those involved in the professional work, but it also requires an adequate quality of support schemes to incentivise the Presidency Staff and to compensate them for the additional tasks arising from the Presidency. An experienced, well-trained, committed and motivated team of officials is a prerequisite for the effective delivery of the Presidency. Indeed, the tasks of the Presidency are not only challenging and demanding for those involved, but they also entail a high level of responsibility and a significantly increased workload.

In order to ensure the efficient and effective conduct of Presidency tasks, Act IX of 2023 on the legal status regarding the tasks undertaken in relation to the Hungarian Presidency¹¹ was adopted establishing the so-called EU Presidency scheme. This new type of legal status allows officials working in the broader public sector – as specified by the law – to receive additional remuneration depending on their salary and the task performed during the Presidency.

According to the Government's decision in August 2023, between 1 September 2023 and 28 February 2025, a maximum of 450 EU Presidency schemes will be established, covering the majority of the Presidency Staff. From this and based on the extra workload arising from the tasks related to the EU Presidency, competent ministries can distribute between 20 to 50 EU presidency schemes among their government officials belonging to the Presidency Staff. The Ministry of European Union Affairs prepared the proposal on the distribution of the available EU presidency schemes between the competent ministries, for which it used the same objective criteria already described above as the

¹⁰ On the training of the Presidency Staff see the chapter authored by Boglárka Bólya in this book.

¹¹ Act IX of 2023 on the Legal Relationship Regarding the Tasks Undertaken in Relation to the Hungarian Presidency of the Council of the European Union in the Second Half of 2024 and Certain Related Provisions.

basis for determining the increase in temporary staff for the competent ministries involved in the Presidency. It is important to note that the establishment of an EU Presidency scheme is initiated by the competent ministry's Administrative State Secretary, while the contract is concluded with the official concerned and the Administrative State Secretary of the Ministry of European Union Affairs. Meanwhile, in the case of an employee of the Ministry of European Union Affairs, the contract is concluded with the official concerned by the Administrative State Secretary of the Prime Minister's Cabinet Office.

Conclusion

Hungary will have to undertake a variety of diverse tasks during its Presidency of the Council of the European Union in the second half of 2024, involving the bulk of its national public administration. The successful performance of tasks requires a well-organised and well-prepared staff consisting of government officials who are committed to Hungarian national interests, capable of properly represent these. Such professionals must be well acquainted with the functioning of the European Union institutions and must have relevant and up-to-date knowledge of the given EU policy and should be able to negotiate at least in the English language. They must furthermore be able to shape the issues on the EU agenda as honest brokers in accordance with the common interests of all the Member States. In order to achieve all this, the Hungarian Government began already in 2022 the assessment of the human resource requirements necessary to carry out the EU Presidency, as a result of which it significantly increased the staff of the Permanent Representation to the EU in Brussels by 1 September 2023. At the same time, temporary posts were created in the central public administration to ensure the performance of additional duties arising with the Presidency, following which the Government started the selection of the officials responsible for the Presidency tasks, i.e. the Presidency Staff. In addition to the training of the Presidency Staff, a so-called EU Presidency scheme was introduced to incentivise the Presidency Staff and to compensate them for the additional tasks stemming from the Presidency. As a result of all this, there is every chance that by the beginning of 2024, i.e. half a year before the start of the Presidency, the personnel conditions of the EU Presidency will be secured, which is indispensable for a successful Hungarian Presidency.

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Boglárka Koller

Hungarian and European at the Same Time: Exploring the Connections between National and European Identities

Introduction

“For the national administration, carrying out the tasks of the Presidency is the pinnacle of being within the EU’s institutional system”,¹ a major challenge, as operating Council configurations and coordinating the preparation of decisions require careful planning and precise execution. When a Member State debuts in this role for the first time, as Hungary did in 2011, it is usually said to have reached the age of maturity; to have gained sufficient experience in EU decision-making to be able to run the rotating Council Presidency. The presidency, however, is not only an operational task, but also a special forum for Hungary and the Hungarians. It is a time when the entire European Union and all its Member States, including the public in Hungary, directs its attention to the Presidency. In 2024, we will hold the rotating presidency for the second time in a trio, twenty years after our accession to the European Union. How will Hungary meet the challenge this time? The Presidency will no longer be a test of our maturity, but rather a test of our ability to steer the agenda and decision-making of a European Union in a permanent, multi-level crisis² and a changing global political and economic environment.

This chapter, unlike the other writings in this volume, looks at Europe from the perspective of the smallest, yet most important actors in the political system, the individuals, the union citizens. It examines the question whether citizens have come any closer to Europe in the past twenty years? In addition to their national and other attachments, have they also developed a European identity? After presenting the theoretical approach, and drawing on the results of public opinion polls, I will explore the interrelations between national and European identity using the Hungarian example.

Theoretical explanations³

Ferenc Pataki, the founder of identity theory in Hungary, defined identity as a concept describing the relationship between the individual and the community or various

¹ ARATÓ–KOLLER 2019: 215.

² KOLLER 2021: 6.

³ In this section, I build on the conclusions of my earlier publications and the schools of thought detailed in them in order to present approaches to identity theories and the academic discourse of nation and nationalism (see KOLLER 2006; KOLLER 2022).



communities.⁴ Our identity is made up of countless elements, of which it is worthwhile to distinguish clearly between the individual and the social or, in other words, the so-called collective elements.⁵ When we look at the links between national and European identity, we, of course, focus on the latter.

The cohesion of communities and social groups is facilitated by the identification of shared beliefs, such as common values, goals and ideological elements, which influence the process of identity formation.⁶ Identity theorists have noted that, when defining one's own group, namely 'us', individuals typically bias their view of the group positively, to protect a positive self-image, while also acknowledging the uniqueness of each group member.⁷ In contrast, external groups, other communities, are assumed to be more homogeneous, and depending on the degree to which they threaten their own group, perceptions of external groups can range from suspicion, dislike and hostility to discrimination, exclusion, even confrontation.⁸ Depending on the degree to which they threaten their own group, the perception of external groups can range from suspicion, dislike and hostility to discrimination, exclusion, or even confrontation.⁹ The external groups, the category 'they', are thus treated by the individuals in a manner distinct from their own group, referred to as 'us'.¹⁰

A fundamental indicator of the identity formation process is that the individuals are constantly comparing their own group memberships with that of others and shaping their own identity through this process. The social identity of the individuals is also a function of the evaluation of their own social position.¹¹ In order to define ourselves, we must also be able to say which groups we do not belong to, with which we do not identify.¹² "It is a fundamental characteristic of identity that identification only ever makes sense in relation to something."¹³ "The self-determination of identity can be understood as the result of a representational struggle, always concerned with the ability of groups or individuals to communicate their own distinctiveness to others."¹⁴

Anthony D. Smith defines the nation in his famous book on national identity as "a named human population sharing a historic territory, common myths and historical memories, a mass, public culture, a common economy and common legal rights and duties for all members".¹⁵ The nation has played a prominent role in the history of Europe, and the nation is still one of the most important communities of social identity for European

⁴ KOLLER 2006: 45.

⁵ Pataki also typologised the different identity elements, distinguishing between 1. anthropological; 2. positional or role and group; 3. those acquired through social qualification operations and speech acts; 4. ideological; and 5. emblematic identity elements (see PATAKI 1986).

⁶ BAR-TAL 2000.

⁷ SMITH-MACKIE 2004: 339.

⁸ SMITH-MACKIE 2004: 339.

⁹ SMITH-MACKIE 2004: 339.

¹⁰ KOLLER 2022: 368.

¹¹ SARBIN-SCHIEBE 1983: 5–28.

¹² KOLLER 2006: 50.

¹³ KOLLER 2006: 50.

¹⁴ HANÁK 1997: 63–68.

¹⁵ SMITH 1991: 14.

citizens.¹⁶ However, the content of the concept of nation differs from one definition to another. Some authors highlight the importance of ancestry, others the importance of the cultural traits¹⁷ and other scholars emphasise the importance of the set of symbols and myths rooted in the past that hold the national community together.¹⁸ Ethnosymbolists argue that a common ethnic past, myths and symbols rooted in a shared history are necessary for successful nation-building, and that these elements constitute the identity of individuals through collective memory. Therefore, in the absence of a common ethnic past, identity formation cannot be successful.¹⁹ By contrast, constructivists argue that the symbols of nations are fictional and construed, thus the nations are relatively new entities, or as Anderson argues “imagined communities”.²⁰ They argue that intellectuals and elites played a key role in the creation of national symbols. In the 19th century, “the lexicographers, philologists, grammarians, folklorists, publicists and composers” were the opinion-formers of the era, portraying the ‘golden age’ of the glorious past of the nation, making it accessible to the wider public and making the “imagined community”, namely the nation, accessible to a larger crowd of people.²¹ Applying Anderson’s theory to the present, the actors of the political elite, political parties, the media, NGOs and stakeholders, as well as the European Union itself, are now key players in the process of identity formation. They are all agents in the construction of collective identities.

The basic question of national identity, namely “Who am I?” can only be answered after identifying nationalism and the types of nation-building. Group categories also exist in case of the nation as an “imagined community”, and individuals constantly evaluate and interpret their own group memberships in relation to the nation.²²

Most nations today have both historical roots and construed identity symbols. However, it is worth stressing that the nations of Europe have followed different paths of national development, and the differences between them still define and furnish uniqueness to their identities today.²³ These differences are easily identified in the different concepts of nation. At the beginning of the 20th century, the German historian Friedrich Meinecke distinguished between two types of nation: the political nation, which is defined by a given territory, legal and institutional systems and political means, and the cultural nation, where the national community is defined by ethnic and cultural elements.²⁴ The two types of nations formulated by Meinecke also appeared in the later typologies of nations; vested with geographic dimensions,²⁵ but also²⁶ in later theories that distinguish between civic and ethnic concepts of nation. In case of the French or the English approach,

¹⁶ KOLLER 2006: 11–44.

¹⁷ GEERTZ 1973.

¹⁸ VAN DEN BERGHE 1978: 401–411.

¹⁹ SMITH 1986; 1991.

²⁰ HOBBSAWM–RANGER 1983; ANDERSON 1991.

²¹ ANDERSON 1991.

²² KOLLER 2022: 371.

²³ KOLLER 2022: 369.

²⁴ MEINECKE 1969 [1907].

²⁵ COBBAN 1944; KOHN 1955.

²⁶ SMITH 1991.

territorial self-determination is more pronounced. The consequence of this is that while German authors have several definitions for cultural nations, French and Anglo-Saxon authors tend to use the concept of civic nation for their definition of nation.²⁷

The term “nation” in Hungarian language is mostly used in the cultural sense, similarly to the German use of the term, and is therefore separate from the civic concept, meaning foremost a community of culture.²⁸

Central European nation-building patterns can be described by additional unique features.²⁹ Brubaker’s typology of triple nationalism, for example, can be applied to the understanding of the identities of the ethnically and culturally diverse Central European region, and therefore also to Hungarian national identity. This typology distinguishes between the types of nation-building nationalism, mother country nationalism and minority nationalism.³⁰ Another peculiar feature is that a new kind of nationalism emerged in the Central European region following the change of regime, since during the communist period there was only a very limited possibility for nation-building, so when the Iron Curtain fell, the Central Europeans’ need for nation-building surfaced in almost all states, but in different ways.³¹ Recognition in this region is based not only on the recognition of sovereignty, but also on “values such as pride, dignity and authority”, which the Western world has long ignored in relation to Central Europeans.³²

So far, apart from referring to the nation as the privileged community of our collective identity, we have not talked about our other communities, social groups, which are also a part of our collective identities. Beyond national identity, other communities also belong to our collective identities. The local, the regional and European identities are essential elements of our collective self-understanding.³³ What kind of a relationship can be conceived between each of these attachments? Can it be stated, for example, that the nation is the most important community of our collective identity, or is it conceivable that national, regional, local and European identities are just as important categories as our attachment to the nation?³⁴ There are authors who assume a hierarchy between identity elements and believe that a hierarchy of importance can be defined between individual and collective attachments.³⁵ Other authors emphasise the co-existence of collective identity elements and believe that the relationship between identity elements can be described by concentric circles,³⁶ or multi-level structures, or through the so-called identity network

²⁷ GIDDENS 1995.

²⁸ ROMSICS 1998: 9–10.

²⁹ DIÓSZEGI 1991: 131–142.

³⁰ BRUBAKER 1996.

³¹ ÖRKÉNY 2005: 28–48.

³² BRIX–BUSEK 2019: 111.

³³ KOLLER 2022: 372.

³⁴ The results of Eurobarometer polls have already demonstrated that not all EU citizens are most strongly attached to their nation, and that attachment to local communities or even regions can be stronger than attachment to the nation (see KOLLER 2006: 129).

³⁵ PATAKI 1986.

³⁶ José Miguel Salazar questions the hierarchy between levels of collective identity, thinking in terms of concentric circles of collective identities. In his theory, concentric circles represent a level of identity of the individual. The closer the geographical unit, the stronger the link (see SALAZAR 1998: 114–122).

model.³⁷ What all these theories have in common is that they define the relationship between collective identity elements in a multi-level system. Society, institutional and political structures, including national and EU institutions, are constantly influencing and actively shaping the process of identity formation. However, bottom-up socialisation processes also play a role in collective identity formation,³⁸ meaning that not all construed identity elements resonate with individuals to the same degree.

European and EU identity

When Hungary, together with the other Central and Eastern European countries, joined the European Union in 2004, the construed symbols created by the European elites to establish and strengthen the direct link between the community and the individual were already in place. While it is important to stress that the concept of European identity exists, historically and culturally, independently of the Union, it was in the 1970s that the European Community first expressed the need³⁹ for bringing European integration that was hitherto operated by the elites, closer to its citizens. By this time, integration had already reached a high level, especially in the economic field, which could no longer exist without the greater support of its citizens and, through them, the legitimacy of the political community.⁴⁰ Several theorists, including Joseph Weiler, saw the future of integration in the strengthening of the European political system by the citizens and the creation of a European *demos*. He argued that the creation of a European *demos* with civic values can ensure the functioning of a European democracy. However, this *demos* is heterogeneous; preserving the various cultures of the European nations.⁴¹

Since the 1970s, the European Community has, in parallel with building a political system, created the citizenship of the European Union, declared the rights of individuals in the Charter of Fundamental Rights, and constructed symbols such as the flag, the anthem, the common motto, and, with the introduction of the euro, the single currency.⁴²

European identity has been more apparent than ever in the Central European nations' approach, including Hungary's, to the European Community and in the formulation of the objective of full membership. However, the "back to Europe" accession narrative did not primarily represent the integration bond, but, in a much broader temporal perspective, the unquestionable European identity of the thousand-year-old Hungarian nation and the need to return to the mainstream of European history. In the 2003 referendum on the Accession Treaty, a large majority of Hungarian citizens, 83.76% of voters, voted in favour of EU

³⁷ The author first developed the *identity network* model in his doctoral dissertation, but has built on it in subsequent work (see KOLLER 2003).

³⁸ RISSE 2005: 295.

³⁹ KOLLER 2019b: 173–184.

⁴⁰ Report by former Belgian Prime Minister Leo Tindemans in 1976 (see KOLLER 2019b: 174).

⁴¹ WEILER 1997: 97–131.

⁴² KOLLER 2019b: 173–184.

membership.⁴³ However, we only became familiar with the practical operation of the European Union and EU identity after we became full members, with the structural and symbolic elements of the EU identity already in place.

The European Union is a special political community. Not only its treaties, institutions and policies change from time to time, but so do its borders. The history of the European Union is also a history of successive enlargements and, since the U.K.'s withdrawal, already one of territorial loss. Self-definition is therefore always a challenge for EU citizens. Enlargements, as well as welcoming people from the outside are not conflict-free processes. "The accession of a new Member State creates an inclusion pressure in the European Union."⁴⁴ In the definition of group identities, we need to re-construct the answers to the question "Who am I?" "What does it mean to be European?" Sometimes, citizens of the old Member States already in the EU identify more quickly with the newcomers, or, on the contrary, do not identify with them for a long time. It is not only the process of inclusion but also the process of arrival that poses challenges, and gaining full membership does not necessarily imply the inclusion of a European dimension in the identity elements. Nevertheless, it may also happen that, despite having gained full membership, individuals who have become union citizens still consider themselves to be outsiders, and different.⁴⁵

In case of Central Europeans, and Hungary as well, in the post-accession period, the inclusion of new members was delayed by some of the citizens of the old Member States, and Central European states were regarded as so-called *New Member States*. The 'us' category of collective identity thus did not include Central Europeans for quite a few years.⁴⁶ Meanwhile, some Central European states, including Hungary, learning the rules of the game and the functioning of the European Union, started to reverse the top-down direction of Europeanisation, leaving behind adaptive modes of cooperation, and became more fierce in their struggle not only with a view to asserting their national interests but also to defining the common agenda of the European Union. Central Europeans, disillusioned with the 'adaptive phase', became, so to speak, 'emancipated', and they themselves wanted and still want to shape the functioning and future of the European Union as a whole. This change occurred somewhere towards the end of the first decade following 2000 in the Central European states, including Hungary, giving way to the so-called bottom-up Europeanisation efforts. If one accepts Fukuyama's thesis⁴⁷ that "the struggle for recognition was the ultimate driver of human history", then it can certainly be said that, after Central Europeans gained full membership, the need to struggle for recognition as equal members of the EU became, and still is, incremental. But how did this manifest in citizens' attitudes towards the European Union?

⁴³ Országos Választási Iroda 2003.

⁴⁴ KOLLER 2019b: 177.

⁴⁵ KOLLER 2019b: 177.

⁴⁶ A similar pattern was observed in European integration after the other enlargement rounds. For example, even after Greece's membership in 1981, many citizens of the old Member States still felt that Greece should not have been admitted to the EC.

⁴⁷ FUKUYAMA 2018: 10.

Public opinion on the EU

To present the Hungarian public's opinion on European integration, standardised *Eurobarometer* surveys funded by the European Commission and based on a representative sample, as well as surveys conducted by Hungarian opinion pollsters, are also available. They examine perceptions of EU membership, feelings of national and European identity and citizenship, and trust in EU and national institutions.

According to a survey carried out immediately after our accession, 64% of the population in 2004 considered themselves only national citizens,⁴⁸ and 32% said they felt both Hungarian and European.⁴⁹ Thus, when asked about the combined presence of the national and European dimensions, Hungarians preferred their citizenship. Interestingly, at the same time, in surveys asking about the emotional dimension of identity, in other words European pride, Hungarians were the most proud of their European identity (87%), compared to 68% on average in the European Union. Hence, in the year of accession, national identity was the primary collective identity element for the majority of Hungarians, but the European dimension had already emerged among the collective identities of the population.⁵⁰

The 2020 special Eurobarometer survey resulted in a different outcome, by using a different set of questions. According to the survey, 87% of Hungarians said they identify with their nation, the second highest in the EU (after Portugal) out of the 27 EU Member States. When asked about European identity, Hungary has the highest proportion of people in the EU who identify themselves (also) as Europeans, 76% of the population.⁵¹ In a V4 comparison, more people in each of the Visegrád countries said they had a European identity than the EU27 in average. The national and European identity of Hungarian citizens is also the strongest among the V4 countries.

The most recent polls undertaken in 2023 show that around 80% of the Hungarian population also consider themselves to be union citizens.⁵² In addition to their strong national attachments, Hungarians now also have a strong European identity. It should also be emphasised that the identities linked to the immediate place of residence, town or village are also very important for Hungarians.⁵³ Consequently, in addition to national and European identities, other communities are also part of the collective, multiple identities of Hungarians, which confirms the theses of multilevel identity theories on the basis of the Hungarian example.

⁴⁸ In the same survey, on average 47% of EU citizens felt both national and European, 7% European and national and 3% only European (57% of the population in total), compared to 41% who considered themselves only nationals (*Standard Eurobarometer 62* 2004).

⁴⁹ *Standard Eurobarometer 62* 2004.

⁵⁰ ARATÓ–KOLLER 2019: 234.

⁵¹ BECUWE–BANETH 2021.

⁵² *Standard Eurobarometer 99* 2023.

⁵³ *Standard Eurobarometer 99* 2023.

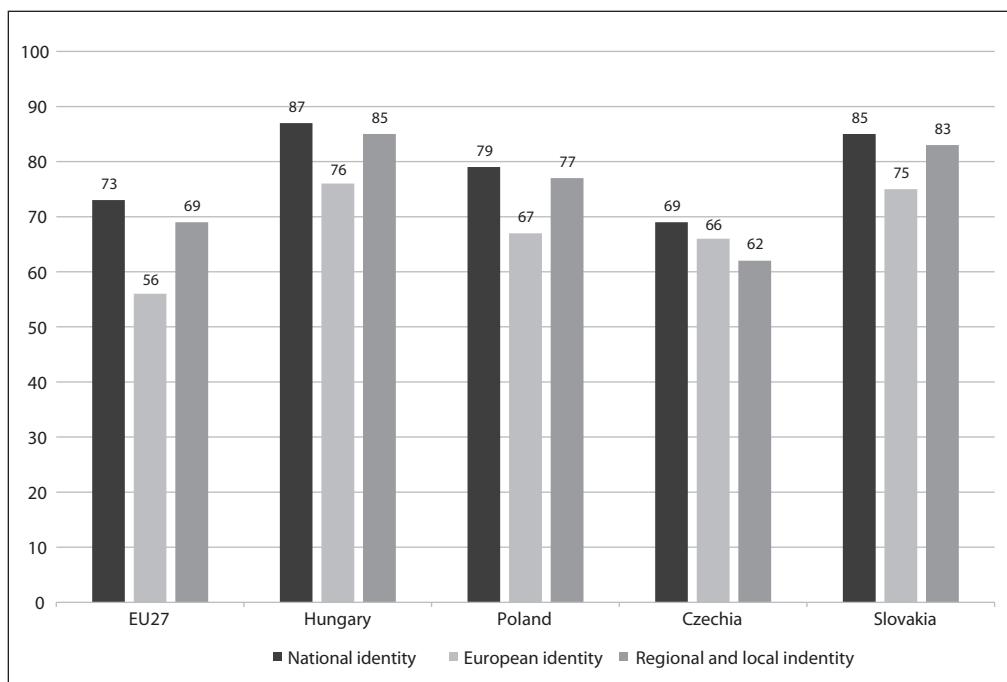


Figure 1: National, European and regional/local attachments of EU and V4 citizens, 2021 (%)

Source: Compiled by the author based on BECUWE–BANETH 2021

20 years after our accession, Hungary's membership of the EU enjoys the support of the majority of the population. According to a survey conducted by Policy Solutions, in the event of a referendum on EU membership, 72% of the Hungarians would vote yes to membership, compared to 13% who would support exiting the EU.⁵⁴ At the same time, the views of the Hungarian public are more pessimistic about developments in the European Union. In 2023, 47% of Hungarians think things are not going in the right direction in the EU, compared to 44% who support the current direction of the EU.⁵⁵

The perception of trust in institutions can reveal significant traits of citizen attachments.⁵⁶ The degree of trust citizens have in some of the institutions is a good indicator of the extent to which they believe that their affairs and the resolution of their problems are in good hands. Based on the results of the Eurobarometer surveys, a significant loss of trust can be observed in both the European Union and the domestic institutions over the past fifteen years.⁵⁷ According to the 2023 survey, Hungarian citizens trust the police and regional and local authorities the most, and political parties and the media the least. The European Union and the domestic political institutions are now situated between

⁵⁴ BÍRÓ-NAGY 2023: 15.

⁵⁵ BÍRÓ-NAGY 2023: 40.

⁵⁶ KOLLER 2019b: 178.

⁵⁷ KOLLER 2019b: 178.

these two endpoints. 54% of Hungarians trust the European Union, 41% trust the national government and 38% trust the national Parliament. Thus, in the specific multi-level governance system of the European Union, different levels of trust can be identified among Hungarians, but it can also be stated that, currently, trust in the EU is higher than in most domestic political institutions.⁵⁸ Hungarian citizens, therefore, not only identify with the EU, but also see themselves as part of the European Union's political system.

Conclusions

The analysis of national and European identities among Hungarian union citizens showed that Hungarians have strong national and European attachments, as well as a strong identity linked to their place of residence. The European identity of Hungarians is the strongest in the Union of 27 Member States, and also within the Visegrád Four. Although the concept of European identity can also be understood outside the European Union, our twenty years of membership have contributed to strengthening the European dimension in the multiple identity structures of Hungarians. Support for EU membership is high in Hungary, but the public is divided on whether European integration is going in the right or wrong direction. Although we cannot yet talk about the creation of a European *demos*, and there are several signs that some citizens have recently lost confidence in both domestic and EU institutions, opinion polls show that the majority of Hungarians trust the European Union.

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Part II

Key Policy Issues from a Hungarian Perspective

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The EU's Competitiveness and Trade Policy from the Perspective of the 2024 Hungarian Presidency

The study examines the aspects of the European Union's competitiveness and trade policy related to the successive Hungarian Presidency. It primarily aims to explore the situation, problem areas and opportunities of the Hungarian EU Presidency concerning two areas. It provides an overview of the priorities and related results of the previous consecutive presidency periods as regards two topics. Competitiveness is a comprehensive concept that interweaves and connects several operational areas of the European Commission, thus presenting the network of relationships of these areas, with regard to trade policy aspects. The current European challenges of competitiveness and trade policy create the possibility of continuing active presidency activities in these two areas. These are as follows: EU–China conflicts in the field of corporate subsidy; the use of Eastern opening to offset decoupling; compliance with carbon dioxide quotas; national distortions; small and big companies; innovation clusters; international trade negotiations; improving the commercial position of labour-intensive agricultural sectors.

Priorities and results of the presidencies of the previous years

The successive Presidency of the Council of the EU has been operating in a system of trios since the Treaty of Lisbon. The presidency ensures stability, continuity and regularity in the field of legislation, cooperation and coordination between the member states and the EU institutions.¹ In this context, the presidency can be considered an important factor in the progress of EU priorities, it promotes their coordination and realisation. The presidency also plays an important role in representing EU affairs and policies to the public. In addition, based on an examination built on a game theory approach, there is also empirical evidence that the presidency contains an important opportunity for the Commission to gain a strategically important position with its monopoly on the decision-making initiative during the co-decision procedure. Knowing the series of presidential programs, the Commission can take initiative depending on the programs that are close to its preferences. According to the examinations, the Commission does not need this during the consultation since it has a significant agenda definition.²

In 2020 Croatia and Germany, in 2021 Portugal and Slovenia, in 2022 France and the Czech Republic, in 2023 Sweden and Spain held the position of the presidency. The list includes large and small member states, so both the priorities of the large ones and the effectiveness of countries with a similar weight to Hungary can be predicted.

¹ European Council 2023a; European Council 2023b.

² VAN GRUISEN – CROMBEZ 2021.

*Appearances and results of competitiveness during the presidencies
of the previous years*

During Croatia's 2020 EU Presidency, the main role was given to the Covid-19 crisis management, so the previously defined priorities can also be interpreted in this framework. In order to strengthen the competitiveness of the EU, goals such as the further deepening of the single market, the encouragement of digitalisation, and the promotion of investments in R&D, with particular regard to the strengthening of the competitiveness of the SME sector, have been formulated. Supporting the development of new skills adapted to the workplaces of the future, encouraging investments in sectors with high added value, and the development of new, green, innovative technologies also played an important role. Among the priorities, the vision of an influential Europe appeared, for which the improvement of the quality of the infrastructure within the Union was set as a goal. Furthermore, the reduction of existing differences in terms of transport, energy, and the availability of telecommunications and digital networks.³

Among the results, we can mention the adoption of the modified version of the Recovery Plan, and an agreement involving the multiannual financial framework (MFF) with a total value of 1,074.3 billion euros was also reached. The EUR 750 billion Next Generation EU initiative, which was called to serve the post-pandemic recovery, in the spirit of the green and digital transition, should also be highlighted. When evaluating the Croatian Presidency, the implementation of the joint crisis response mechanism can therefore be highlighted.⁴ During the presidency, progress was made in the EU Strategic Agenda, which also has an important pillar of strengthening Europe's competitiveness, strengthening its role in the world and increasing prosperity.⁵

In the second half of 2020, Germany was still forced to carry out its presidential duties in the spirit of the Covid-19 crisis management. Aspects such as boosting the activities of businesses, strengthening strategic European value chains, and achieving sovereignty in the field of digitalisation appeared as key motives. And through all this, to speed up the sustainable and digital transition. They therefore showed a commitment to an innovative Europe, in which strengthening the competitiveness of the region plays a central role. Similarly to Croatia, the importance of the single market appears here as the basis of prosperity, and the observance and effective implementation of the rules of the single market play an important role. SME companies and their digital transition play a decisive role in the competitive European industrial sector. Regarding the structural policy of the EU, the strengthening of the competitiveness of the European regions and their resilience in relation to crises were highlighted among the priorities. The emphasis is on innovative economic change, taking environmental aspects into account and protecting employment.⁶

³ EU2020.hr 2020a; EU2020.hr 2020b.

⁴ European Commission 2020b.

⁵ European Council 2023a.

⁶ EU2020.de 2020.

Looking at the results of the successive German Presidency, the further development of digital sovereignty and competitiveness can be highlighted. All this, supplemented by the appropriate financial architecture, supported a stronger and more innovative Europe. In connection with digitisation, it can be highlighted that important progress has been made in the field of digital action, including the area of infrastructure and data policy, as well as the strengthening of standards.⁷ The Commission was asked to develop a “digital compass” by March 2021, which defines concrete aspirations for the EU related to digitalisation to be achieved by 2030. The EU leaders agreed that at least 20% of the resources of the Recovery and Resilience Facility will be available for the purposes of the digital transition, and this can be used, among other things, by SMEs.⁸ A European reference framework for a secure and reliable data infrastructure has been created. The European Initiative on Processors and Semiconductor Technologies was launched with the aim of reducing Europe's dependence on microchips from non-member countries. In December 2020, the Berlin Declaration on Digital Society and Value-Based Digital Governance was published. It formulates 7 basic principles regarding digital public services in order to encourage a value-based digital transition based on European values. In addition, the cybersecurity sector has been strengthened through developments concerning the establishment of the European Cybersecurity Competence Centre.

The Slovenian Presidency⁹ has results including the acceleration of the recovery of the European economy. The finance ministers adopted 22 national plans for recovery and resilience. A total of EUR 291 billion in grants and EUR 154 billion in loans were accepted. Among the primary goals were the green transition, digitisation, encouraging innovation, making the economy more competitive, and in this connection, improving the standard of living. Cybersecurity measures also served to strengthen resilience. In October, the Council of the European Union adopted proposals to explore the potential of a joint cybersecurity unit.

In connection with digitisation, an agreement was reached regarding mobile roaming, which enables access to mobile services within the EU at the same price as at home without additional fees. The Slovenian Presidency has started drafting the first law on the rules for the application and use of artificial intelligence.

The Council of the EU has approved a mandate for negotiations with the European Parliament on proposals for a digital finance package, namely the Regulation on Markets in Crypto Assets (MiCA¹⁰) and the Digital Operational Resilience Act (DORA¹¹). Their goal is to create a favourable environment for innovative companies while maintaining financial stability and reducing risks for investors and consumers.

The Slovenian Presidency also focused on strengthening Europe's defence technological and industrial base with the involvement of small and medium-sized enterprises.

⁷ European Commission 2020a.

⁸ European Commission 2023b.

⁹ Slovenian Presidency of the Council of the European Union 2021a; European Council 2021.

¹⁰ European Commission 2020c.

¹¹ European Commission 2020d.

The Slovenian Presidency has concluded a new agreement on the management of the European Research Area, which will increase the efficiency of research and innovation, allowing us to respond more quickly to the key challenges of our society.

The activity of the French Presidency is based on three emblematic concepts: climate, social and digital. The green and digital transition also plays a central role in the French Presidency, which can essentially be interpreted as a central element of global innovation. In connection with digitisation, which has a prominent role in terms of competitiveness, the priority was placed on the economic regulation and accountability of the various interfaces. The essence of the DSA regulation is to limit the online distribution of illegal content and products (see hate speech). The essence of the DMA is to end the economic dominance of large digital platforms and strengthen consumers' freedom of choice.

We can also mention the support of innovation and the growth of companies expected to produce rapid growth by mobilising institutional investors (3.5 billion euros were mobilised for the Scale up initiative).¹²

The Czech Republic's priorities are based on three pillars: 1. a flexible and open Europe; 2. a competitive and sustainable Europe; 3. Europe with a dynamic labour market. Business priorities include promoting competitiveness, growth, flexibility and supporting the increased flexibility of the labour market. The goal was to increase the competitiveness of the European industry and to strengthen own production in strategic areas. The implementation of the green transition must be done in such a way that it adequately supports the EU's global competitiveness. They emphasised the realistic handling of the "Fit for 55" package, that is, that the ecological transition does not take place at the expense of the competitiveness of some member states.¹³

Sweden's priorities include competitiveness, the green and energy transition, democratic values, and the rule of law. In relation to competitiveness, it was emphasised that the most urgent political attention is necessarily devoted to the war in Ukraine and its short-term consequences. Europe's strength, resilience and global standing depend on our economic performance, which is closely linked to the single market and global trade opportunities.¹⁴

Looking at the results, they highlighted the better-functioning, deeper single market, increased investments in research and innovation, the acceleration of the EU's digital transition, better and simpler regulation, fewer reporting obligations for businesses, as well as an increase in the level of investments and better access to private capital. During the Swedish Presidency, the EU also strengthened the single market through a political agreement under the Single Market Emergency Instrument (SMEI).

It has taken important steps to strengthen European industry through measures such as an agreement on access to semiconductors, which is critical to the green transition. In addition, the Council reached a political agreement on the recently submitted proposal for a legal instrument on critical raw materials.

¹² European Commission 2020a; EUFrance22 2022.

¹³ SPCR.cz 2022.

¹⁴ Sweden2023.eu 2023a.

Significant progress has been made in the negotiations in the digital area, including agreements with the European Parliament on data law and the European Digital Identity (eIDAS¹⁵) proposal. The Council also initiated tripartite consultations with the European Parliament¹⁶ on the Artificial Intelligence Act.¹⁷

In case of Spain, the main priorities are centred around re-industrialisation, the green transition, social and economic justice, and the strengthening of European unity. Since no specific points related to competitiveness were formulated, our present paper does not discuss them further.

*The forms and results of the trade policy during the presidencies
of the previous years*

Relations with Switzerland (primarily in institutional matters) and the United Kingdom played an important role in the Croatian EU program. The latter focused on future relations between the EU and the United Kingdom after Brexit.¹⁸ In terms of trade policy, the Croatian program primarily drew attention to the dangers of protectionism in the world economy. The main element of the program is promoting the openness of global trade, which includes preserving the EU's leading role in WTO reform, strengthening transatlantic trade relations and relations with China, as well as the development of rules related to access to goods and services from third countries to the EU's internal public procurement to its markets. In addition, with regard to the customs union, more effective enforcement of the application of customs rules at the customs borders was envisaged.

The Croatian EU Presidency was significantly affected by the Covid-19 epidemic. Nevertheless, many results can be highlighted from the side of trade policy, such as the case of an orderly Brexit.¹⁹ An important element of the Presidency was the EU – Western Balkans summit in Zagreb, where, in connection with the coronavirus, the provision of trade channels that are important even during the epidemic period, as well as an investment plan for the region during crisis management, came to the fore. The latter, in addition to economic and investment incentives, also extended to enable the Western Balkans to be fully connected to the EU's internal market as a result.²⁰ In addition, an important element during the EU Presidency was ensuring the sustainability of global trade and global value chains as a result of the epidemic, as well as the efforts made in this direction.²¹

¹⁵ European Commission 2021a.

¹⁶ European Commission 2021b.

¹⁷ Sweden2023.eu 2023b.

¹⁸ EU2020.hr 2020c.

¹⁹ EU2020.hr 2020b.

²⁰ European Council 2020.

²¹ EU2020.hr 2020c.

The strengthening of transatlantic trade relations also appeared in the German program, and the promotion of the depth and breadth of relations between the EU and the United Kingdom played an important role, as well. In addition, they aim to promote mutual reciprocity and equal trade with China in all policy areas. An important element of the program is the promotion of African relations, within the framework of which, among other topics, the African Continental Free Trade Area (AfCFTA) will appear after the Cotonou Agreement, which will help in the treatment of the epidemic and in the subsequent recovery. From the trade policy side, the promotion of an open and rules-based international trade policy appears prominently, similarly to the Croatian program, supplemented by the fact that this may also offer a kind of solution to the coronavirus epidemic. Another important element is the promotion of free trade and investment protection agreements, which can stimulate the flexibility and growth of global value chains. In addition, the program highlights the modernisation agenda of the WTO, as well as the importance of various agreements in individual areas, e.g. in digital commerce. In addition, the Presidency assured the support of the rapid finalisation of the agreement with Mercosur (which has been pending ever since), as well as the modernisation of the agreement with Mexico, as well as the European Commission's negotiations with New Zealand and Australia.²²

From the point of view of trade policy, the focus of the Slovenian Presidency is the strengthening of transatlantic relations (with the United States and NATO) and the strengthening of cooperation between the EU and the Western Balkans.²³ In the field of transatlantic relations, there is the settlement of existing trade disputes and the dismantling of trade barriers. Relations with the United States and Canada also focus on trade and technology.²⁴

The first sanctions against Russia were adopted during the French Presidency. Along the lines of the objectives of the presidency, it can be mentioned among the results that environmental protection and social requirements appear more strongly than trade policy agreements. In addition, mirror dimensions were introduced for products manufactured and imported in the EU, which aims to establish the same production standards.²⁵

The aim of the Czech Presidency is to increase the coherence between the EU's trade policy and other policies, which can promote the increase of competitiveness and the realisation of the EU's priorities. In addition, the promotion of international consensus based on broad solutions also appears (e.g. the issue of taxation within the OECD). They wanted to encourage the ratification of trade policy agreements, as well as the realistic definition of their scope and the declaration of their economic goals. In addition, the priority of transatlantic relations appears here as an emphasised element, as well as the support and modernisation of the WTO.²⁶

²² EU2020.de 2020.

²³ Slovenian Presidency of the Council of the European Union 2021a.

²⁴ Slovenian Presidency of the Council of the European Union 2021b.

²⁵ EUFrance22 2022.

²⁶ SPCR.cz 2022.

From the point of view of trade policy, the Swedish Presidency has set the goal of maintaining and developing open, sustainable foreign trade, as well as deepening the single internal market. In addition, the program also emphasises the reconstruction of Ukraine from the point of view of trade policy. It is part of the Swedish Presidency program to strengthen relations with important partners (the United States, including the Trade and Technology Council, and the United Kingdom) to increase resilience. The purpose of the Presidency was to develop cooperation with EFTA members and to promote association agreements in the case of Andorra, San Marino and Monaco. It also takes measures to promote the reform of the customs union. In the field of foreign trade, they strive to expand free trade and agreements based on partnership, the main direction of which during the presidency is the Indo-Pacific region and Latin America. In connection with this, the Presidency seeks to continue the negotiations on the abolition or reduction of customs duties in relation to developing regions, as well as on defence against economic coercion. The aim is also to continue the negotiations with a view to establishing a multilateral investment court. The contribution to the reform of the WTO and the development of the trade policy in such a way that it is coherent with the digital transition and sustainability also appear in the case of the Swedish Presidency. In connection with this, the promotion of digital trade through bilateral agreements and the e-commerce regulations of the WTO were also present in the program. Regarding the internal market, further elimination of trade barriers was highlighted in the area of goods and services.²⁷ The liberalisation of freight transport between the EU and Ukraine took place during the Swedish Presidency.²⁸

In connection with the Spanish Presidency, the trade policy will come to the fore with the aim of improving re-industrialisation and competitiveness, which can be facilitated by the agreements concluded with the Latin American and Caribbean regions.²⁹ The EU–CELAC summit took place in July 2023, where bilateral cooperation was strengthened. In parallel with the promotion of the launch of the Global Gateway Investment Agenda, an investment commitment of 45 billion euros was made (of which Spain undertakes 9.4 billion euros). All this resulted in extended partnerships in many sectors, e.g. energy sector, transport and infrastructure, education and research, digitisation and healthcare.³⁰

Competitiveness in the system of common policies

Competitiveness is not a community policy area in itself, but it is interwoven with policies in a close symbiosis. The purpose of some policies is explicitly to strengthen the EU's position in the world economy and to support the unified internal market of the EU's economic actors, i.e. the competitiveness of the EU's economy must ultimately be

²⁷ Sweden2023.eu 2023a; Sweden2023.eu 2023b.

²⁸ Sweden2023.eu 2023c.

²⁹ EU23 2023a.

³⁰ EU23 2023b.

strengthened so that it can contribute to the objective of growth and prosperity. At the same time, the development of competitiveness affects the efficiency, resources and enforceability of policies.

The EU found its competitiveness strategy in its long-term sustainability, which thus requires continuous coordination between policy areas of the European Commission such as climate and environmental protection (DG Clima, DG Environment), competition regulation (DG Competition), economic policy (DG ECFIN), employment and social affairs (DG Employment), energy sector (DG Energy), foreign trade (DG Trade) and industrial policy (DG GROW), not to mention the other specialist areas.

According to Ketels and Porter,³¹ the leading figures of the company-based competitiveness literature, instead of general and generic EU-level competitiveness priorities, the strengthening of company-level innovation can be achieved by deepening the specific factors and capabilities, which can only be realised if local and national management are involved in defining the specifics. At the EU level, the primary task is to ensure the institutional functioning of the single market. It is also emphasised that European integration is also struggling with challenges as a whole so that the single market is also fragmented in many cases. From this point of view, it follows that the improvement of competitiveness should be built from the bottom up in two dimensions, i.e. on the one hand, starting from the company level, and on the other hand, the mechanisms must be based on the strengthening of local and national decision-making competences. According to them, the deepening of integration should not move in the direction of more bureaucracy and more control, but it should rather improve the efficiency of macroeconomic coordination, that would be the correct approach.

The European Commission defines the pillars of its competitiveness in nine mutually reinforcing factors.³²

- “a functioning Single Market by broadening and deepening it and fostering the integration of services
- access to private capital and investment by deepening the Capital Markets Union and completing the Banking Union, as well as the development of EU tax and financial services regulatory frameworks supportive of businesses
- public investment and infrastructure by reforming the European economic governance framework
- research and innovation through tax incentives, public–private partnerships and large-scale projects to de-risk investments in innovation, especially in the key areas of clean technology, digital and biotechnology
- energy through fast roll-out of renewables, the digitalisation of energy systems and energy storage facilities
- circularity by fostering the transition towards a more circular economy in the EU
- digitalisation through broad-based take-up of digital tools across the economy and more support for leadership in key digital technologies such as Artificial

³¹ KETELS–PORTER 2019.

³² European Commission 2023b.

Intelligence, Quantum Computing, microelectronics, Industry 4.0, virtual reality and digital twins, and cybersecurity

- education and skills by developing and recognising skills as the key to attractive, quality jobs, increasing the participation of women, the young and third country nationals in the labour market, and promoting vocational education and training
- trade and open strategic autonomy by continuing to open markets for EU companies through deepening ties with allies and trading partners, preserving fair trade principles, and addressing risks in a targeted way”

The European Union industrial strategy (*Investing in a Smart, Innovative, and Sustainable Industry. A Renewed EU Industrial Policy Strategy*³³), which is still in effect during the 2024 Hungarian Presidency, focuses on the following three objectives:

1. Maintaining the global competitiveness of European industry and ensuring a level playing field.
2. Creating a climate-neutral European economy by 2050.
3. Shaping Europe's digital future.

The EU is significantly behind in achieving its goals. Based on the 2022 Competitiveness Report of the European Round Table for Industry (ERT), the EU ranks particularly poorly in competitiveness and technology indicators compared to the other power centres of the world (USA, China, South Korea, Japan).³⁴ The manufacturing industry continues to retreat, and its share in medium and high-tech manufacturing production is decreasing, its global share in high-tech exports is decreasing, it is disappearing from the Fortune Global 500 list of the largest companies, and it also has a disadvantage in the spread of 5G telecommunications technology. Besides, its proportion to GDP in R&D spending is the worst, and its industrial capital formation (GFCF) also lags behind. Its leading role remains only in renewable energy investments and sustainability.

Competitiveness and trade policy challenges of the EU

Regulation of foreign subsidies

Since 2022, the EU Foreign Subsidy Regulation (FSR; EU Regulation 2022/2560³⁵) aims to prevent large international companies from distorting the EU market through subsidies to their subsidiaries operating in the EU. The essence of the regulation is that subsidies and cash flows given to subsidiaries from outside the EU must be reported, which the Commission can examine and even block the transaction if it is assessed as

³³ European Commission 2017.

³⁴ ERT 2022.

³⁵ Regulation (EU) 2022/2560 of the European Parliament and of the Council of 14 December 2022 on foreign subsidies distorting the internal market.

market distorting. During the application of the regulation, the Commission must strive for continuous consultation with companies and, in connection with subsidy regulation, with countries outside the EU. However, these rules do not apply to state subsidies. In the latter case, the decree has so far only regulated subsidies granted by EU member states, but state subsidies granted by third countries are still a matter of debate. The problem is primarily with the subsidies that the Chinese state provided to state-owned companies whose subsidiaries operate in the EU internal market. Among the EU member states, this is still considered market-distorting state aid. However, State aid rules do not apply to such financial contributions from third States. Therefore, the problem that foreign subsidies can create unequal conditions of competition in the EU internal market still exists, and not only because of the foreign sponsor. EU state aid law applies to European-based parent companies, while there are currently no restrictive regulations for recipients of aid from third countries. Thus, the current situation puts European companies at a double disadvantage, as it creates a competitive advantage for Chinese companies and a competitive disadvantage for European companies at the same time. In 2023, the main topic in the area of market distortion caused by corporate subsidies is primarily the competitive advantage of Chinese electric vehicles obtained through state subsidies.³⁶ In this respect, the Hungarian Presidency can be an active promoter of regulatory issues related to foreign state and non-state subsidies given to foreign companies, for which it can easily win the support of individual states as well, and it provides an opportunity to demonstrate effectiveness.³⁷ The Hungarian–Chinese relations also create an opportunity for the intensive dialogue with China promoted by the EU to speed up and possibly lead to results. Hungary’s interests would also be served if Chinese state subsidies did not lead to a trade war, punitive tariffs and decoupling, but instead to a series of mutual concessions and the maintenance of trade/investment relations.

Strategic autonomy, decoupling, intermediary zones

The EU sanctions against Russia introduced as a result of the Sino–EU conflict outlined above and the Russian–Ukraine war led to the fact that Central and East Central Europe was significantly cut off from Russian energy carriers, which were cheaper due to their availability. Besides, a significant part of Russian consumer markets were isolated. In addition, the EU–China trade relations system is shifting towards a trade war from a freer trade situation, on the backwaters of the U.S.–China conflict, which is moving in the direction of a two-part world order.³⁸ If the EU increasingly has to choose sides,³⁹

³⁶ Global Times 2023; LIBOREIRO 2023; WHITELAW et al. 2023.

³⁷ NAGY 2021: 147–162; SCHONBERG 2022: 143–152; HORNKOHL 2023: 137–151; BOSCHIERO–SILINGARDI 2023: 151–178.

³⁸ SMITH 2023; WALT 2020; BEKKEVOLD 2022; MANNING 2023; WYNE 2020: 41–64; JOHNSON–GRAMER 2020.

³⁹ ESTEBAN–OTERO-IGLESIAS 2020; GOULARD 2020: 56–68; GARCÍA-HERRERO–TAN 2020; SCHÜLLER 2023.

in that case, it will be necessary to create trade intermediary countries and regions that are already operating in the isolated EU – in relation to Russia, for example in case of India⁴⁰ or the post-Soviet Central Asia and the Caucasus region.⁴¹

Despite the constantly expanding scope and significance of the sanctions against Russia introduced by the EU and the USA, evaluating their effectiveness is a rather complex task. While the sanctions led to an economic decline in the country, the decline in living standards was no longer uniformly felt within the Russian society, and the budgetary situation cannot be considered critical. However, certain sanctions have a stronger impact, especially export restrictions, which affect certain segments and cause shortages in critical industries such as the defence industry. Sanctions take time to take effect, but typically they will be long-term and difficult to reverse. Despite all this, it became clear that these measures were able to economically limit Russia in financing the war.⁴²

As a result of the Eastern Opening and through its membership in the Turkish Council, the Hungarian Presidency will have the opportunity to initiate mediation regional cooperation at the European level, based on the possibilities inherent in these. This also creates an opportunity for the EU not to have to separate itself from the Chinese economy, and Hungary could also increase its influence in the EU in case of a suitable initiative.⁴³ This would help the EU in the so-called implementation of the Sinatra Doctrine, which would avoid slavish copying of the U.S. China policy and complete disengagement.⁴⁴

The purpose of the regulation on screening foreign direct investments is to ensure that, in addition to openness to foreign investments, potential risks are also carefully considered. The decree ensures that direct investments from third countries are screened for reasons of public order. This makes it possible to take a preliminary inventory of possible impacts on critical areas (technologies, AI, infrastructure, energy, food safety, etc.) and formulate comments.⁴⁵

Adherence and enforcement of carbon dioxide quotas with foreign actors

Compliance with carbon dioxide quotas and trade policy and competitiveness is connected through the phenomenon of carbon leakage. (Although there is also a study refuting this.⁴⁶) The EU realised that European companies are playing around the carbon dioxide quotas by moving production to countries where they do not have to be complied with or where the carbon dioxide pricing is not very effective. In the EU's view, the export of these products to the EU is also considered a market distortion against products produced in the

⁴⁰ GAVIN 2023.

⁴¹ Hirado.hu 2023.

⁴² CSEHES et al. 2023: 43–77; PORTELA–KLUGE 2022.

⁴³ UMBACH 2021; FELBERMAYR et al. 2021; LI–HE 2022: 439–455.

⁴⁴ European External Action Service 2020.

⁴⁵ Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union.

⁴⁶ BRANGER et al. 2016: 109–135.

EU. As a result, the EU has launched an initiative in international forums, the ultimate goal of which is to introduce the so-called Carbon Border Adjustment Mechanism; this cost in the form of duties/taxes would burden imported products depending on the amount of carbon dioxide emitted during their production. The first round of the transition will take place at the end of 2023, and from 2024 it would affect the production of cement, iron, steel, aluminium, fertilizer, electricity and hydrogen.⁴⁷ During the Hungarian Presidency, we must expect the involvement of additional product groups and obviously international objections and conflicts, the protests of developing countries due to the adverse income effects affecting them, and the trade negotiations concerning the CBAM customs duty.⁴⁸ The countries most affected by the first round of the CBAM tariff are China, Turkey, Ukraine, Russia, the United Kingdom and Norway.⁴⁹

National distortions in the single market

The period of polycrisis increased the value of the economic policy decisions at the member state level, which put the richer and more indebted member states in a more favourable position, which eventually appeared in the single market as a distortion of competition. For example, Germany was able to include 200 billion euros of debt in its own budget to deal with the Covid crisis,⁵⁰ and then it accepted an additional package of 200 billion euros⁵¹ for financing energy costs and 100 billion euros for military development.⁵² This is a significant advantage for German companies in comparison to the member states waiting for the slowly trickling Next Generation EU funds, or to the EU resources that are aimed to finance the Ukraine armament rather than their own member states. Moreover, in addition to all this, in 2022, Germany allocated 270 billion euros to German companies in the form of emergency company support authorised by the EU. (Germany paid 50% of all subsidies and France 30% to its own companies in the EU.)⁵³ Fast national subsidies and slow EU crisis management funds bring a double distortion to the single market.⁵⁴ The Hungarian Presidency could initiate the regulation of such cases in the future, and the development of some kind of compensation mechanism, which leaves open the possibility of rapid economic policy response at the national level, while at the same time later compensating the other member states based on detectable internal market distortions.

⁴⁷ European Commission 2023a; AMBEC 2022.

⁴⁸ BATRA 2023; TASTAN 2022; ZHONG–PEI 2022; HUFBAUER et al. 2022.

⁴⁹ WOLF 2021; PETERSEN–WALKENHORST 2023; ÜLGEN 2023.

⁵⁰ SZABÓ 2020.

⁵¹ Portfolio 2022.

⁵² Privátbankár.hu 2022.

⁵³ Portfolio 2023; HANKE VELA 2023.

⁵⁴ MOTTA–PEITZ 2020: 219–222; CRESPIY–SCHRAMM 2021: 46–67; HORNKOHL 2023: 137–151.

Competitiveness and industrial policy

Support of global oligopolies or support of EU companies

Industrial policy must constantly resolve the dilemma of supporting large, international oligopolies, which concentrate the resources of knowledge-, capital- and technology-intensive sectors and activities, thus higher productivity and better efficiency and achieving faster efficiency, or small and medium-sized enterprises (SMEs), which increase employment more at the expense of productivity and emissions. The EU's SME strategy⁵⁵ also expresses that the implementation and dissemination of digitisation and the green transition is possible through the masses of SMEs. A significant part of innovation and patent development is typically realised through start-up SMEs, which are then acquired by global corporations.

The EU's main challenges⁵⁶ related to big European companies include how to keep European global companies at the top of value chains and technology chains, i.e. how can these companies remain among the most decisive companies in terms of production organisation, technological directions, investment locations, trade channels while being crowded out of the aforementioned Fortune 500 list. Furthermore, big European companies perform poorly in connection-building activities (platform economy, contrary to the U.S. firms like Facebook, Uber, etc.) and do not appear to be leaders in the development of artificial intelligence either. Although several ongoing antitrust proceedings⁵⁷ can be mentioned, which were initiated against non-European companies, the EU currently focuses too much on the effects of the internal market, so it worsens the global positions of European companies with antitrust proceedings and merger inspections. It is also in a defensive position vis-à-vis foreign global companies, primarily also for internal market considerations. Instead of a defensive position, it would be worthwhile to pursue an industrial policy that encourages investment and innovation in case of large companies. EU law cannot be applied outside the EU against Chinese companies, which are abundant in state financial support, or American companies operating in more effective support, support control and regulatory environment, which

⁵⁵ European Commission 2020a.

⁵⁶ WOLFF–PETROPOULOS 2019.

⁵⁷ Among them are, for example, Google or Amazon Marketplace and Buy Box, which are connected to Amazon, as well as Facebook Marketplace. The Commission objects that Google has a dominant position in the advertising sector and is practically present at all levels of the advertising technology (adtech) supply chain (European Commission 2022d; European Commission 2023d). See the cases of individual antitrust measures in more detail in European Commission 2023c.

thus gain an overall competitive advantage. Furthermore, it should also double the 2% R&D spending by encouraging large companies. Based on all this, it is still emphasised that the support of foreign trade openness must be implemented in such a way that fair competition between domestic and foreign producers is sustainable. The EU is constantly developing its foreign trade protection tools, the most significant of which are anti-dumping, anti-subsidy measures and market protection tools (safeguards). The importance of these measures will continue to be considered crucial.

Based on the above, it can be concluded that the EU primarily uses SMEs to strengthen internal market processes and goals, while large companies are used to strengthen their global competitive positions and not blame internal market failures on them.

Research–innovation–education and corporate cooperation,
strengthening of clusters

From the lagging behind of companies in innovation and from the deteriorating ranks⁵⁸ of European universities, the suggestion arises that the EU, as a catalyst, should promote, encourage and support the strengthening and creation of industrial clusters in the territory of the EU, as well as the firms producing and the university networks and other institutions researching and innovating. Such innovation networks might improve the chances of becoming a global company, moreover, accelerate the development of technology and the spread of innovation.⁵⁹

The EU can be a catalyst and facilitator of corporate cooperation with universities and research centres based on the smart specialisation approach.⁶⁰

“The core of the smart specialisation approach is the growth of competitiveness of the local entrepreneurship by combining their existing strengths with the application of the key enabling technologies obtained through cooperation with different universities and research institutions (Foray 2016). It presumes the existence of absorptive capabilities from the side of local businesses. On the other hand, local universities and research institutions should also be able to provide the requested knowledge about the use of key enabling technologies in these industries, which are relevant to the region (Kempton and Edwards 2014).”⁶¹

⁵⁸ Shanghai Ranking 2023.

⁵⁹ SEPO et al. 2014: 388–408; CALOGHIROU et al. 2001: 153–161; LILLES et al. 2020: 174–192.

⁶⁰ European Commission 2022c.

⁶¹ LILLES et al. 2020: 175.

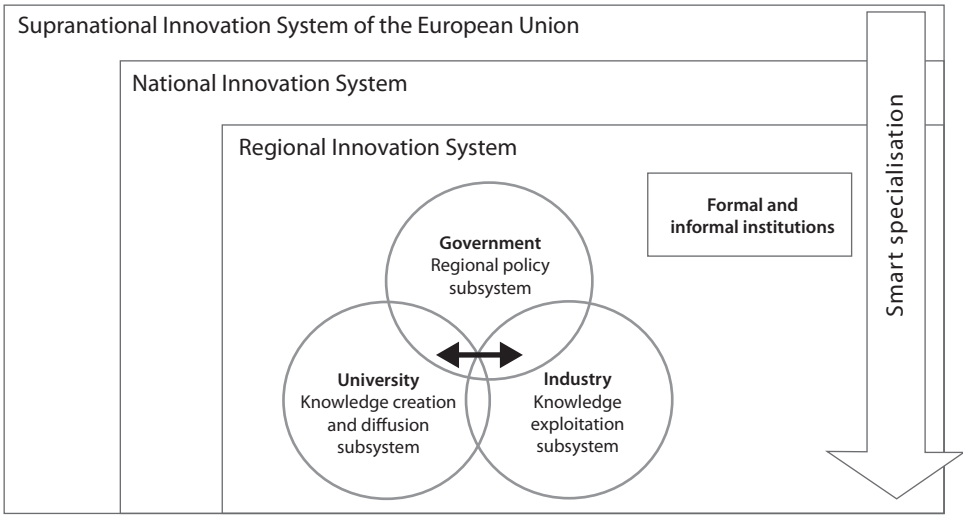


Figure 1: University and industry cooperation in the framework of the supranational innovation system and its relationship with intelligent specialisation

Source: LILLES et al. 2020: 177

Foreign trade opportunities for the Presidency

Unfinished international trade negotiations and agreements: Not all of the trade association agreements launched in the last decade have reached the application phase, in many cases the process has slowed down or stopped: TTIP, EU–India agreement,⁶² EU–Mercosur agreement.⁶³ In cases where the Hungarian interest dictates it, the Hungarian Presidency can become an advocate for the entry into force of the given agreements or the continuation of the negotiations. European clusters play a leading role in the involvement of SMEs, in cross-border and inter-sector cooperation, and in the implementation of large-volume European innovation projects.⁶⁴

Strengthening the commercial position of labour-intensive agricultural sectors: The global competitiveness of the European and, within that, the Hungarian agriculture and the food industry cannot be based on quantity-based, return-of-scale cost advantages due to the fragmented property structure in global comparison on the one hand, and the high quality and procedural EU requirements protecting European consumers on the other. Furthermore, it is able to find European (and Hungarian) agricultural and food industry

⁶² European Commission 2022a.

⁶³ European Commission 2022b.

⁶⁴ European Clusters Alliance 2021.

markets based on a quality-based, product differentiation strategy, GMO-free and less chemically processed, among premium buyers, both in developed and developing markets. It is worthwhile to take initiatives for export development in case of labour-intensive agricultural sectors (irrigated farming, horticulture, outdoor animal husbandry, organic farming) and food production made from artisanal or labour-intensive agricultural raw materials.

Policy proposals for the priorities of the successive Hungarian Presidency

- As a continuation of the previous consecutive presidencies, it is almost mandatory for the presidency to develop and represent new programs for the further spread/dissemination of digitalisation.
- Connecting greening with competitiveness and digitisation can also be considered a mandatory element.
- In the field of innovation, working on the EU's lagging behind in many dimensions creates an opportunity for programming.
- Continuation of African trade agreements (EU–AfCFTA) in order to reduce economic migration.
- Strengthening the EU positions of the Western Balkans through trade policy.
- Revision and renewal of trade sanctions against Russia in an effective way, or at least the opening of this debate in the EU.
- The war in Ukraine can be the starting point for a growth and innovation program implemented through an armament program.
- Strategic separation from China is not in the interest of the Hungarian Government. It can slow down or reverse the process through the presidency, if it is able to achieve meaningful progress in the matter of neutralising the state subsidies given by foreign states (i.e. China) to their companies (i.e. Chinese companies) appearing in Europe, as well as in the agreement process that the EU continues with other states, especially China, regarding the carbon offset mechanism.
- Based on the disproportionality of the national treatment of the Covid crisis and energy price inflation, it could be initiated that such rapid national recovery actions should not violate the single market. Of course, they should be regulated and legalised instead of denied, but in such cases, there should be a medium-term compensation/equalisation mechanism, which makes states with plenty of spending for national recovery to pay into the EU funds ex post to smooth the distortions. At the same time, in relation to the handling of the Covid crisis, it should be added that the Commission created a temporary regulatory framework, which was to facilitate the subsidising of member states according to the Treaty of European Union (TEU).⁶⁵

⁶⁵ For more information see European Commission 2020b.

- The successive presidency should initiate changes in the processes regulating large companies and SMEs, which, instead of a market protection and defensive approach, use and condition large companies to improve their global competitive positions (innovation, investment, fusion, etc.), while trying through SMEs primarily to influence the enforcement of internal market goals.
- The successive presidency should develop proposals for the promotion and financing of innovation cooperation between innovation clusters and companies and universities in order to overcome the EU's global innovation disadvantages.
- The Hungarian Presidency can examine which international trade agreement processes have stalled and which of them should be accelerated or restarted. In the same way, the membership and Schengen zone processes of the integration process can be revised and accelerated.
- It is recommended to develop proposals and programs to strengthen the commercial positions of the labour-intensive sectors of agriculture and the food industry, through which Europe can also be globally competitive, and its products positioned for quality market niches with product differentiation that can be sold in contrast to food raw materials produced by mass production.

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Pronatalist Family Policy, the Response of the Second Hungarian Presidency of the Council of the European Union to European Demographic Challenges

Hungary is taking over the Presidency of the Council of the European Union at a time when the demographic challenges facing Europe have intensified significantly, when no EU country has enough children to support natural reproduction, when Europe is ageing and its population is shrinking. Globally, these three factors are leading to a steady decline in the economic potential and competitiveness of the European Union. The challenge of the demographic winter is a fact that must be given due attention at EU decision-making levels. The family is a priority for the majority of Europeans, and there is a strong need to support it; Europe's citizens believe to tackle the demographic challenges and depopulation by strengthening families, not by encouraging migration. Hungary, as it did in 2011, during its first Presidency, considers it likewise important in 2024 to give priority to encouraging the birth of European children in order to meet the demographic challenges.

Introduction

On 1 July 2023, the Spanish–Belgian–Hungarian Presidency trio began its work within the framework of the European Union's institutional system, ensuring for a second time that the three Member States will hold the Presidency of the Council of the European Union for consecutive six-month terms. This will provide Hungary with the opportunity to have a meaningful influence on the renewal of the functioning of European processes and decision-making starting 1 July 2024, following the European Parliament elections, at a politically sensitive time in the renewal of the European institutional system. In this context, the questions of the establishment of the European Commission and the definition of the portfolio of each Commissioner will have a direct bearing on the future of Europe's response to the demographic challenges. As Europe is facing the threat of a demographic winter, policies based on traditional values of demographic policy-making and policies to encourage migration are being challenged. In the midst of these debates, Hungary is ready to draw the attention of decision-makers once again to the fact that more than two thirds of the population of EU Member States see the solution to the EU's demographic challenges not in forced migration but in supporting families.

The European Union and its Member States need to increase their resilience and strengthen their strategic autonomy as a community in relation to the other major players in the world economy. To increase resilience, following the adoption of the presidential

trio's programme,¹ the three countries committed to promoting this by strengthening Europe's social dimension, including addressing the demographic challenge the EU is facing. In this context, particular attention will be paid to exploring ways to address this challenge.² This type of approach in itself highlights that Europe has not one but several solutions to address the challenges of ageing and depopulation. This provides a good basis for the more detailed Hungarian Presidency Programme and the processes launched under it to place a strong emphasis on addressing demographic challenges in a meaningful way, building also on the successes of the Hungarian family policy system.³

The evolution of family policy as a governmental policy

The historical development of family policy as a governmental policy in Hungary

When we talk about family policy in Europe today, we find, not surprisingly, a clash of diverse and fundamentally different approaches across the European Union. What we mean by this policy is therefore a complex question.

At the time of Hungary's first EU Presidency, an independent interpretation of the need to comprehensively address and heal the damage caused to families by the long-lasting economic crisis that erupted in 2008 had not yet been crystallised and placed at the centre of long-term national objectives. Nevertheless, the 2011 Hungarian Presidency of the Council of the European Union immediately made the possible demographic impact of reconciling work and family life an important task.⁴

But before our second Presidency, the foundation upon which we must build to renew European public thinking and the attitudes of decision-makers in the European institutional system is very clear. From the Hungarian perspective, the basic principles of Hungarian family and population policy provide the necessary starting point for the analysis of demographic issues undertaken in the Presidency's programme.

In our country, a clearly identifiable evolutionary process started in 2010, separating social policy based on the principle of need and the principle of assistance from the policy of family support. This process was based on the principle that family support is not a matter of social policy, of financial cohesion, of preventing disadvantage, marginalisation and poverty.⁵ Family policy in Hungary means the comprehensive protection and support of the family as the smallest building block of society. Since the main aim of family policy is to promote the internal stability of families, protect their autonomy, increase their security, encourage childbearing, support child-rearing, strengthen the link with the world of employment and promote intergenerational

¹ Council of the European Union 2023a: 2.

² Council of the European Union 2023a: 7.

³ NOVÁK et al. 2017; NOVÁK–FÜRÉSZ 2020; AGÓCS et al. 2019: 3–11; ENGLER–PÁRI 2022: 11–34.

⁴ Priorities of the Hungarian EU Presidency 2011.

⁵ NOVÁK–FÜRÉSZ 2021: 85.

cooperation, family policy is only effective if it is stable, complex, targeted and flexible,⁶ and therefore as a social policy approach it cannot be effective. The family policy approach became a sub-system of government policy with its own objectives and was definitively separated from social policy when it became sufficiently clear that the most important objective of family support systems and policies is not a mere social transfer, but the free and uncoerced choice of people to start a family, to have children and to raise children.⁷ In the light of this, family policy in Hungary formally became a renewed and independent policy and sector between 2014 and 2018, with an independent state secretariat.⁸ As a result, family-centred governance, which not only provided resources but also renewed the social environment that determined the living conditions of families in a significant way, has achieved a family-friendly attitude that is now visible not only in the operation and functioning of the state, but in a much broader context. It is clearly visible in the areas of local government, socio-economic organisations, churches and the media, and in society as a whole. This does not mean, of course, that domestic family policy does not necessarily take into account disadvantaged families and does not have a very significant poverty prevention role, but both its principles and its scope go far beyond this function.

*Changes in the conceptual and institutional framework of family policy
in the European Union*

When considering EU policy-making and action in the area of family policy, it is important to highlight the issue of national competence and sovereignty. The development of the European Union is characterised by an increase in EU competences and a strengthening of the supranational level. This trend is also generally true in the field of social policy. In case of social policy, although the EU's dominant competences were primarily related to the common market, employment policy, labour law regulation, and various aspects of workplace safety and reconciliation of interests,⁹ the operation and financing of the social policy institutional system in the narrow sense remained clearly within the competence of member states. It is therefore also worth bearing in mind that the maintenance and operation of welfare systems, their institutions and services, and in this context family policy in the narrower sense, have remained a national competence, i.e. the principle of subsidiarity continues to apply in most areas of family policy in the EU system of division of competences.¹⁰ Member States insist that social policy, and thus family policy, remains as such a matter of national competence.

⁶ LAKNER 2012; NOVÁK-FŰRÉSZ 2021: 85.

⁷ FARKAS 2012; NOVÁK-FŰRÉSZ 2021: 85.

⁸ NOVÁK-FŰRÉSZ 2021: 83.

⁹ GALLAI 2019: 25; GYULAVÁRI 2014.

¹⁰ ANDERSON 2015: 4.

The European Union has a long history of pursuing objectives related to demography, income, parental employment and equal opportunities between women and men, while often implementing measures without a family policy framework.¹¹

However, national decision-making on family policy is still limited and cannot be considered as full-fledged due to the expansion of EU powers and institutional action. To understand this apparent contradiction in the historical development of EU measures and regulations and policy-making, it is worth considering the following.

In the area of hard law on the coordination of family benefits, which is a family policy subject, the development of EU law is particularly important. The provisions guaranteeing the right of free movement of workers, for a long time exclusively in relation to intra-EU movement, were clearly necessary and forward-looking in order to protect the right of movement of workers and their families. Indeed, the implementation of the Treaty of Rome requires that the rights of family members of workers, both adults and children, to reside with the worker in another Member State and to have access to social protection benefits and services in that Member State be protected by national and EU law.¹²

The provisions on family benefits, which have been the subject of much controversy in the recent past, are governed by the EU Regulations on the coordination of social security systems to ensure free movement within the EU.¹³ By introducing very specific coordination provisions requiring the cooperation of Member States' institutions, the Regulations also cover maternity and family benefits, if only because the obligation to coordinate family policy benefits is also enshrined in the Treaty on the Functioning of the European Union.¹⁴ However, these rules do not specify the specific benefits that national family policy rules should establish, but rather that the benefits provided by national rules should be available to people with the right of free movement on the same terms. The primary objective of the coordination regulations is therefore to ensure interoperability between Member States' systems. Mutual recognition of rights acquired in different countries and the taking into account of rights for the purpose of establishing benefits under national law are essential to enable national authorities to apply EU coordination rules correctly.

This regulation has posed serious challenges for the European Union in the recent years of increased mobility on both intra-EU migration and migration from third countries. Indeed, rules covering technical, individually well-understood rights have generated effects in practice that have escalated into political conflict at the highest levels during the previous decade. A good example of the sensitivity of the regulation, besides specific national attempts to the indexation of family benefits (e.g. Austria),¹⁵ is that,

¹¹ JENSON 2021: 49.

¹² GELLÉRNÉ LUKÁCS 2018: 109–136.

¹³ Regulations (EC) No 883/2004 and No 987/2009.

¹⁴ Treaty on the Functioning of the European Union, Articles 18 and 45; Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems, Articles 4 and 67; Regulation (EU) No 492/2011 of the European Parliament and of the Council of 5 April 2011 on freedom of movement for workers within the Union, Article 7.

¹⁵ FÜRÉSZ–MOLNÁR 2023: 41.

more generally, the negative overall social perception of British benefits for foreigners (for children living abroad) can be identified as one of the ideological-political triggers of Brexit.¹⁶ Another very significant challenge also stems from the fact that, based on the evolution of legal norms and court rulings, EU law now provides very broad protection for the rights of migrants from third countries, going far beyond the original approach to promoting employment described above.¹⁷

In the area of family policy, not only are there directly applicable regulations, but also directives. Directive regulations in the field of family policy, which fall within the scope of mandatory legislation, typically aim at preventing social exclusion, ensuring equal opportunities and equal treatment.¹⁸ In the social field, the European Pillar of Social Rights, adopted at the Gothenburg Social Summit in 2017, is decisive, with one of its specific proposals being the creation of the directive on work–life balance, which also regulates the extent of maternity and paternity leave.¹⁹

In addition to regulatory instruments, there are also instruments in the area of soft law. The European Union, through its so-called open coordination mechanisms,²⁰ is also able to influence national policies in these areas, influencing them in order to help achieve the objectives set by the community of Member States.²¹ This could be the case, for example, for guidelines in the annual country-specific recommendations that also affect economic governance.²² For example, in case of Hungary, the 2023 recommendations included a proposal to abolish the measures on utility cost reduction, which would have a fundamental impact on government policies to support families.²³ In reality, therefore, EU intervention in national family policies cannot be completely ruled out, despite the fact that they are an exclusive national competence.²⁴

It is therefore hard to argue that, although family policy is indeed an area of national competence, it is influenced directly and indirectly by EU regulation and policy-making on many fronts.

For this reason, it is perhaps not an outlandish idea that national interests in family policy can legitimately be reflected in EU policy-making and norm-setting processes. It is therefore also possible to take substantive action in these areas as a Presidency objective and impact directly influencing EU policy-making and legislation.

¹⁶ GELLÉRNÉ LUKÁCS 2019: 179–193; GELLÉRNÉ LUKÁCS – DANI 2022: 67–78.

¹⁷ FÜRÉSZ–MOLNÁR 2023: 41.

¹⁸ GALLAI 2001.

¹⁹ Directive 2019/1158/EC.

²⁰ Open Method of Coordination s. a.

²¹ GALLAI 2019: 15–27; THÉVENON–NEYER 2014.

²² BIRÓNÉ MALUSTYIK 2022: 279–308.

²³ Recommendation from the Council on Hungary's National Reform Programme 2023 and delivering its opinion on Hungary's Convergence Programme.

²⁴ GALLAI 2019: 25.

Background on the scope for family policy action

In answering the question of what the scope for such action is, it is worth considering the EU's policy development and environment.

While in Hungary family policy as an independent policy has been separated from social policy, the trends in the approach adopted in the EU institutions seem to be in the opposite direction to this development. As Jenson points out, while today family support is basically not on the agenda of policy-makers at all, this has not been the case in the EU for a long time.²⁵

In 1974, the EU embarked on a path that had a direct impact on family policy with the launch of the Social Action Programme. The European Commission launched this Action Programme in the context of the drive for full employment, under which it developed a number of new directives,²⁶ and from the mid-1970s there was a major drive towards harmonisation of social legislation in certain areas. The launch of the Social Action Programme made it possible to implement a community social policy and social legislation that went beyond the provisions of the Treaty of Rome.²⁷ In fact, the EU institutional system used the opportunity provided by the relevant regulatory powers of the labour markets to do so. Amongst other objectives, the adoption of measures to achieve full employment has appeared, accompanied by the goal of achieving equality between women and men and “ensuring that the family responsibilities of all concerned are compatible with their workplace aspirations”.²⁸

Given that the action of the European Union institutions has been limited to the field of employment, measures to reconcile work and family life have remained firmly focused on parental (usually maternal) employment. In the 1980s, however, the European Commission began to consider the possibility of developing an explicit family policy. The starting point for this was the demographic challenges, which were already clearly emerging as a threat to the functioning of labour markets and to the security of family incomes.²⁹

The development of policy in the social fields covering family policy at community level thus appeared at the same time as the adoption of the legislation codifying social security coordination, when the European Parliament adopted its resolution on family policy in the EU in 1983.³⁰ In it, policy-makers proposed the coordination of Member States' family policies at community level, with family policy becoming “an integral part of all community policies”.³¹

²⁵ JENSON 2021: 49.

²⁶ Directive 75/129/EEC on collective redundancies; Directive 77/187/EEC on the protection of employees' acquired rights in the event of a change of employer; Directive 80/987/EEC on the protection of employees in the event of the insolvency of their employer.

²⁷ GYULAVÁRI 2003: 47.

²⁸ ROSS 2001: 188; JENSON 2021: 49.

²⁹ JENSON 2021: 50.

³⁰ European Commission 1989.

³¹ HANTRAIS 1995: 80; JENSON 2021: 50.

The European Commission also followed in the footsteps of the European Parliament's 1983 decision in a 1989 communication. The document presented a comprehensive and ambitious analysis that "since children are becoming increasingly rare, Europe's demographic future depends on the family".³² The document began with a description of "Europe's worrying demographic situation" and concluded with a description of "the family as the fundamental unit of society" and its important role in intergenerational solidarity. The communication called for EU-level support for childcare services as "a key element of family policy". The Communication aimed to provide Europe with a family policy framework for new and "workable" measures.

However, the Social Affairs Council, examining the Communication, took a more cautious approach to the Commission's initiative. As an EU objective, it narrowed the family policy issues related to child-rearing to the issue of 'reconciling' work and family life, i.e. it took its decisions only on a narrow interpretation of the EU's employment mandate. The Council agreed that the EU could take action on freedom of movement and equal opportunities, but in the area of family policy it saw that the EU's role could be limited to collecting and disseminating information. Therefore, within the framework of this mandate, and subject to the Commission's initiative, it agreed to the establishment of the European Observatory on Family Policies in 1989, but took no further action.³³ Overall, with this decision and the adoption of its 1992 recommendation on day care, the Council has caught up with the other institutions, each of which has taken an active part in the EU's policy-making process. These were followed by a number of further steps,³⁴ although they did not fundamentally affect the retention of family (social) policies within national competence.

Since no one could deny the demographic challenges, whose economic and social impact was already foreseeable, the Commission published several major demographic reports in the following years.³⁵ This was a cause for optimism. Four European Demographic Forums have been organised at the Commission's initiative since 2006 (2006, 2008, 2010, 2013), although the Commission has not organised an EU-initiated event since 2013. The Forums took stock of recent demographic developments and assessed policy responses to demographic change. The Forums were accompanied by a biannual

³² European Commission 1989: 3.

³³ The European Observatory on National Family Policies started collecting data in 1989 (see European Commission 1989: 18), but as its name implied, EU actors were aware of the deep ideological differences between Member States and that they would not cede policy to the EU (see JENSON 2021: 51).

³⁴ "...the Parliament's resolutions of 1994 and 1999 on the protection of families and children, the European Council's resolution of 2000 on the work-family balance, the European Council's Stockholm Call of 2001 (on the development of family policy indicators) and the Barcelona target of 2002 (on increasing the capacity of nursery and pre-school care), which set the target of 33% of nursery places for children aged 0–3 and 90% of nursery places for children aged 3–6 in each Member State by 2010. In 2015, only 9 Member States met the 2010 targets), the Year of Families in 2004, the Commission's Green Paper on demography in 2005, the creation of the European Alliance for Families in 2007, the establishment of the Demographic Advisory Board alongside the Commission, the 2010–2015 strategy for equality between women and men, the Europe 2020 strategy, the European Pact for Gender Equality and strategic commitments." International Family Policy Outlook (see GALLAI 2019: 26).

³⁵ European Commission 1994; European Commission 2006.

European Demography Report,³⁶ which was subsequently discontinued. Despite having been initiated in 2011, during the Hungarian Presidency, and despite the recommendation of European family organisations and broad social and political support, in 2014 the theme of ‘reconciling work and family life’ was not chosen as the theme of the European Year. Despite these encouraging signs, the policy response to the demographic challenge remains, with a clear break, primarily confined to European competences related to the functioning of labour markets and equal opportunities. Against this background, the political orientations and emphases emerging from the 2014 European Parliament elections can be clearly identified.

The central theme thus remained the promotion of parental employment in a way that allows work to be reconciled with family life (the EU directive has dropped the word ‘family’ and simply replaced it with ‘private life’), especially for women.³⁷

A further significant turning point came when the Lisbon Strategy of 2000 launched the third ‘growth wave’ of European social policy; with its call for the ‘modernisation’ of social policy, it already diagnosed social exclusion as a major challenge.³⁸ From then on, the main objective was to adopt a social inclusion approach and develop its tools, and the focus on equality between women and men and between different social groups in different situations was pushed to the background.³⁹ As this social development perspective evolved in the 2000s, it was no longer families but individual children who became the target of action.

The fight against ‘child poverty’ has become a priority in the European Union’s renewed social agenda for 2008. When the Barroso Commission published its Social Investment Package: *Towards Social Investment for Growth and Cohesion* on 20 February 2013,⁴⁰ the life-cycle approach put children at the centre and childcare measures were aimed first and foremost at them, and only secondarily at parents.⁴¹ In this important document, families have received little attention, despite the fact that the disadvantage and poverty of children is clearly a result of their family background. However, one comment deserves attention, namely that earning an adequate income is a challenge for families and that family-friendly jobs and employment policies are needed. The term ‘family’ was rarely mentioned in the Social Investment Package, while ‘child’ (‘children’) was mentioned in many cases.

In 2018, when the EU defined the pillar of social rights in 20 principles, families were again barely addressed.⁴² However, the European Commission announced a directive on work–life balance for parents and carers, which returns to the familiar and solid ground

³⁶ European Commission 2007; European Commission 2008; European Commission 2011.

³⁷ HANTRAIS 1997: 340; JENSON 2021: 51.

³⁸ DALY 2020a: 353; JENSON 2021: 52.

³⁹ JENSON 2021: 51; CANTILLON – VAN LANCKER 2013: 553–564; JENSON 2009: 446–483; SARACENO 2015.

⁴⁰ European Commission s. a.

⁴¹ JENSON 2017: 270.

⁴² European Commission 2018.

of regulation and policy-making on parental care.⁴³ The Directive extended rights to paternity leave, parental leave, carer's leave and flexible employment, with the aim of encouraging the sharing of care between women and men and maintaining labour market participation rates. The directive was firmly anchored in the EU's traditional framework and its competence for economic growth, but took only a very narrow approach to the need to protect the interests of families.

Although since 2017 the European Parliamentary Research Service has been providing an annual overview of demographic trends in the EU, this has not brought back the political debate provided by demographic forums.⁴⁴

Actors for family policy action

The Commission, set up in 2019, pays attention to demography and its social consequences. In the face of changing attitudes towards families, the workings of the post of Commissioner for Demography and their appointment as Commission Vice-President has been promising and useful in this Commission's term. The current post of Commissioner for Democracy and Demography, created in 2019 and held by Dubravka Šuica, is able to point to the need for change even if the Commission has not assigned its own board administration to its operations. As a result of its work, in June 2020, the European Commission published a report on the impact of demographic change.⁴⁵ In this document, the Commission highlighted the main drivers of demographic developments and their implications for the EU. It is also worth noting that the Commission has created a new interactive knowledge management tool, the Demographic Atlas,⁴⁶ based on official Eurostat statistics and forecasts, to help understand demographic change.

Last but not least, point 18(g) of the conclusions adopted during the European Council meeting on 29–30 June 2023, clearly gives a political mandate to develop a toolbox on demography, which will be prepared by the Vice-President and experts for the Commission's approval.⁴⁷ This decision gives hope that the demographic challenge can be put on the agenda at the highest political level during the Hungarian Presidency.

In the new European Commission formed in 2024, the Commissioner for Demography should be given more authority and more room for manoeuvre, with an independent portfolio and directorate, including a role for family welfare. We see this as necessary because at present the current Commissioner's portfolio, including democracy, is too broad and does not allow the position to remain sufficiently focused in proposals to

⁴³ DALY 2020b.

⁴⁴ European Parliament 2017; European Parliament 2019; European Parliament 2021.

⁴⁵ European Commission 2020.

⁴⁶ ALVAREZ et al. 2021.

⁴⁷ Council of the European Union 2023b "...EIT invites the Commission to present a toolbox to address demographic challenges and notably their impact on Europe's competitive edge" on the basis of which, on 11 October 2023, the European Commission published its Communication *Demographic Change in Europe: A Toolbox for Action* document, that sets out a comprehensive approach to demographic change.

address demographic challenges. In part, its room for manoeuvre is limited by the fact that it does not have an apparatus behind it (it does not have its own directorate) to help it develop concrete technical proposals in a meaningful way.

However, the direction the post has taken is certainly to be welcomed, as it can be very well suited to reflect the family policy approach at the EU policy-making level and thus to redefine the social policy approach, once a well-constructed portfolio and policy-making direction has been defined. If the Commissioner can continue to do so as Vice-President, his/her activities can become cross-cutting and represent family and population policy interests horizontally.

Finally, it is worth noting that the European Council's proposing body, the Committee of the Regions, has twice in the last decade, in the course of the deliberations of the representatives of regional and local authorities of the European Union, expressed its opinion and made proposals on demography regarding the most pressing demographic issues of the EU.⁴⁸ The 2020 document deserves a special mention for its clear affirmation of the need to support families among the majority of the European population, and for its recognition of the importance of family.

Section 20 of the document stresses the need to make it economically possible for young people to start a large family. The right conditions must be created to make it easier and quicker for those who want to have children to have even more children. While recognising that policies to address future demographic change are limited and will take time to have an impact, and that the focus should therefore be on adapting to an EU of older population and making the transition smoother, it stresses that in the meantime, support should be provided for young people in the transition to adulthood and for families to increase fertility rates in the regions concerned. The document highlights the need for more investment in better work–life balance, social and family-friendly infrastructure.

Section 46 stresses that having children should not be an obstacle to professional ambition and should not lead to poverty or a reduction in purchasing power, especially for large families and single-parent families. Family planning is a long-term process and therefore requires a stable and proactive policy that includes work–life balance and fathers' participation in family life. It should be made easier for mothers to return to the labour market quickly and under flexible conditions after maternity leave; the 50 sections underline that research shows that priority should be given to young people's access to a predictable income and housing, providing them with the security they need to start a family.

In the light of this, the document stressed that the Committee of the Regions looked forward to the Commission's proposals for future childcare, based on Section 29, giving priority to measures to increase total family income and support for parents, and that family policies should not be seen as a public expenditure but rather as an investment in a strategic instrument for society.

⁴⁸ Opinion of the European Committee of the Regions – The EU response to the demographic challenge (2017/C 017/08); Opinion of the European Committee of the Regions – Demographic change: proposals for measuring and managing the adverse effects on EU regions (2020/C 440/07).

Meanwhile, the European Child Guarantee initiative has been adopted in the form of a Council Recommendation,⁴⁹ and includes improving the living conditions and social security of families as an important aspect, with a particular focus on lower income families and middle income families facing income losses due to the impact of the Covid epidemic and other crises.

The sentences in the Committee of the Regions' document can very well be drawn in parallel with the Hungarian family policy guidelines and concrete measures, which also gives hope that family policy, measures and support – as systems that remain within national competence – but also at EU level, can be important and recognised instruments for tackling demographic challenges, and that a dialogue can be started on their support within the scope of EU competence.

The emergence and achievements of family policy among the priorities of the 2011 Hungarian Presidency

Hungary's first EU Presidency focused on the demographic impact of reconciling work and family life.⁵⁰ Among the events of the Hungarian Presidency, the followings deserve to be highlighted:

- a week-long series of events from 28 March to 2 April 2011, under the motto “Europe for Families, Families for Europe”, raised awareness of the importance of families and demonstrated the political and governmental commitment to renewing the family policy orientation
- informal meeting of ministers responsible for demography and family affairs⁵¹
- the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) of June 2011, which adopted conclusions on the impact of reconciling work and family life on demographic trends;⁵² the conclusions reaffirmed the need to tackle demographic challenges by improving the reconciliation of work and family life, the lack of which is a clear obstacle to European families having the children they wish for

In terms of results, the emergence of a consensus on the need to pay more attention to population and families at EU level is noteworthy. There can be no question that one of the greatest challenges facing the European Union is to maintain its competitiveness and preserve its economic and social system. Although the political will to do so is not yet evident in the current institutional set-up, a change of approach to demographic and family issues is essential for Europe to achieve its global objectives.

⁴⁹ Council Recommendation (EU) 2021/1004 (06.14.2021) on European Child Guarantee.

⁵⁰ Priorities of the 2011 Hungarian EU Presidency. For a more detailed overview of the Presidency events see FÜRÉSZ–MOLNÁR 2023: 35–45.

⁵¹ 31 March – 1 April 2011: informal meeting of ministers responsible for demography and family affairs, focusing on the impact of reconciling work and family life on demographic trends (Council of the European Union 2011b).

⁵² Council of the European Union 2011a.

Among the results, we consider it an important step that the European Economic and Social Committee also came to the same conclusion in its exploratory opinion issued at the request of the Hungarian EU Presidency. The Committee's proposals drew attention to the importance of exchanging practices between European Member States in support of family formation.⁵³ In order to strengthen this positive process, the Hungarian Presidency proposed that the European Union should designate 2014 as the European Year of Families, although this did not happen.

Despite the fact that in the more than a decade since the first Hungarian Presidency, the demographic situation of the European Union has continued to deteriorate, and from 2015 onwards its member states are facing the biggest migration crisis ever, the issue of population and thus the survival of Europe has not been given sufficient prominence on the agenda of the EU institutions.

While in the European arena, policy-makers have increasingly de-prioritised families and population, they have turned to social policies based on social inclusion and increasingly to individual support for children.⁵⁴ Hungary, on the other hand, is the Member State most committed to addressing the issue of families and preserving the communities that are the backbone of the nations that make up the Union. Hungary and Central Europe are also becoming increasingly aware of the importance of political issues such as demography, traditional family values, family orientation and family issues in preserving the strength of their nations. The coming together of actors willing to work for families has become a symbol of the rise of a pro-family international alliance, with the Budapest Demography Summit, now having held its 5th gathering in 2023. An event that plays a major role in building not only professional but also political capital as the Hungarian Government prepares to assume the EU Presidency.

Although the adoption of the aforementioned Directive on reconciliation of work and family life was an important step forward at the level of standards in the European Union in 2019, the Directive can be interpreted as an individual instrument rather than a step towards a single, broad-based family policy approach that could potentially take into account the solution of the demographic challenge by national resources and families. In the meantime, the policy-making attitude is largely pro-migration, focusing not only on the conditions for the natural internal movement of EU citizens enjoying the right of free movement, but increasingly on the challenges posed by third country nationals. And while policy-makers' actions are overwhelmingly geared towards the admission and eventual reception of third country nationals in Europe, even in the case of illegal economic migration, the vast majority of the European population takes a clearly contrary view.

Whatever the European policy-building goals of a presidency, it is worth paying attention to what Europeans themselves think. And though it is not surprising that the European public is more family-centred than pro-migration, it is surprising that the political elites in many European countries and the institutions of the European Union ignore this fact.

⁵³ Opinion of the European Economic and Social Committee on "The role of family policy in the process of demographic change: sharing best practice across Member States" (exploratory opinion).

⁵⁴ JENSON 2021: 52.

The Századvég Foundation for Policy Studies and the Mária Kopp Institute for Demography and Families (KINCS) are conducting a targeted survey of European citizens' attitudes towards family, demography and migration in the framework of Project Europe. The representative survey of 30,000 citizens clearly shows that a large majority of Europeans, if given the opportunity to express their views, expect decision-makers to support families and help them have children, rather than to promote migration as the only salutatory solution.⁵⁵ It is also worth noting that: "...the fault line between solving the demographic challenge by encouraging immigration or increasing the birth rate and supporting families also exists between European citizens and the leadership of the European Union. Two thirds (65%) of European citizens polled rated the EU's handling of the migration crisis as weak [...]. A good two thirds (68%) of the 28,000 Europeans polled said their government should rely on internal resources and support local families rather than immigration. Even more respondents (88%) consider family an important value [...]. Eight out of ten (81%) EU residents think it is important for the state to support families and family formation. More than half (53%) of EU citizens believe that young people should be helped to have children as soon as possible."⁵⁶

European decision-makers need to take into account the views of the European population, for whom the family is a priority, to support it and to tackle depopulation by strengthening families rather than encouraging migration.

Improving the demographic situation in the European Union will therefore be one of the top priorities of the second Hungarian Presidency, which will run from July to the end of December 2024. In this context, progress must be made in terms of strengthening European families, parents with children, especially families with children in special situations, such as single-parent families and large families (families with three or more children), and promoting the birth of children planned by young people, at least at a political level, by raising awareness and revisiting the principle of the issue. With an ambitious objective, these principles and the means to implement them must be included in some way among the responses to the demographic challenges.

The current state of Hungarian family policy, its opportunities and challenges

In assessing the importance of an autonomous family policy, it is first and foremost important to consider the reasons behind it. The country's population has been in constant decline since 1981, so the most basic objective is to halt the country's depopulation by mobilising society's internal resources: supporting families. This objective also reveals three further reasons: 1. There can be no economic growth or sustainable development without the well-being of families. 2. The state of society reflects the state of families,

⁵⁵ See FÜRÉSZ–MOLNÁR 2023: 40. The Századvég Political School Foundation and the Mária Kopp Institute for Demography and Families (KINCS) have been researching the attitudes of European citizens towards families for three years now, as part of the Project Europe.

⁵⁶ GERE 2023: 66.

which highlights an emotional factor that cannot be ignored when laying down the principles of family policy. 3. Supporting children and families is the most important investment in the future of the nation, its survival and in making a nation stronger.

In the fight against the demographic winter that Europe is suffering from (the continent's population is simultaneously ageing and shrinking),⁵⁷ the fundamental fact that overall fertility in the European Union is far below the level needed to simply reproduce the population must be faced.⁵⁸ While in 1950 it was 2.77, by 2021 Europe's fertility rate had fallen to 1.53 (Eurostat), even though it would need to reach 2.1 to reproduce current population levels. Just as importantly, the decline in the active population, which directly (via families) or indirectly (via social security systems, especially social security pensions) supports the inactive (children, elderly over 65), is also accelerating faster than the decline in the population. This will lead to the long-term unsustainability of current social models, especially pension systems. If a State offsets this decline with a model based mainly on migration of working-age people, it must in any case take account of the impact of this migrant workforce on society.

Pál Demény has pointed out persuasively that to address Europe's demographic problems only by mass immigration is an illusion.⁵⁹ Immigration can increase fertility in the short term, but only at the cost of radically changing the cultural and ethnic composition of the host society. This is particularly true with the mass influx of asylum seekers into Europe that started in 2015 and was accompanied by significant irregular migration flows. The contribution of these migrants to the functioning of the host economy is negligible compared to the labour force that is in most cases deliberately attracted to Europe for targeted employment. Meanwhile, the financial burden of the procedures and subsidies associated with their admission are increasing significantly, while the majority of them do not consider either sustainable entry into the labour market or social integration as their fundamental objective. This reinforces what Professor Demény has highlighted, and only accelerates the processes that are disrupting the ethnic and cultural composition and balances of host societies, while internal social tensions are increasing. For all these reasons, migration cannot be the only answer to the questions of meeting economic needs. Economic sustainability cannot be achieved on the basis of immigration alone, but also requires demographic sustainability.⁶⁰

Recognising this, the Hungarian Government committed itself to a different path in 2010. It wants to halt population decline through an effective family policy, with a focus on families having and raising children. This approach will ensure the emotional

⁵⁷ FÜRÉSZ–MOLNÁR 2023: 37.

⁵⁸ The population of our continent in 2022 will be 745 million, representing 10% of the world's population (United Nations 2022). In 1950, the population was 550 million, so by today, the increase is only 35%. This is the smallest increase among the continents. By 2100, the continent's population is projected to fall to 586 million people, reducing Europe's share of the population from 10% to less than 6% (See Hungarian Central Statistical Office s. a.). "According to Eurostat population data, in 1960 there were on average three young people (aged 0–14) for every old person (aged 65 or over), while in 2060 it is projected that there will be two old people for every young person" (Eurostat s. a.; FÜRÉSZ–MOLNÁR 2023: 37).

⁵⁹ DEMÉNY 2016: 219, 366.

⁶⁰ OLÁH 2015.

well-being of society and its members in the short and medium term and the long-term survival of the nation. A loving, harmonious family and a good marriage are crucial health protective factors. The emotional well-being of members of society is enhanced when a well-functioning supportive community, the family, provides individuals with a good base to rely on in their challenging daily lives. A good family life is the basis for a good quality of life, and the state of society is the state of the families that make up its essential building blocks. Family policy has an important role to play in protecting and supporting families to achieve the goal of creating a balanced and viable society of well-functioning families.⁶¹

Among the challenges facing families, emphasis must necessarily be placed on those that affect their economic opportunities and financial security, while the key to a successful policy response is to build a predictable system that is complex, targeted and flexible. A large family policy system must be well adapted to both individual circumstances and global challenges.

The current family policy is based on five clearly identifiable pillars:

- Parenting should be financially advantageous for families
- Families should receive help for home ownership
- Family policy should be based on mothers
- Every sphere of the country shall be made family-friendly
- The institution of family and children should be protected by law

In order to achieve these goals, the Hungarian family policy must provide instruments that work and provide meaningful support in the following areas: first and foremost, families need financial support, because this is the basis upon which the state can provide for their financial security, that is by partially assuming the families' financial burdens. In order to achieve this, and in line with the principle of self-sufficiency, the relevant legislation necessarily provides for a part of family support to be linked to employment, which can ensure that families' financial situation is constantly strengthened by taking account of their own efforts and financial results. This is logically linked to a system of measures to reconcile work and family life, as well as support for adequate housing and home ownership, which is important for the majority of Hungarians.

However, beyond the material level, important areas of today's Hungarian family policy are the promotion of the well-being of children, intergenerational solidarity and the family-friendly operation of the country, the effective introduction and maintenance of measures and instruments that develop and ensure an all-encompassing family-friendly approach that is clearly perceptible in everyday social existence.

All these family policy measures will make it possible to build and continuously strengthen a society that is strong and capable of renewal, but which builds on its traditions and roots and preserves its culture.

⁶¹ NOVÁK et al. 2017; PÁRI et al. 2019: 12–25; AGÓCS–BALOGH 2020: 38–60; ENGLER et al. 2022: 10–21.

The impact of family policy on economic and social development

The Hungarian Government sees family policy as a long-term investment in the well-being of families, with the most important of its many expected benefits and outcomes being the survival of our nation. There are also clearly visible pragmatic benefits of this investment, such as ensuring the supply of new labour and thus the sustainability of our social security systems. In addition, family policy already has a very strong mobilising effect, promoting active participation in the world of labour. As eligibility for the majority of family support measures is linked by law to gainful activity (e.g. employment) and related social insurance, it is in the interest of all concerned to choose work rather than handouts. But it provides more than that: it is an approach that restores the self-esteem of those who choose to work and start a family by leaving a visible share of their income to the family through a system of family tax credits, measured in concrete terms, by personal income tax or, in the case of low levels of personal income tax, even social security contributions. And the larger the income and the family itself, the more resources are left with the family. Such family financial transfers (benefits and subsidies) are a very visible sign that the state and society regard the family and the child as a fundamental value. They also help to retain the domestic labour force base in a wider context than a system of equal amounts of benefit-like support for each child. Research suggests that a return to a pre-2010 system of support schemes, would visibly narrow the labour force base and demotivate a large proportion of parents with young children.⁶²

Since there can be no economic growth and sustainable development without having children and strengthening families, the primary objective of family policy is to ensure that individuals can decide to start a family of their own free will, without coercion, and that families can also decide for themselves concerning their own affairs, including having children. Family policy ensures the autonomy of those preparing to start a family and of family members, protects the rights of family members, helps families to achieve internal stability and strengthens their position and security within society by reducing the risk of poverty. The State seeks to make it easier for families to work while having and raising children, by covering part of the costs of having and raising children, thus contributing to a positive social image and appreciation of families.

As the government builds a work- and family-based society, child-rearing and work encourage each other, encouraging participation in the labour market as opposed to welfare-based subsidies. This mobilises internal resources immediately,⁶³ in case of labour shortages, which are common in most EU countries, and in the long run it can also ensure a supply of sufficiently skilled labour in the domestic education system more efficiently and firmly than migration.

⁶² CHRISTL–GARCÍA 2023.

⁶³ CHRISTL–GARCÍA 2023.

The decline in population is accompanied by a significant decline in economic output. It is already apparent that the EU is in decline in an increasingly competitive global environment, in which its shrinking share of the world's population plays a significant role.⁶⁴

Having children is therefore a key issue for competitiveness and sustainability in the short, medium and long term. Even if, at first sight, this response to economic challenges and labour shortages may seem more expensive and slower, i.e. less effective. It is necessary to recognise that only a complex response, taking into account all the social and economic impacts, can determine what is more effective: reversing internal demographic trends and mobilising internal resources, or a commitment to migration.

The Hungarian experience shows that having children and responsible parenthood is the most important investment in the future. If only because of the economic and competitiveness effects in the narrower sense, since among the effects on employment, the possibility of a well-educated workforce with children of their own means a more efficient and better mobilised economic resource building than the replacement of resources through migration.

The international aid organisation Malteser International in its report for the year 2021, citing data from the German Federal Labour Office (IAB), found that among the eight countries with the highest number of asylum seekers in Germany (Afghanistan, Eritrea, Iraq, Iran, Nigeria, Pakistan, Syria, Somalia), the employment rate for the 15–65 age group is only 37%, which is almost double among the native German population (70%) and much lower than for people from the new Member States or the Western Balkans (around 60%). The German employment office classifies possible activities into four types: unskilled, skilled, specialist (at least two years of vocational training, BA degree), expert (MA degree). Their survey shows that half of the arrivals from the eight countries mentioned above were in the category of some kind of unskilled work. Most of those employed in specialist or expert positions from the eight countries were Iranian nationals (30%).

In addition, refugees were more often employed in fixed-term jobs (69%) than non-migrants (10%). A further 18% were employed in temporary work, which was the case for only 1% of non-migrants.⁶⁵ It is particularly worrying that this is not a temporary phenomenon, as these figures show no significant improvement at all compared to the situation in 2017. However, it is not only the labour market situation that needs to be considered to paint the overall picture. The arrival of irregular migrants since 2015, is not a reassuring response to the challenges, nor can it be argued that the economic impact of irregular immigration from third countries has been positive anywhere so far.

⁶⁴ It is estimated that by 2050, six of the world's seven largest economies will be developing countries, led by China and India. Germany will slip to 9th place and the U.K. to 10th. G7 members France and Italy will drop out of the top 10 and top 20 economies respectively (see FÜRÉSZ–MOLNÁR 2023: 37; PwC 2021).

⁶⁵ Malteser 2021: 32, 37.

In general, however, the observation of increasing numbers of migrants from outside Europe that create parallel societies are being reinforced.⁶⁶ This in turn directly threatens both Europe's social integrity and its economic competitiveness.⁶⁷

Most developed economies face significant labour shortages. As in other developed countries of the world, this is particularly true for the developed countries of Europe in terms of high-skilled jobs.⁶⁸ As migration is the rarest way to meet the permanent demand for skilled labour in Western European economies, there is an increasing brain drain from the Member States that have joined since 2004. This process, however, can significantly weaken the economic potential of the sending country,⁶⁹ and this will in no way shift the balance of internal mobility in the European Union, and the competitiveness of the European Union as a whole, in a positive direction. Moreover, since 2015, the attraction of highly skilled labour from outside the EU is in practice no longer the main direction of European migration flows. It is not the most challenging of migration issues, nor is it the migration segment that generates the largest number of immigrants in Europe.

Although the so-called EU directives on migration⁷⁰ were also adopted to attract well-qualified professionals who would come to work in order to increase Europe's competitiveness, that is, they do not at all embody an unrestricted approach to the admission of economic refugees, the current migration processes and the EU institutional responses to them reinforce and encourage the latter. However, if the purpose of migration is to obtain the necessary labour force, it must be seen that, in contrast to the workers arriving through legal migration, who are specifically sought by the actors of national economies and who are suitable for work, in most cases, the economic refugees who appear through irregular migration are not in fact able to make a meaningful contribution to the development of economies. At the same time, their negative impact on host societies and on the economy and competitiveness of host countries as a whole is hard to deny. This is precisely to show that migration solutions are not short-term issues, but can only be assessed in the light of their longer-term effectiveness and impact. These ambivalent results and the new societal challenges they pose rightly raise the question: Is this the only direction in which Europe can move?

Meanwhile, European mainstream decision-makers today do not mention the promotion of European childbirth and the protection of families even among the long-term solutions,⁷¹ although the achievements of Central Europe and especially of our country should at least make all responsible decision-makers think.

⁶⁶ While in a growing number of countries the proportion of children born to third country mothers is increasing compared to the proportion of children born to majority nationalities in EU Member States (one in three in Cyprus, Austria, Belgium, Sweden, Malta and Germany, one in four in Spain, Ireland, France and Italy, and one in five in several countries; see FÜRÉSZ–MOLNÁR 2023: 39).

⁶⁷ FÜRÉSZ–MOLNÁR 2023: 39.

⁶⁸ In Germany, in recent years, there has been a steady increase in the migration of highly skilled workers from India to work in IT, science and service professions (Malteser 2021).

⁶⁹ FÜRÉSZ–MOLNÁR 2023: 38.

⁷⁰ Council Directive 2009/50/EC (blue card directive).

⁷¹ FÜRÉSZ–MOLNÁR 2023: 38.

Hungary's interests for the future development of family policy

EU data for the decade 2010–2020, show that the sustained increase in childbearing was observed in those countries that sought to reduce depopulation not by promoting migration but by supporting the birth of children and strengthening families.⁷² On average, fertility rates have fallen by 2.5% in EU Member States,⁷³ while the Czech Republic and Slovakia, as well as Latvia and Romania, have seen a substantial increase, mainly through population growth based on internal resources. In contrast, primary migration destinations such as France, Sweden, Belgium or the Netherlands have seen a significant decline or no increase (e.g. Germany) in fertility rates, which is an indicator of the propensity to have children.

There is no question that Europe needs to prevent the steep decline in fertility rates that is currently occurring in many countries in East Asia. Of course, policy-makers must avoid senseless strategies to force people to have more children than they actually want. Fortunately, European research shows that people wish to have more children than are eventually born.⁷⁴ Not surprisingly, not only in our country, but also elsewhere, people are looking for practical ways of relying on internal resources. Rotkirch, for example, lists ten cost-effective ways to address this, including a family-friendly approach, providing equal opportunities, valuing men and fathers, and raising fertility awareness.⁷⁵

Since the 1970s, first births have been delayed in Europe, so raising awareness of the biological limits to late childbearing among young men and women is essential to complement policies addressing the wider economic and social causes of delayed fertility.⁷⁶ Meanwhile, most national governments and EU institutions are still focusing on migration issues and looking for solutions to demographic challenges.

It is certainly worth taking into account that Member States have a different focus when dealing with demographic issues. They often have different interests and objectives in finding solutions and applying measures. For this very reason, it is important to make a breakthrough in ensuring that the EU's institutional approach is not one-sided once the Trio Presidency's programme has been implemented. It is in our national interest that the EU legal system should leave the issue of family policy within national competence, while at the same time putting the issue of tackling demographic challenges on the agenda, giving Member States a free hand to find appropriate solutions. Preserving sovereignty in the area of family policy is clearly a priority for us, given the current political mainstream approach and European differences, but it would be necessary to ensure that the diversity of national approaches is recognised by the decision-makers in the European institutional system. Targeted support for specific groups, such as families with three or more children or single parents, is also timely in order to create opportunities.

⁷² FŰRÉSZ–MOLNÁR 2023: 38.

⁷³ Eurostat s. a.c.

⁷⁴ Eurostat s. a.c.

⁷⁵ GIETEL-BASTEN et al. 2022.

⁷⁶ BEAUJOUAN–SOBOTKA 2022: 3.

The majority of the European population, if given the opportunity, clearly expresses a preference for supporting families rather than exclusively recognising and supporting migration.⁷⁷ For citizens of both Central and Eastern and Southern Europe, family is the most important value, with more than nine out of ten saying so.⁷⁸

While Hungary's first EU Presidency focused on the potential demographic impact of reconciling work and family life in the area of family policy,⁷⁹ the second Presidency will provide an opportunity to address the demographic challenges in all their complexity. The success of Hungarian family policy (in terms of marriage rates, fertility growth, reduction in abortions, employment of parents of young children, increase in family incomes and the associated reduction in poverty) and the possibility of sharing good practice across Europe could play an important role in this.

There is a need to recognise at a European level that all national solutions that strengthen Europe's competitiveness have a place in Europe. Good and successful solutions should be shared, examined and not only left to national governments to implement, but should also be supported.

Hungarian experience shows that what matters for competitiveness is, for example, how a workplace treats its employees. Sharing good practices of family-friendly workplaces and family-friendly companies/enterprises, and making targeted EU funds available for the implementation of these practices at national and pan-European level can have added value in terms of increasing competitiveness. It can also mobilise a labour force that would otherwise remain outside the labour market, both among parents with young children, men and women alike, and older and younger workers. It is important that not only environmental 'green' objectives should be taken into account in the assessment and screening of companies, but that family friendliness should also be an integral part of social responsibility. If only because, as KINCS research has confirmed, protecting the environment, i.e. protecting the created world, and having and raising children, i.e. protecting and passing on life, are values that reinforce each other. There is no doubt that the family is the cradle of sustainability, and that having a large family and protecting the environment go hand in hand.

It is in line with Hungarian interests that the issue of strengthening intergenerational cooperation, especially with regard to care tasks, should also be a focus of EU policy-making. A holistic approach to elderly care and childcare, providing families with opportunities and freedom of decision, is clearly an aspect that should be supported by European institutional decision-makers. This objective should be pursued in such a way as to promote a meaningful choice for those concerned to take on the care of their loved ones and family members, either within an appropriate care system or at home and/or within the family.

It is vital to recognise that encouraging and promoting family formation, especially among young people, is a matter of European interest. In this context, attention should

⁷⁷ FÜRÉSZ–MOLNÁR 2023: 39, 42; GERE 2023: 66.

⁷⁸ KISS-KOZMA 2022.

⁷⁹ Government of Hungary 2010.

be paid to the fact that the childbearing age is increasingly being extended, which plays a major role in reducing the number of children being born within a family.⁸⁰ It is worth encouraging creative, 21st century ways of putting this into practice, for example through family-friendly higher education or by raising young people's fertility awareness. As the social support provided by the family is key to mental and therefore in many ways physical health, strong families are needed for healthy, harmonious European societies. Loneliness, its associated illnesses or depopulation, can also have a negative impact on the competitiveness of European societies and economies.

Preventing the marginalisation of Europe, preserving the self-sustaining internal strength and social cohesion of our Member States are our common goals, to which we have a duty to apply all the good and effective responses possible, and to reject them on ideological grounds alone is not only a mistake, but also dangerous for the future of Europe. The Hungarian Presidency can provide an opportunity to put this idea centre stage by establishing a frank and factual dialogue.

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⁸⁰ BEAUJOUAN 2020: 219–247.

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Cohesion Policy under Redesign: What Will the European Union Fund in the Future?

The European Union can only be strong if the individual nations working together are strong. The effective functioning of the European Union's regional development – also known as cohesion policy – is a strategic issue for the integration process as a whole. Strengthening territorial cohesion and reducing disparities in development between Member States and regions is one of the key objectives of integration. Preparatory work on the reform of EU cohesion policy post 2027 is currently underway, creating a unique opportunity for regional and local stakeholders to influence the position of the European institutions at an early stage, well before the actual start of the legislative process. In their recent discussions, the ministers responsible for cohesion in the Member States have identified demography and migration, preventing the depopulation of certain regions, tackling the climate crisis and the energy crisis caused by the war between Russia and Ukraine, and preventing the decline of regions that are lagging behind as the most important challenges for the future. The debate on the future of cohesion is characterised by the conflict between the principles of personal and territorial cohesion. The new proposal for a multi-speed Europe is particularly risky in this respect, as it dismantles the essential approach of catching up, while institutionalising the asymmetry that has existed within the European Union for decades between core and periphery, old and new Member States.

Definition and challenges of cohesion policy

The issue of regional disparities between European Union (EU) Member States has long been at the heart of European economic policy. From the very beginning, there were significant territorial and demographic disparities within the European Community (now the European Union). For this reason, the Treaty of Rome (1957) established solidarity mechanisms, the European Social Fund (ESF) and the European Agricultural Guidance and Guarantee Fund (EAGGF, Guidance Section).¹ These two instruments were complemented by the European Regional Development Fund (ERDF), which was set up in 1975 and which incorporated the territorial principle into the cohesion approach.² The enlargement to the south, with the accession of Greece and then Portugal and Spain, gave birth to the single policy framework.

In 1985, Jacques Delors, then President of the European Commission, already identified the widening of regional disparities within the European Community as one of the main challenges of European integration in his 1985 progress report.³ Since the Single European Act of 1986, achieving economic and social cohesion has been both an

¹ European Parliament s. a.a.

² European Parliament s. a.b.

³ MANZELLA–MENDEZ 2009: 13.

objective and a task for the European Community. In 2008, the Lisbon Treaty introduced a third dimension of EU cohesion, territorial cohesion. The European Union supports these three aspects of cohesion primarily through cohesion policy and the Structural Funds. The policy aims to promote economic and social cohesion, which means reducing disparities between regions. To achieve this, the EU adopts a regional approach, based on taking into account the specific needs and potential of different regions.⁴

The Torremolinos Charter can be considered the first document to formally introduce the importance of a common European territorial planning approach and, consequently, of territorial cohesion. The document was approved in 1983 at the 6th European Conference of Ministers responsible for the Treaties of Torremos, held in the framework of the Spanish EU Presidency. The document defines the use of coordinated regional planning within Europe as a tool to promote harmonised territorial development in Europe.⁵

Territorial cohesion, however, only became much more prominent years later, in the late 1990s and early 2000s, and its concept was first mentioned at EU level in the European Spatial Development Perspective adopted in 1999.⁶ The document, which was drafted under the German Presidency and presented in Potsdam, was drawn up primarily in response to the concerns of the old Member States about the enlargement to the east, which would have a negative impact on growth following the accession of the new countries, due to territorial disparities and differences in economic performance within the EU. According to the concept's motto, the aim of territorial development policies is to work towards a balanced and sustainable development of the European Union territory. The key is to ensure that the three basic objectives of European policy are achieved in all regions of the EU: economic and social cohesion; the conservation and management of natural resources and cultural heritage; and a more balanced competitiveness of the European territory.⁷

Subsequently, the Lisbon Treaty formally integrated territorial cohesion into the provisions of the European Union Treaties in 2007. Accordingly, Article 174 of the Treaty on the Functioning of the European Union (TFEU) emphasises the importance of economic, social and territorial cohesion, highlighting the need to address the disparities between countries.⁸

In the years following the Lisbon Treaty, the territorial principle has become increasingly important. In October 2008, the European Commission published a Green

⁴ J. NAGY 2005.

⁵ SCHÖN 2018.

⁶ European Commission 1999.

⁷ European Commission 1999: 3.

⁸ Article 174 (former Article 158 TEU): in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion. In particular, the Union shall aim to reduce disparities between the levels of development of the various regions and the backwardness of the least favoured regions. Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial conversion and regions with severe and permanent natural or demographic handicaps, such as the northernmost regions with very low population density, island, cross-border and mountain regions.

Paper on the future of territorial cohesion, entitled *Transforming Territorial Cohesion*.⁹ The aim was to stimulate debate and gather feedback from stakeholders. The Green Paper acknowledged that territorial disparities remain a challenge within the European Union and stressed the need to put in place more effective policy solutions to address these disparities. The paper identified a number of key issues on which the Commission sought feedback, such as how territorial cohesion can complement economic and social cohesion policies, the role of cities and urban areas in promoting cohesion, how the EU can better support regions with specific geographical characteristics and how to measure the impact of territorial cohesion in closing regional gaps.

The difficulty of the principle of territorial cohesion is that it can be interpreted differently from country to country, with different ambitions, which results from the partly different territorial problems of the countries and the partly different territorial policies based on them, and from the reflection of the different territorial policy interests of the countries in the regional policy at EU level.

Cohesion policy achievements during the 2011 Hungarian EU Presidency

In 2011, the Hungarian Presidency of the EU achieved a number of successes in the field of EU regional and cohesion policy. The Hungarian Presidency of the Council of the European Union has set the goal of a “Strong Europe”, building on the foundations and safeguarding the future. Cohesion Policy has been set as a goal and let us continue the debate on its future, as a more economically balanced European Union can be more competitive globally.¹⁰

Cohesion Policy has been given high priority in the overall strategy of the Hungarian Presidency and further stressing its importance, its continuation and discussions on its future has been established as a target. The aim was to create a more economically balanced European Union, more competitive on world markets.¹¹

One highlight was the adoption of the Council Conclusions on the Fifth Cohesion Report. This was the first official high-level document in the field of Cohesion Policy to be endorsed by the General Affairs Council on 21 February 2011.¹² The aim of the document was to identify the issues on which there is consensus among Member States and at the same time to set out areas for further discussion. The Presidency has been successful in this area and has prepared the ground for further discussions. The Hungarian Presidency then organised a high-level meeting on the future of Cohesion Policy in Budapest. At the event, participants discussed thematic concentration, flexibility and a results-oriented approach. The Presidency prepared discussion papers to facilitate a substantive debate and a summary of the results was produced to help prepare the policy debate.¹³

⁹ European Parliament 2009.

¹⁰ GAZDAG 2011: 1–17.

¹¹ GAZDAG 2011: 3.

¹² NYIKOS 2016: 26.

¹³ NYIKOS 2016: 28.

The debate on the future of Cohesion Policy continued in the Council Working Group on Structural Actions. Here, the focus was on the issues identified in advance and the questions and concerns raised by Member States were also assessed. Four main themes were highlighted: strategic programming, the delivery system and simplification possibilities for Cohesion Policy, the integrated approach to Cohesion Policy and the results-based approach.¹⁴

Ministers responsible for Cohesion Policy met on 20 May 2011 in Gödöllő to define the content of the legislative package on the future of Cohesion Policy and to set out strong political messages to safeguard the policy's achievements. The meeting discussed the role of thematic concentration and a results-oriented approach. The Hungarian Presidency issued summary conclusions on the results achieved.¹⁵

Current resources for cohesion policy

The financing of the EU budget for the period 2021–2027 is based on the “classical” Multiannual Financial Framework (MFF) and an exceptional recovery instrument, the “Next Generation EU” (NGEU). The resources for the “Investment for Jobs and Growth” objective amount to a total of EUR 322.3 billion and are distributed as follows: EUR 202.3 billion for less developed regions, EUR 47.8 billion for transition regions and EUR 27.2 billion for more developed regions. In addition, EUR 42.6 billion will be allocated to Member States benefiting from the Cohesion Fund (of which EUR 10 billion will be allocated to the Connecting Europe Facility). This will be complemented by almost EUR 2 billion for the outermost regions and half a billion for interregional investment in innovation. The European Regional Development Fund (ERDF) resources for the European territorial cooperation (Interreg) objective total EUR 8 050 million.¹⁶

A new feature of the EU budget is the Just Transition Fund, which will support the areas most affected by the transition to climate neutrality and aims to prevent regional disparities from increasing. ReactEU will support key sectors in the recovery from the Covid-19 crisis. The two instruments have a combined allocation of almost EUR 70 billion.

Cohesion policy has five policy objectives for the current financial framework 2021–2027: a smarter Europe for innovative and smart economic transformation, a greener, low-carbon Europe, a more connected Europe with a focus on mobility, a more social Europe implementing the European Pillar of Social Rights, and a Europe closer to the citizens with a promising voice, but with a focus on sustainable and integrated development of urban, rural and coastal areas through local initiatives rather than on the delivery of the target.¹⁷

¹⁴ Government of Hungary 2011.

¹⁵ European Commission 2011.

¹⁶ CZECELI–KUTASI 2020.

¹⁷ European Commission s. a. a.

The challenges of the Eighth Cohesion Report

Cohesion policy is usually judged on its results. In terms of catching up, i.e. convergence, which is the goal of integration, cohesion policy has achieved significant results, as shown by the statistics showing that the GDP per capita of the Member States that joined in 2004 rose from 59% to 77% of the EU average. Despite this, the policy has been the subject of much criticism, which has focused on the fact that the catching-up process has been driven by the performance of metropolitan areas.¹⁸

This was confirmed most recently by the European Commission's Eighth Cohesion Report, published in early 2022. The report also points out that the process of territorial equalisation is mainly driven by competition between cities and capitals. It also shows positive and negative trends in EU regions, cities and rural areas. The report assesses economic, social and territorial cohesion in the EU. It shows that less developed regions have caught up, but many transition regions¹⁹ are stuck in a development trap. It recognises that the growing innovation gap is making it more difficult for both types of regions to catch up. At EU level, employment rates are now higher than before the 2008 economic crisis, but regional disparities are still higher than before the crisis. Demographic changes will affect all regions in the coming decades. Regions will have to adapt to a shrinking labour force and student population, as well as a growing population aged over 65.²⁰

Fiscal consolidation following the 2008 crisis reduced public investment, which has not yet reached pre-crisis levels. As a result, cohesion policy funding has become increasingly important and the share of public investment increased from 34% to 51% between 2007–2013 and 2014–2020. The report underlines that the green and digital transition will be a key driver of growth in the EU, but argues that without appropriate policy measures, new economic, social and territorial disparities could emerge and asks how cohesion policy should evolve to respond to these challenges.²¹

Strengthening local confidence is also an essential condition. The report highlights that recent surveys show that European citizens have more trust in regional and local authorities than in national or EU-level authorities. It concludes that structural policies at national level should therefore be complemented by locally-based policies and build on local assets to strengthen competitiveness and the innovation ecosystem.²²

The strong support for personal cohesion goes against territorial cohesion, i.e. regional policy. The report underlines that in order to strengthen social cohesion and meet the needs of marginalised groups, Europe needs to invest in targeted activation and social inclusion measures, while continuing to support policy reforms for inclusive development.

¹⁸ NAVRACSICS 2023.

¹⁹ Between 2007 and 2013, the Commission introduced the concepts of phasing-out and phasing-in regions, which are justified by a change in the level of development due to a statistical effect, i.e. a region exceeding the regional classification threshold of 75% of the EU average GDP per capita at purchasing power parity without real convergence. The system was replaced by the category of “transition region” from 2014.

²⁰ European Commission 2022.

²¹ European Commission 2022.

²² European Commission 2022.

However, a promising feature of the report is the commitment to further develop and integrate the “do no harm to cohesion” principle into policy making, which means that no measure should hinder the process of convergence or exacerbate regional disparities.²³

The dilemmas of the Future of Cohesion Task Force

In September 2022, cohesion ministers in Prague had already identified the main themes that will shape the future of social and regional cohesion. In January 2023, Elisa Ferreira and Nicolas Schmit, the Commissioners for Regional Policy and Social Cohesion respectively, convened an advisory board to work on the future of cohesion policy until 2024.

This reflection process is not only technical, but also highly political, as it addresses a number of challenges that the EU is facing and is faced with a choice of values. Key issues include the extent to which other EU policies support cohesion objectives. The Future of Cohesion Task Force will publish its strategic conclusions and recommendations in early 2024.²⁴ These will feed into the Ninth Report on Cohesion, a comprehensive document which is expected to set out the Commission’s options for substantive reform of the future shape of cohesion policy.

The 2024 Hungarian EU Presidency will therefore once again be a crucial period for the future of cohesion from a strategic point of view. The Ninth Cohesion Report is expected to be presented by the Commission in early 2025, immediately after the end of the Hungarian Presidency, and the findings of the document will have a major impact on the future of the policy, and the Hungarian Presidency will have a major responsibility to protect territorial cohesion.²⁵

The first EU institution to adopt a formal position on cohesion policy after 2027 will be the Committee of the Regions at its plenary session in November 2023. Based on the pace of past reforms, it is safe to assume that the legislative process to set the rules for post-2027 cohesion policy will start around 2 years before the end of the funding period, in the first half of 2025. Although interventions on the future design of cohesion policy could be implemented ex post, they would have much less influence as negotiations between co-legislators progress.

At the first meeting of the Working Group, Portugal Commissioner Ferreira asked a question around the basic concept of cohesion policy: Is cohesion policy a redistribution policy or a growth policy? Or both? A sharp contrast seems to be emerging between Commissioner Ferreira and Commissioner Nicolas Schmit of Luxembourg, who has made it clear from the outset that he is prioritising social cohesion and equity over the elimination of territorial disparities. Experts at the Working Party meetings on 31 January

²³ European Commission 2022.

²⁴ PETRI 2023.

²⁵ The reference to the expected date of presentation of the Ninth Cohesion Report was first made at the following public event: *Seminar on Challenges and Trends in Regional Policy and the Future of the EU Cohesion Policy*, Ministry of Development Funds and Regional Policy, Warsaw, 30 January 2023.

2023 confirmed the importance of this approach, with Nadim Ahmad, Director of the OECD Small Business Support Centre, saying that the focus should be on cohesion policy to reduce inequalities within countries. He cited the current phenomenon of the shift from a just-in-time economy to a just-in-case economy as a reason for this, which calls for highly skilled and social innovation, also taking into account shorter value chains. According to Ahmad, the green and digital transition should boost the EU's performance in the coming years, which should not mean increasing inequalities by concentrating new jobs in the most prosperous regions. However, the question is how we can make the transition work in all regions, while ageing and shrinking populations and a shrinking and spatially concentrated workforce challenge grows in much of the EU.²⁶

At the Working Group meetings on 9 March, 27 April and 19 June 2023, several experts highlighted the link between migration policy and cohesion, underlining the importance of resettling and training migrants to reduce labour shortages in less developed regions, as this was seen as a way to reduce the risk of a “brain drain”. Linking migration policy and cohesion is therefore a very risky direction for planning the future of cohesion.²⁷

At one of the Working Group's autumn 2023 meetings, Dubravka Suica, Croatian Commissioner for Demography, also highlighted that the EU working age population is expected to fall by 35 million by 2050, with the vast majority of European regions affected by demographic change. Population decline tends to be more severe in less developed and rural regions, leading to increased inequalities. Population ageing increases the demand for health care and places greater financial burdens on pension systems. However, the Croatian Commissioner did not see the solution in supporting migration, saying that cohesion policy could better support investments that increase regional attractiveness, improve people's skills and retraining, and promote innovation.²⁸

The issue of cohesion and the strengthening of Eurosceptic positions was also raised during the Working Group discussions. The 2020 study presented by the European Commission's Directorate General for Regional Policy in this field provides important input for the debate on the future of cohesion policy. According to the expert paper, economic and industrial decline was a key driver of the Brexit vote, with those living in areas with lower employment rates and a less skilled workforce more likely to vote against the EU. Following the 2008 economic and financial crisis, support for ‘hard’ and ‘soft’ Eurosceptic parties has increased significantly. The study highlights that Hungary, Italy and Poland have the highest share of votes for soft and hard Eurosceptic parties in national parliamentary elections.²⁹ According to the classical explanation, which includes individual, geographical and economic factors, Euroscepticism is reduced by higher regional employment levels, more highly educated citizens, better quality of government and a larger population. On the other hand, higher GDP per capita, more industrial jobs, higher net migration, ageing trends and a higher share of non-EU-born

²⁶ European Commission s. a.b.

²⁷ European Commission s. a.b.

²⁸ European Commission s. a.b.

²⁹ European Commission 2020.

residents are positively correlated with the Eurosceptic vote. All regions could be at risk of the development trap, but the risk is highest in transition regions, followed by more developed regions.

Conditionality mechanisms and the objective of cohesion

The EU uses a variety of instruments to ensure that cohesion funds are used efficiently and for their intended purpose. One such tool is conditionality, which takes three forms and is again much talked about in the context of planning for the future of cohesion policy.

In the 2014–2020 budget cycle, “ex ante” conditionality meant that the EU imposed some condition on a development programme, for example requiring a country to put in place a quality assurance system before money was paid out for vocational training programmes. Conditionality usually includes reform measures and can also be reflected in annual country-specific recommendations. If the ex ante conditionality is met, the money allocated to the programme can be disbursed. In total, 7 general ex ante conditionality and 29 thematic ex ante conditionality were established in the budgetary period of the previous financial framework. Where the conditions were not met, Member States were required to prepare an action plan, and if they were not implemented, suspension procedures were opened against them.³⁰

In September 2011, macroeconomic conditionality was proposed as part of the 2014–2020 budget, which means that the EU institutions can suspend all or part of the Structural Funds if a country breaches the EU’s financial stability rules, i.e. if it runs a persistently high budget deficit.³¹ This rule already applied to the Cohesion Fund and was extended to the Regional Development Fund and the Social Fund during the previous seven-year budget cycle. Eligibility criteria replacing ex ante conditionality are an essential element of Cohesion Policy between 2021 and 2027. They can be divided into two types, 4 horizontal eligibility criteria which apply to all common funds and 16 thematic criteria for certain specific funds. In the event of non-compliance with an eligibility criterion, expenditure relating to the operations concerned may be included in payment claims, but the Commission will only reimburse this expenditure if it considers that the criterion has been met by the Member State.³²

The essence of macroeconomic conditionality is that the EU can cut off funding that has already been launched in case of undesirable imbalances, so this is primarily a sanctioning consequence. When it was first introduced, there was much debate about whether this kind of negative consequence was permissible, as it could undermine the original mandate of the EU’s financial instruments rather than helping to achieve the objectives of cohesion policy.

³⁰ NIKOS 2016: 29.

³¹ NIKOS 2011: 38–51.

³² NIKOS 2016: 64.

The conditionality regulation, which made cohesion funding conditional on the rule of law, entered into force in January 2021.³³ Under the new regulation, EU payments can be withheld from countries where there is evidence of a breach of the rule of law in the management of EU funds. Under the regulation, once the Commission has established a breach, it will propose to open a conditionality procedure against the government of the Member State concerned and then propose to suspend all or part of the EU budget funds due to the Member State. The Council then has one month in principle, or three months in exceptional cases, to vote on the proposed measures by qualified majority, i.e. at least 55% of the Member States, representing 65% of the EU population. Under the provisions of the regulation, the launch of the procedure and the suspension of cohesion and other budgetary resources does not in theory mean that Member States are exempted from the programmes concerned, which they must implement even in the absence of resources.

Following the European Parliament's proposal, the European Commission launched the rule of law conditionality mechanism against Hungary in April 2022 and the Council decided to suspend EUR 6.3 billion in December 2022.³⁴ The programmes covered by the rule of law suspension against Hungary cover a wide range of economic and social objectives for cohesion: environmental and energy efficiency, biodiversity, circular economy, development of green and blue infrastructure, support for the creation of local energy communities. Job creation, sustainable and safe road mobility, urban and rural development, local economic development, human and social infrastructure. Provision is made for pre-financing of programmes from the national budget until the expenditure can be charged to the EU budget once the suspension is lifted.

European citizens are the ultimate beneficiaries of cohesion policy

“We did it! It is now the law, and no unilateral declaration will change that. The conditionality will now allow us to scrutinise dubious ambitions that would use EU funds for purposes that are contrary to the EU's values”, said Finnish EPP co-rapporteur Petri Sarvamaa after the final vote on the legislation. “Parliament has ensured that all the essential elements are included in the regulation and that the text remains intact. We expect the Commission, as guardian of the Treaties, to start independent implementation of the regulation from 1 January 2021. This is what the citizens of Europe expect”, he added.³⁵

“The Union is not an à la carte restaurant where we can keep our rights even if we fail to do our duty. It is a community based on common values, and upholding these common values is the responsibility of Member States and citizens alike. The mechanism adopted today to link the EU budget to respect for the rule of law is an outstanding success for Parliament”, said Spanish Socialist co-rapporteur Eider Gardiazabal Rubial.

³³ Regulation (EU) 2020/2092 of the European Parliament and of the Council.

³⁴ Council Implementing Decision (EU) 2022/2506.

³⁵ European Parliament 2020.

“Parliament has ensured that the penalties that can be imposed under the regulation are imposed directly on governments and not on the final beneficiaries. Students, researchers, companies and NGOs are not affected by EU sanctions because we have a safety net to protect them”, added the Socialist politician. However, the application of the regulation has shown that there is no safety net, as the impact of the decision on Hungarian university students, research institutes and businesses will not be offset by any procedure, nor will any measure be able to avert the consequences of the decision, which undermine the unity, innovation capacity and convergence of the EU’s internal market. Yet, the academic case for growth is clear: the so-called endogenous growth model identifies human capital, entrepreneurship, innovation, the capacity to absorb new technologies, managerial and institutional capacity, and trust-based local relationships as the key drivers of growth.³⁶

The European Economic and Social Committee, an advisory body to the EU institutions, has already drawn the attention of the European Commission during the negotiation of the rule of law regulation to the fact that the new legal framework does not address the interests of individual beneficiaries who may suffer negative consequences due to the suspension of funds. There has also been little mention of the fact that the Commission has simply ignored the mandatory impact assessment on subsidiarity and proportionality and the consultation of stakeholders in the adoption of the rule of law regulation. Instead of a substantive assessment, the EU’s decision-making, executive, monitoring and representative body has settled the issue by saying that stakeholder involvement was not possible because no such instrument existed before and that the proposal “will certainly have a positive impact on fundamental rights and citizens’ interests by increasing the current level of protection against rule of law deficiencies”.³⁷

It is doubtful that the Treaties would provide an objective legal basis for suspending EU funds on rule of law grounds. But the requirement of cohesion is the highest principle of integration and a specific legal obligation for the EU institutions. The expert opinions of the Future of Cohesion Task Force meeting in October 2023 highlighted the serious risks of the mechanism running counter to the fundamental principles of cohesion.³⁸

Cohesion and European unity after twenty years of EU membership

Twenty years ago, the enlargement of the European Union to the East caught the West, which had adapted its own system to the Cold War over many decades, unprepared in economic terms. The EU Member States reacted with extreme caution to the sudden change in the situation, as the level of development of the new Member States was not only well below the EU average, but also below that of the less developed southern Member States. With the accession of ten new members, the EU’s population increased by 20%,

³⁶ KENGYEL 2012: 311–332.

³⁷ Opinion of the European Economic and Social Committee on “Proposal for a regulation of the European Parliament and of the Council on the protection of the Union’s budget in case of generalised deficiencies as regards the rule of law in the Member States”.

³⁸ European Commission s. a.a – meeting documents.

but its GDP grew by only 5%.³⁹ Europe's leaders at the time saw the introduction of a multi-speed Europe as a potential solution. In 1994, during the EU12 period, the German Christian Democrats Wolfgang Schäuble and Karl Lamers published a concept,⁴⁰ in which they called for the creation of a "Core Europe" (Kerneuropa) to marginalise the countries that joined the EU in the course of the eastern enlargement from EU decision-making.⁴¹ This was rejected precisely on the grounds that it was not in line with the objectives of cohesion policy, which is an extension of the convergence principle. Today, thirty years after the original idea, the question arises once again that the Western countries do not see the project of "ever closer union" in terms of convergence and coordination of national interests, but rather as a way of continuing to adapt ever more closely to the interests of Core Europe.

The issue of future cohesion planning also includes the fact that two thirds of the current EU budget, almost EUR 400 billion, is made up of the EU direct funding scheme for the implementation of EU programmes. Through no fault of our own, neither Hungary nor the countries that have joined us have made any progress in accessing these funds during our 20 years of EU membership. Hungary accounts for 2.22% of the EU's territory, 2.14% of its population and 1.67% of its GDP in purchasing power parity (PPP) terms (2022). This compares to 1.06% of the currently available direct EU funding for 2021 in the first year of the new 2021–2027 budget cycle. For every Hungarian inhabitant, EUR 17 in direct EU funding has been allocated. This means that EU direct aid is significantly below all three of our headline country-specific indicators (area, population, GDP), but this is not specific to Hungary: in Slovakia, EUR 16 per inhabitant, in Poland EUR 14 and in the Czech Republic EUR 13 in the same period. By contrast, the EU direct aid per capita for Western EU members is EUR 38, while for the EU as a whole it is EUR 34, exactly double the Hungarian figure. In 2021, Western EU members received 86% of the EU's direct funds, compared to 14% for Eastern EU members. The principle of cohesion for catching up needs to be reflected by the EU institutions as soon as possible, as the lack of EU direct funding for Central and Eastern Europe, which is becoming increasingly important in budgetary planning, threatens to leave the EU behind without EU intervention, which will also have a negative impact on pan-European competitiveness.

In planning cohesion policy for the future, net contributor countries may have an interest in shifting the future focus of the policy towards personal cohesion. In this case, the EU would look at the need for catching-up in a pan-European rather than a local approach. It is clear that the countries of Central and Eastern Europe continue to have an interest in maintaining territorial cohesion. It is feared that if the EU were to decide for itself which groups it considers necessary to meet the needs of within the framework of cohesion policy: it would shift the policy focus to political priorities rather than addressing structural inequalities at local level. The consequences could be unforeseeable if, instead of cohesion, which was originally based on tackling economic

³⁹ NYIKOS 2016: 17.

⁴⁰ SJURSEN 2005.

⁴¹ SCHÄUBLE 1994.

disparities between Member States and between territorial units within them, the basic thesis of European integration, the policy were to continue to operate subordinated to current policy objectives.

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Opportunities for the 2024 Hungarian EU Presidency in the European Security and Defence Policy Framework

In the second half of 2024, Hungary will take over the presidency of the Council of the European Union, for the second time after 2011. At a time, when we can no longer take Europe's security for granted, defence issues are becoming more important and visible than ever before, and they also require greater resources dedicated. While no single country can maintain the security and stability of the continent alone, the EU's Common Security and Defence Policy (CSDP) has been considered by member states part of the intergovernmental decision-making process of European integration, thus resolving the tensions between the need for cooperation and the sensitivities based on national interests and sovereignty. The paper briefly summarises the security and defence policy experience of the 2011 Hungarian EU Presidency, pointing out the similarities of the 'role' in the current period of preparation. At the same time, it provides a brief assessment of the security environment and European defence policy processes, showing where progress has been made and where more can be done to maintain common security and defence – along Hungarian interests.

The framework of two EU Presidencies: Similarities and differences between 2011 and 2024

The functional novelty of the 2011 Hungarian EU Presidency was that, following the adoption of the Lisbon Treaty, the role of the country holding the presidency of the Council of the European Union had significantly been reduced, compared to previous ones, and 'live testing' the new setup took place during the presidencies of the Spanish–Belgian–Hungarian trio. The reduction of the role was reflected on the one hand, in the fact that, with the creation of the post of President of the EU Council, the meetings of the heads of state and government are no longer chaired by the leader of the country holding the rotating presidency. On the other hand, with the creation of the post of High Representative for Foreign Affairs and Security Policy, the High Representative – who is also Vice-President of the Commission, as well as the President of the Council on External Relations and political head of the European External Action Service – has to some extent taken over the EU's external representative tasks. In other words, 'high visibility' roles had been transferred to a new player, while the Presidency's role of seeking consensus on a number of 'management', coordination and intergovernmental policy issues has been maintained.

The last of the four priorities of the Hungarian Presidency, under the motto 'Strong Europe', set out foreign and security policy objectives in the spirit of 'global responsibility'.¹

¹ Government of Hungary 2010.

This primarily meant the conclusion of Croatia's accession to the EU, the continuation of the Eastern Partnership and practical support for the functioning of the European External Action Service, as well as furthering trade policy (like the negotiations on the EU – South Korea and EU–Japan free trade agreements).

EU enlargement on the Western Balkans was not only a Hungarian strategic goal but also a prestige issue – and was successfully concluded with Croatia by the closure of seven negotiation chapters on the afternoon of the last day of the Presidency, 30 June 2011. (Other candidates, Iceland and Turkey, did not bring about such dynamic success: while four negotiating chapters were opened with Iceland and two were closed, no substantial progress had been reached with Ankara.) The key element in taking the Eastern Partnership forward would have been a summit of heads of state and government, but this was 'postponed' to the Polish Presidency in the autumn of 2011, with Hungary as a 'co-host'. Eventually, the support for the work of EEAS, which is a typical task of the rotating presidency, included several 'crisis management' elements out of necessity: the Fukushima nuclear power plant accident (11 March 2011) and the escalation of the civil war in Libya (from February 2011) required coordinated action, including the intervention of Hungarian professional diplomacy and civilian crisis management experts.²

The 2024 Hungarian Presidency will run in a similarly turbulent period – even if there would be no new crisis born, which cannot be forecast now. In 2011, the Arab Spring uprooted the southern neighbourhood, in 2024 the continuing Russia–Ukraine war will further devastate the east, while the challenges in the south will not disappear. It is no coincidence that the common objectives of the Spanish–Belgian–Hungarian trio include international partnership, multilateral cooperation, a comprehensive approach to the security of the Union, the value-based protection of EU interests and the strengthening of the means of joint action in the field of security and defence.³

However, several factors will limit the Presidency's freedom of action in the second half of the year: the newly constituted Parliament following the European Parliament elections in June, and the Commission, expected to be renewed from November, will be less operational, the turnover of senior EU officials will slow down business, and negotiations will bring the political conflicts of values and interests to the surface, which can have repercussions in several policy areas.

Based on preliminary communication and the trio's joint programme, the priorities of the Hungarian Presidency Programme will include improving competitiveness, pursuing cohesion policy, addressing demographic challenges, taking forward the enlargement process (in particular in the Western Balkans), tackling irregular migration, and strengthening both border protection and defence policy.

Europe's security environment also faces a number of transnational, soft security challenges and threats which do not (or only to a limited extent) require a military response, but which, due to their nature and the capabilities required for responding, will not be addressed primarily by the CSDP, but by cooperation in the field of justice and

² GAZDAG 2011: 79–81.

³ Council of the European Union 2023.

home affairs (homegrown terrorism, organised crime), immigration policy (mass migration, asylum policy) or trade and industrial policy (economic sovereignty, de-risking). Although these are also linked to the CSDP in a whole-of-government approach, and even though the complex relation with external actors also includes the security and military instruments in the toolbox of EU foreign policy, we will not discuss these elements specifically, but will look further at the issues of the EU's capability to act, and the security and defence policy instruments underpinning it. This will highlight the relevant processes and identify the focal points that will be relevant during the 2024 Hungarian EU Presidency and determine how the EU27 can represent their interests in our crisis-ridden security environment.

Key defence policy developments between the two Presidencies

Despite the fact that the revision of the EU Security Strategy (2008) and the entry into force of the Lisbon Treaty (2009) would have provided an opportunity to develop European defence cooperation, the 2008–2009 financial and economic crisis took the CSDP off the political agenda for years, and the European Council only returned to the issue in 2013 even despite the events of the Arab Spring.⁴ The improving economic situation and the strategic shocks of 2014 and 2015 (Russia's military aggression against Ukraine, the rise of the Islamic State terrorist organisation, and the migration and refugee crisis) provided the political impetus for multinational action, which resulted in the adoption of the EU Global Strategy (2015). Redefining the strategic ambition, despite Brexit, allowed for pushing the CSDP forward to become more dynamic by establishing an institutional-procedural framework 'as usual', which Member States began to fill up with content in the following years.

The EU began to establish EU-level frameworks and mechanisms for joint capability development and for filling capability gaps. The joint decision to establish the Permanent Structured Cooperation (PESCO), with a special focus on the Crisis Response Operation Core (EUFOR CROC), the first projects to initiate the coordination of Member States' defence planning processes based on the results of the Coordinated Annual Defence Review (CARD) and supported by the Military Planning and Conduct Capability (MPCC), and the resources dedicated to defence by the European Commission (European Defence Fund, EDF) have all pointed in this direction. These elements, if fully developed (together with relevant policy-making and military planning, as well as command and control), could indeed function in the future like a nation state's defence planning and military operation process. It is no coincidence that the creation of a 'European army' has been proposed on several occasions in European political discourse, including by French, German and even Hungarian actors, and that expert and political debates have developed on establishing European strategic autonomy.

⁴ CSIKI 2014: 48–53.

The 2020 PESCO Strategic Review made recommendations for the period 2021–2025, partly to improve the effectiveness of existing PESCO projects and partly to enhance the effectiveness of the new short- and medium-term capability development initiatives to be established. PESCO will continue to be a tool enabling Member States to meet the EU's level of ambition in security and defence policy, including the provision of military capabilities for operations of the highest intensity and complexity. In the next phase up to 2025, PESCO projects should focus on building up this coherent, full spectrum force package. The review made several recommendations on capability development and joint commitments to deepen structured defence cooperation.⁵ The impact of the review will live on during the 2024 Hungarian EU Presidency. As the Strategic Compass had been adopted during the French Presidency (2022), decisions on the provision of identified military capability requirements and new initiatives could be one of the topics of the Hungarian Presidency.

In parallel, the CARD report, published for the first time in November 2020, identified 55 specific capability development areas where Member States could make meaningful progress. These covered 17 land, 14 air, 12 naval, 5 joint force and strategic, 4 space and 3 cyber theatre capabilities. In addition, 56 defence research and development opportunities were identified, as well as operational cooperation opportunities in the areas of force projection, non-kinetic engagement, and force protection, in addition to capability development. The 55 areas were grouped into six clusters to provide guidance for the coordination of national capability development and defence research and development plans, for example in the framework of PESCO and with the support of the EDF. The six key cluster areas identified are: a general-purpose tank type; individual military equipment; a surface patrol vessel type; anti-drone weapon systems and anti-access, area denial devices; space capabilities; and military mobility. These areas need to be supported by defence industrial R&D in artificial intelligence, cyber defence, new sensor technologies, new materials, energy-efficient propulsion systems, unmanned devices and robotics.⁶ In its assessment of the 2022 CARD review, EDA identified essentially the same areas for development in terms of defence resource gaps and capability requirements, based on the lessons learnt from the Russia–Ukraine war, underlining the need for the European defence industry to play a leading role in both manufacturing and R&D.⁷ This is important because these areas will remain at the heart of European capability development discussions during the 2024 Hungarian Presidency, as well.

The expansion of the EU's toolbox has also gradually increased the resources available in this area. In this respect, not only the resources of the European Defence Fund (around EUR 7 billion) have been mobilised, but also additional research and industrial policy resources that are relevant to defence or capability development (e.g. the Digital Europe Programme – around EUR 6.7 billion, the European Horizon Programme – around EUR

⁵ Council of the European Union 2020.

⁶ European Defence Agency 2020.

⁷ European Commission 2022.

76 billion, the Space Programme – around EUR 13 billion).⁸ It can therefore be assumed that this increase in resources will in the long term be more of an incentive for member states to increase their participation in European capability development projects. The increase in resources has become dynamic in the wake of the Russia–Ukraine war: a further increase of €70 billion is expected from Member States by 2025.⁹

Finally, the adoption of the Strategic Compass in 2022 meant the operationalisation of the Global Strategy, which had previously been missing, and which was used to define the capability requirements of the EU's military operational vision for the new Headline Goal. The Headline Goal covers the next ten-year period, the strategic timeframe, of which the Hungarian EU Presidency will be almost in the middle.

As far as the European capability development goals are concerned, it can be roughly assessed that some logistical and land-based capabilities can be created or purchased by member states if needed – or if the capabilities needed to achieve the European level of ambition are created. However, there are still strategic enablers that are available only to the largest allies or only to the United States, and that other allies would therefore find it extremely difficult to replace or substitute. Critical dependencies continue to include strategic reconnaissance, surveillance, intelligence, and target acquisition capabilities; command, control and communications systems, including space assets; deployable operational commands above division level; deployable air force commands; theatre air defence and missile defence, including early warning systems; long-range bomber forces and significant numbers of fifth generation fighter aircraft. European states also have limited capabilities in long-range precision strike, including surface-to-surface cruise missiles; aerial refuelling; strategic and tactical airlift; and special operations aircraft. A conflict with a major regional power would seriously test the capabilities of European naval forces, and the ability to disembark the entry force (say an EU battlegroup) in a crisis management operation would also be questioned. Based on simulations and modelling, it can be estimated that EU member states would have the necessary capabilities to conduct a short-term rescue and evacuation operation and a humanitarian operation on their own, provided they mobilise all the assets at their disposal. However, after Brexit, the naval capabilities of the EU27 are already showing shortfalls for a humanitarian operation, and if these were parallel or long-term requirements, they would already be beyond European operational capabilities.¹⁰

Even in 2023, we see the EU's strategic capability to act limited to low-intensity operations in terms of available military capabilities. To provide higher intensity operational capabilities, we therefore have two options: either continue to rely on NATO, including to a decisive extent on U.S. military capabilities, or dynamically develop EU capabilities in the areas outlined above, and develop European national capabilities, with member states making more of them available to the EU.

⁸ NÁDUDVARI 2020: 8.

⁹ European Defence Agency 2022: 2.

¹⁰ SABATINO et al. 2020.

Strengthening European strategic autonomy: Ambitions and limits to collective capacity to act

The need to develop and reinforce an autonomous European (EU) capacity to act, or strategic autonomy, has been a key issue on the political (and expert) agenda for years, when it came to Europe's role in the changing international order. The French-influenced idea can be interpreted in a broad spectrum, ranging from the – rather unrealistic – quest to establish an autonomous international pole of power (thus strengthening the capacity to act independently of the United States) to more coherent and effective joint European action on specific strategic issues and, in institutional terms, in policy areas. Full strategic autonomy for Europe could only be achieved in the long term, within twenty to twenty-five years, but this ambitious goal is shared by few outside Paris, and the evolution of international power capabilities does not point in this direction. It would require the political support of all member states and a willingness to share elements of national sovereignty, in addition to adequate funding, to make the European Union more autonomous, including in the military field. Achieving a greater degree of strategic autonomy could be a realistic goal in the medium term (ten to fifteen years) and could be achieved with limited sharing of sovereignty, but it would require European states to be able to realistically define their international ambitions, to set priorities among their objectives and to implement the goals they set for themselves in a consistent manner. A key element in this is that the EU and NATO act in complementarity with each other's tasks, in cooperation and not in opposition.

In the short term there is no substitute for the central role of the United States in maintaining many dimensions of European security, even if these strategic processes are recognised. But strengthening European capabilities in the medium term would have a double benefit. On the one hand, it would increase Europe's capacity to act autonomously, also in the event of acting outside NATO's frameworks. On the other hand, it would enhance Europe's value as a partner in Washington's eyes, as it could mean a greater European role in transatlantic burden-sharing, and would represent a significant step forward in a relationship that is currently far from balanced – while reducing dependence on operational planning, action and military technology.

This is why one of the central elements of the debate surrounding strategic autonomy is the ability of the European Union's member states to defend themselves and to shape their security environment, for example by managing crises in neighbouring regions. The Union's level of international ambition has a political and a military dimension. The political dimension provides guidance on what each actor wants to achieve in the international space in terms of foreign and security policy; the military dimension determines the military means necessary to achieve this. There are several guidelines on the level of international ambition of the EU and its member states. The most important of these are the Global Strategy, the Strategic Compass, the Petersberg Tasks, the Illustrative Scenarios and the Headline Goal. The Global Strategy continues to set the policy objective at the most general level in the form of three specific goals:

- capability to respond to external conflicts and crises
- developing and supporting the capabilities of external partners
- the protection of the EU and its member states

This level of political ambition has been translated in recent years into military tasks, defining the types of operations that the EU should be able to conduct. The current level of military ambition remains the one defined in the Lisbon Treaty in 2009, essentially following on from and complementing the former Petersberg tasks: conflict prevention and peacekeeping; military crisis management (including peace enforcement); disarmament; military assistance and advice; post-conflict stabilisation; and humanitarian and rescue operations. In the framework of the CSDP, the EU envisages capabilities for the following operational scenarios:

- peace enforcement (within a radius of 4,000 km from Brussels)
- conflict prevention (within a radius of 6,000 km from Brussels)
- stabilisation and capacity building operations (within a radius of 8,000 km from Brussels)
- rescue and evacuation operations (within a radius of 10,000 kilometres from Brussels)
- humanitarian operations (within a radius of 15,000 kilometres from Brussels)¹¹

It is clear that the defence planning, operational command and control and military capabilities required to achieve these are also lacking and highly uneven across European countries. During the Hungarian EU Presidency, the further development of military capabilities, in particular support for the European Defence Agency in the preparation of the Coordinated Annual Defence Review 2024, will be part of the remit.

Within the political debate on strategic autonomy, Hungary is interested in the narrow interpretation, primarily in the creation of a pragmatic capacity to act in crisis management. As a small country, first it must create and maintain the means of national power, and then build on these to strengthen the collective defence and solidarity framework, both in relation to NATO and the EU. The presence of the two organisations, their capacity for decision-making and action, and their cooperation based on the sharing of tasks, make them the ideal institutional environment for Hungary, as well as for other Central European countries. However, the diversity and parallelism of defence cooperation initiatives and the sometimes conflicting ambitions of the major players – the United States, the United Kingdom, France, Germany – and the strategic uncertainty in Europe are forcing the small players to take the negotiations on European strategic autonomy seriously. In doing so, they must consider the possible transfer of elements of national sovereignty in decision-making (political integration), long-term strategic commitment in defence cooperation (technological dependence of force modernisation and joint capability development, joint operational planning and participation) and the provision of adequate resources (defence budget, equipment procurement, maintenance, logistics, human resources).

¹¹ BARRIE et al. 2018: 6–7.

Civilian crisis management in the Southern Neighbourhood

Civilian crisis management capabilities are an integral part of the EU CSDP, even if they have less visibility and receive less political attention than military ambition levels and capability gaps. The security environment in the EU, and in particular in the Southern Neighbourhood, is showing a progressively deteriorating trend: climate change and conflict-induced declining livelihoods (drinking water and food supplies), extreme weather conditions (droughts), even without civil wars, have increased the demand for EU civilian crisis management activities and this is likely to increase. In order to respond more effectively to non-military challenges, the EU's justice and home affairs policy actors and institutions must also be given a greater role, so that agencies such as Europol, which combats organised crime and smuggling, Frontex, which is responsible for border control and migration management, or Eurojust, which is responsible for monitoring migration flows, must complement and support the CSDP's specific areas of activity in addressing transnational challenges.

Member states will enhance the capacity to act in the civilian dimension of the CSDP by providing more resources – experts, training, equipment – and by simplifying and accelerating national operational decision-making processes. They will seek to make this process more efficient, flexible and responsive, following the Civilian Compact adopted in November 2018, by defining modular and scalable tasks and mandates on a case-by-case basis, simplifying and accelerating the planning of operations and increasing their budget.

In the light of this, the Hungarian Presidency should also be prepared to assist, where necessary, with the planning and launching of ongoing operations and possibly new ones. The further strengthening of civilian crisis management capabilities is in the interests of Hungarian security and defence policy in several key areas (Western Balkans, North Africa, Middle East) and in relation to several challenges (migration, border control, organised crime, etc.).

The impact of the Russia–Ukraine war on the Hungarian Presidency

In our changing security policy and strategic environment, the European Union wishes to remain a dominant player, even though its power – and thus its ability to assert its interests – has been moving on a downward trend over the past decade. However, the economic and commercial strength of the Union, its relative development, its diplomatic and soft power capabilities, combined with the military capabilities of its member states, remain a major force in the hands of the community. The only question is to what extent the European Union will be able to take advantage of all this, while being hampered by several external and internal factors, often culminating in crisis situations affecting the Union as a whole.

The escalation of Russia's war against Ukraine in 2022 has contributed to this situation, which has brought about decisive changes in many areas: Russian military aggression and nuclear deterrence have been brought to the fore in the threat perception

of many states in our region; in response, they have engaged in increased armament and, more broadly, force development; the NATO membership of Finland and (soon) Sweden has increased the overlap between NATO and EU membership; European states have joined a broad regime of economic–financial, trade and technological sanctions against Russia; and, at the same time, they have largely divested from imports of Russian energy resources. The effects of these steps will be felt in the longer term in various areas of European security and defence.

There is also a new quality to the humanitarian and military assistance provided to Ukraine, sometimes with the innovative use of EU instruments. While in the past the EU has provided a wide range of economic instruments and ample humanitarian aid to crisis-stricken countries in the neighbourhood, direct military support – in the form of military equipment, materiel, training and information sharing – is unprecedented. We have seen innovative solutions such as using European Peace Facility funds to buy military equipment or conducting EU training missions.

While there is a wide spectrum of opinions on the form and intensity of the war in 2024 and the role that Western support could play in this, it is safe to say that we cannot expect an orderly, stable peace under the Hungarian Presidency. Accordingly, there may be opportunities for Hungary to represent its interests at a high level, both in shaping and managing the political agenda for EU engagement and in shaping high-level EU–Ukraine (or other multilateral) meetings.

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Tibor Ördögh

EU Enlargement Policy, in Particular Enlargement to the Balkans

The European Union's enlargement policy has undergone continuous changes in recent decades, as a result of which more and more detailed rules were introduced, which candidate countries had to fulfil in order to successfully join. However, these criteria are still not clear, so many controversial issues need to be clarified. In my study, I first present the history of the development of the enlargement policy, focusing on changes in treaties and other EU rules, thanks to which we are now talking about a 27-member cooperation. The Community successfully balanced economic and political reasons during enlargement. In the following, I will present the results achieved by the 2011 Hungarian Presidency in terms of policy, thanks to which Croatia successfully joined the European Union, and in the case of several countries we can also witness the acceleration of negotiations. This is followed by a description of the changes of the last decade, in which we can see relatively slow progress due to the fault of both the joining countries and the European Union. I conclude the study by outlining the relevance of the Western Balkans expansion, which appears as a priority for the 2024 Presidency, and the interests of Hungary.

Introduction

Joining the European integration has always been a goal for European states, primarily because of its economic benefits and geopolitical reasons. Increasing policy cooperation has turned economic cooperation into political unity, which now covers a wide range of areas. Changes in enlargement policy over the last half century have led to new procedures and increasingly precise expectations, but there are still unclear concepts in the accession process.

In this study, I will first present the evolution of enlargement policy as a policy, followed by the successes of the 2011 Hungarian Presidency in this area. I will then analyse the policy innovations of the post-presidency period up to the present day, and outline Hungary's interest in the enlargement of the Western Balkans. My work is based on two previous articles on the subject.¹

The history of enlargement policy²

European integration has been an attractive form of cooperation since its inception, and in the 1960s the first countries intending to join had already expressed their wish to gain

¹ ÖRDÖGH 2022; ÖRDÖGH 2024.

² ÖRDÖGH 2022.



full membership. In the summer of 1961, the United Kingdom, Ireland and Denmark, followed by Norway in 1962, applied for membership, and the enlargement clause had to be activated. Although the internal tensions in the Member States (the continued veto of France) meant that it was not until 1970 that practical steps towards this had to be taken, the core elements of the policy had already been in the making. With the enlargement of the membership, the aim was to establish cooperation on a solid basis of shared values, with political and economic identification at the heart of the process. The first phase of enlargement constituted the accession of the countries that shared the common characteristics of a democratic system, a functioning market economy and ones all benefiting from the Marshall Aid.

As new members have joined the process of European integration, it can be referred to as a constantly changing scheme of cooperation, with frequently changing and tightening enlargement standards. However, the main strategy had already been put in place at the time of the first phase of accessions and had been continuously updated over the last fifty years before a total of 22 countries joining.

It is important to draw attention to two factors that have influenced the constant evolution of enlargement policy, so that it can be interpreted as a reflection of the way in which the responses to the challenges that have emerged have been reflected in enlargement policy and, ultimately, in the resilience of accession policy. On the one hand, the first stage is the Cold War period, where the sense of bloc integration and the constant threat from the Soviet Union took its toll on the Western states. This may also have had an impact on the fact that there was no need to work out an enlargement policy, or that the reinforcement of the bloc proved more important than the drafting of some detailed rules. The emergence of this phenomenon can be seen as a response to the international situation. This misguided thinking may ultimately prove to be detrimental to the Community in the U.K.'s Thatcher period or after Greece's accession. On the other hand, the Cold War reflexes did not lead to the development of the detailed accession criteria mentioned previously, because the international environment did not provide grounds for it, i.e. enlargement policy was not adapted to the requirements of the times and no detailed expectations were set for those intent on joining. The external and internal 'expectations' ultimately resulted in the emergence of a very flexible system, an instrument of soft policy, with only the treaties defining the conditions, while the detailed rules were easily shaped by the Member States of the Community. An example of this can be seen in the speed with which the technical parts of the negotiations were completed in the first enlargement phase, with only a few detailed rules to be agreed, while no specific strategies and documents were drawn up for accession on a country-by-country basis.

The legal framework for enlargement was laid down in the Treaties, which were implemented in three stages:

1. In accordance with Article 98 of the Treaty of Paris of the European Coal and Steel Community, signed in 1951, any European state can join the organisation, and thereby entrusts its implementation entirely to the Council.³

³ European Coal and Steel Community Paris Treaty. Article 98.

2. In 1957, this was supplemented by Articles 237 of the Treaty of Rome of the European Economic Community and Article 205 of Euratom.⁴ The three regulatory articles were necessary at the time as a candidate country were required to join all three organisations simultaneously yet separately. The relevant provision of the EEC Treaty states: “Any European state may apply to join the Community. It must submit its application to the Council, which will decide unanimously after obtaining the opinion of the Commission. The conditions of admission and the adjustments to the Treaties on which the Union is founded which such admission entails shall be the subject of an agreement between the Member States and the applicant state. This agreement shall be submitted for ratification by all the contracting States in accordance with their respective constitutional requirements.”⁵ From 1958 onwards, the basic framework that has prevailed to this day is clear: 1. the existence of European statehood; 2. the Member States having a decisive say in the Council; 3. the Commission giving an opinion on preparedness; 4. unanimity required for full membership; 5. the need for a single agreement to implement the accession; 6. the need for the agreement to be ratified by both the existing as well as the new Member States. The content of the treaties would be amended with practical elements during the first round of enlargement, thus adding elements of customary law to the enlargement policy.
3. With the adoption of the Single European Act in 1986, Article 237 of the EEC Treaty was amended to read: “Any European State may apply to become a member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament.”⁶ As seen here, the European Parliament’s powers have been extended, it now has a say in the composition of the membership in the field of enlargement policy and it is now also engaged in the monitoring of the preparedness of the candidate countries.

The parts of the agreement pertaining to the enlargement were rather brief and focussed more so on procedural issues. The real criteria and principles were contained in a combination of codified law and customary law: being European, statehood, democratic rights, supplemented by the unwritten requirement of accession to the Council of Europe.

The following were already formulated as basic principles of enlargement in the first phase of accessions:

1. Accession negotiations with a candidate country may commence with it accepting the treaties and the political objectives set by the Community. This is the primary cornerstone, which has been increasingly insisted upon over time. The elementary

⁴ Euratom Treaty.

⁵ European Economic Community Treaty of Rome. Article 237.

⁶ Single European Act. Article 8.

requirement was formulated at the European Council meeting in The Hague on 1–2 December 1969. The requirements to this end were specified in the Treaties, thereby ensuring their imperative role.

2. Countries wishing to join must fully adopt the *acquis communautaire* (body of Community law). As the Community's areas of cooperation have expanded steadily, they have had to take on board more and more written law and even non-codified law, including non-binding recommendations and opinions. As a result of the continuing delegation of tasks to Community-level, by the 1990s the volume of Community legislation had reached 80,000 pages.
3. The transitional period after accession (derogation) should be as short as possible, with no long derogations from Community rules and the commitments made in the Treaties. (Temporary exemptions usually cover a period of between 2 and 7 years, with exceptions of up to 10 years, for example, in case of Hungary for agricultural subsidies or the right of foreigners to buy land.)

The codified background and principles for enlargement were developed in the first enlargement round. The origins of the principles were set out in the Commission's country opinions of 1 October 1969 on the preparedness of the British, Irish, Danish and Norwegian States. It is clear to see the Commission playing a very important role in providing the substance, as they also provided a framework for national governments during the negotiations. The negotiations proceeded at a rapid pace, as the aforementioned principles were agreed, even if the interests of the candidate countries did not always coincide with the expectations of the Community (see the British and Irish negotiations⁷). Finally, as is well known, the European Communities had grown to having nine members by 1973, with the accession of the United Kingdom, Ireland and Denmark. In Norway, the majority of the population voted to opt out.

On the part of the European Economic Community, it is important to talk about the association agreements, which establish close cooperation with third countries with the ultimate aim of membership. Such association agreements have been concluded with the countries of the southern, Mediterranean or second phase of enlargement, because certain characteristics of these countries prevented them from becoming rapidly subject to cooperation. The Athens Agreement was signed with Greece on 9 July 1961. Spain sent its letter of request for association in 1962, to which a reply was received only in 1967, and the preferential agreement was signed in 1970. Portugal also expressed its wish to participate in 1962, and once again, there was a long pause before the agreement was signed, until the free trade agreement came into force in 1972. All three countries had in common a non-democratic system which had made them unstable in political values. It is interesting to see how the European Communities have applied the enlargement option to these three countries. In fact, during their undemocratic period they “forgot” to respond to membership applications. The enlargement policy was then used (or rather

⁷ RAPCSÁK 2005: 287; GÁLIK 2005: 352.

not used) as a means to make value judgments as well as a means of international politics. Greece applied for full membership in 1975 while the two countries on the Iberian Peninsula did the same in 1977. In this case, we can already speak of protracted rounds of negotiations and divided national interests. The EEC finally decided to integrate on political grounds, because once they were in the cooperation they could not deviate from the democratic path, so Greece joined in 1981 and Spain and Portugal in 1986, thus expanding to twelve members. The same period also saw the beginning of a different path for Turkey's relationship with the Community. It submitted its application for membership in 1959, and economic cooperation was launched with the Ankara Agreement in 1963. It announced his intention to join in 1987 and became a member of the customs union in 1995 and a candidate country for EU membership in 1999.

Even during the first and second rounds of enlargement, differences between Member States over the admission of new members arose. In the first accession, one need only think of the two vetoes by President Charles de Gaulle against the British, which can be seen as representing the French national interest, or, in the case of the Mediterranean enlargement, the French and Italian fears about the new agricultural products. But it is also important to note that without the larger states, enlargement could not be given a boost, since France and Germany had a decisive say in British entry and the southern enlargement.

Under the domino principle of regime change, the European Communities' immediate neighbourhood also saw the beginning of a series of changes and democratic transformations. The fall of the Berlin Wall and the unification of the two German states is a unique area of enlargement policy, since the literature does not count the "accession" of the GDR among the enlargements, although it is undeniable that we are witnessing a territorial expansion (geographical spillover). The reason behind it is that, because of the one nation two states concept, the GDR from the very beginning of integration considered the East German territory one that would eventually unite with them, and as such, these territories would also be covered by the agreements.

The end of the Cold War and the collapse of the Eastern bloc led to regime changes in Central and Eastern Europe and European integration became the most attractive forum for cooperation. However, integration was preceded by the provision of political and economic stability in the candidate countries, and so a major reform of enlargement policy was also underway.

The third enlargement, known as EFTA, followed the same logic as the previous ones, in that the candidate countries had the same characteristics as the previous ones, with the clear reasons for their desire to join being the changing global political context. These countries applied for membership in 1989, negotiations started in February 1993⁸ and took 13 months to complete. The rapid negotiations with Austria, Sweden, Finland and Norway were made possible by all four candidate countries having economic development well above the EU average and their democratic functioning having long established them

⁸ With the adoption of the EEA Agreement, the EFTA countries have also become bound by the rules of the internal market.

among the Western European states. The Norwegian people voted against accession for the second time, but the other three countries became full members of the European Union from 1995, with a total of fifteen members.

In preparation for enlargement to the east, the previous wave of clarification of the treaties has intensified, complemented by a tightening of the enlargement principles:

1. With Maastricht, a formal change took place, Article 237 of the EEC Treaty was abolished and the Treaty on European Union was adopted, with Article O identical in content to the previous definition of enlargement.⁹ A change from 1994 was that the European Parliament now voted on the accession treaties, in which it could even veto them by virtue of its power of assent.
2. The Amsterdam change assigned number 49 to Article O making it Article 49, and the elements of customary law were incorporated into the accession rules in written form: “Any European State which respects the principles set out in Article F(1) may apply to become a member of the Union. It must submit its application to the Council, after consulting the Commission and obtaining the absolute majority of the votes of the Members of the European Parliament and the assent of the European Parliament, acting unanimously by a majority of its component members.” Article F(1): “The Union shall promote freedom, democracy, human rights and respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States.” According to Article F(1): “The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States.”¹⁰
3. With the entry into force of the Lisbon Treaty, the strengthening of the role of national parliaments is also reflected in the enlargement policy, which states: “Any European State which respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the Union. The European Parliament and national Parliaments shall be notified of this application. The applicant state shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the consent of the European Parliament, which shall act by a majority of its component members. The conditions of eligibility agreed upon by the European Council shall be taken into account. The conditions of admission and the adjustments to the Treaties on which the Union is founded, which such admission entails, shall be the subject of an agreement between the Member States and the applicant state. This agreement shall be submitted for ratification by all the contracting States in accordance with their respective constitutional requirements.”¹¹

⁹ Treaty on European Union. Article O.

¹⁰ Treaty of Amsterdam. Article 49.

¹¹ Lisbon Treaty. Article 49.

An expansion in terms of principles can be seen with now more than 100,000 pages of Community legislation, which is not enough for the candidate countries to transpose into national law, but also to monitor its application. Article 25 of the 1997 Luxembourg Decision of the European Council¹² already requires the Candidate State to increase its capacity. And since the entry into force of the Amsterdam Treaty, the principle of limited flexibility has been introduced, i.e. candidate countries cannot opt out of certain policy cooperation. (The U.K. was then granted exclusion from Schengen cooperation.) The three existing ones have been amended with a fourth one, conditionality, which ensures that the EU Member States guarantee that democratic transition and the consolidation of the market economy will be achieved in the candidate countries before accession and that their instability will not jeopardise the European project. The adoption of the Copenhagen criteria at the Copenhagen summit in 1993 provided the legal basis for all that:

1. Political criterion: A stable, democratic institutional system guaranteeing the rule of law, human rights and the protection of minorities.
2. Economic criterion: Functioning market economy and ability to compete in the EU.
3. Legal and institutional criterion: the candidate states must be able to assume the obligations of membership, adopting and applying the whole body of Community law.
4. Absorption capacity: the Union must be able to absorb new members.¹³

It has been made difficult to define the content of enlargement policy as the criteria have not been defined, so it is still not clear what the EU means by one or other of these criteria, what is the ideal state in which a candidate country is ready for accession. Enlargement to the East and the negotiations in the Balkan region show that this conceptual framework is also being constantly developed. This in turn leads the parties to the mistake of not having crystallised the accession criteria. Strategies prepared by the European Commission, country opinions on preparedness, may provide more precise definitions. The vagueness of the enlargement policy criteria is in fact a tool in the hands of the EU institutions and Member States, which can be interpreted in different ways, making enlargement policy an area that is both strict and flexible.

It is difficult to define the content of enlargement policy because the criteria have not been defined, and therefore it is still unknown what is meant by the EU by one or other of these criteria, or what the ideal state in which a candidate country is ready for accession is. Enlargement to the East and the negotiations in the Balkan region show that this conceptual framework is also being constantly developed. This in turn leads the parties to the mistake of not having clear accession criteria. Strategies prepared by the European Commission, member state opinions on preparedness, may provide more precise definitions.

¹² Luxembourg Decision.

¹³ BRAUN 2017: 103–134.

The Central and Eastern European countries and the two Mediterranean islands expressed their desire to join European integration in the first half of the 1990s. The first step was to build closer economic ties with the region, and the Europe Agreements were signed. This was the start of a process in a historical context in which the Member States themselves were divided and had different national interests at Community level. Some of them wanted to deepen cooperation in the newly created political areas, while others wanted to unify Europe as soon as possible, having a sense of responsibility towards the countries of the former Eastern bloc. The aforementioned Copenhagen criteria were also established on the basis of the same principle, in order to provide a more precise framework for enlargement policy.

When it became clear at the Helsinki summit of 11 December 1999 that the principle of differentiation would be combined with the principle of equity, the Big Bang enlargement became a reality, i.e. the applicants would be admitted to the European Union together. The previously non-existent system of more detailed specifications has been replaced by individual progress, with negotiating rounds of 31 chapters of Community legislation, which were the technical agreements, with country-specific preconditions and provisional closure. The Europe of the Fifteen sensed that there might be a number of concerns about new entrants, and a protracted series of negotiations took place. It was also becoming clear that Romania and Bulgaria were lagging behind the other eastern countries, so their entry was delayed. Formal negotiations with the Luxembourg Six¹⁴ started on 31 March 1998 and with the Helsinki Six¹⁵ on 15 October 2000. The large number of applicants also required a single document to set out the process and expectations of enlargement. On 8 November 2000, the European Commission published an enlargement strategy paper, which proposed to the Council and the European Council that three categories should be distinguished when assessing applications from candidate countries: acceptable, negotiable and inadmissible. Among the fears raised among old and acceding members were the free movement of labour, changes in the level of agricultural subsidies, the problem of foreigners buying farmland or derogations from the transposition of environmental rules. The Copenhagen summit on 12 and 13 December 2002 formally concluded the negotiations and opened the way to the ratification process, which culminated in the enlargement of the European Union to 25 members on 1 May 2004.

Romania and Bulgaria had a considerable backlog, as they had shortcomings in terms of rule of law, and at the 2002 European Council it was decided that the two countries could only join integration at a later stage. (They became full members in 2007.) The shortcomings have also delayed the Schengen accession process for the two countries. It was further agreed that a new measure, the so-called co-operation and verification mechanism (CVM), would be introduced for them after accession to fill the obvious gaps in their preparations.¹⁶ The mechanism covers the areas of judicial and administrative reform, money laundering, the fight against corruption and organised

¹⁴ The Luxembourg Six: the Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus.

¹⁵ The Helsinki Six: Bulgaria, Latvia, Lithuania, Romania, Slovakia and Malta.

¹⁶ VÁRKONYI 2019: 63.

crime. The initiative is by no means a success, as it was put in place for both countries until autumn 2023. In September 2023, the Commission formally closed the CVM for both countries. Thereafter, in line with the other Member States, the EU will examine the issues originally covered by the CVM in its annual Rule of Law Cycle.

What the European Union has to learn from all this is that preparedness can be meaningfully influenced in the accession process, but the effectiveness of reforming these after accession is dubious. In line with the renewed consensus on enlargement endorsed by the European Council of 14–15 December 2006 and the subsequent Council conclusions, the admission of new members remained a key policy of the European Union, but the “3Cs” of *consolidation, conditionality, communication*¹⁷ were defined as an innovation. Finally, Romania and Bulgaria became members of the European Union on 1 January 2007.

From the 2004 and 2007 rounds of enlargement negotiations, it became clear to the European Union that new key areas needed to be developed and kept on the agenda from the start of negotiations until their conclusion. The previous 31 negotiating chapters have thus been expanded to 35, and two key areas have been created: 23: Judiciary and Fundamental Rights and 24: Area of Freedom, Security and Justice. These two chapters came to effect with the accession of Croatia and are also a priority for the ongoing enlargement process in the Western Balkans. Another novelty of the negotiations was that chapter opening conditions¹⁸ were now set, not just chapter closing conditions, and the possibility to suspend negotiations was introduced at the same time (negotiations may be suspended in the event of a persistent and serious breach of EU values, at the request of the Commission or of one third of the Member States, by a qualified majority in the Council). While the opening of these two chapters was delayed at the time of Croatia’s accession, the Commission took this opportunity in 2011 to announce a “new approach”, with a new set of procedures for the negotiations with Montenegro. The opening of Chapters 23 and 24 is now subject to the adoption of action plans by the candidate country authorities. In the common position on the opening of chapters, the Member States set intermediate (interim) conditions.

Enlargement policy among the priorities of the 2011 Hungarian Presidency

One of the priorities of the 2011 Hungarian Presidency were the enlargement of the Balkans, in particular the conclusion of accession negotiations with Croatia. “Making further progress in the enlargement process in the Western Balkans and the conclusion of the accession negotiations with Croatia has been treated as a priority by the Hungarian Presidency, a matter of prestige. Thanks in large part to the repeated efforts

¹⁷ Consolidation: deepening the impact of past accessions. Conditionality: strict, but fair conditionality, with specific targets and consistent monitoring. Communication: proper communication of the process to the public in the Member States and candidate countries.

¹⁸ Opening or closing conditions, benchmarks.

of Hungarian diplomacy, the negotiations were accelerated and concluded on 30 June 2011.”¹⁹ During the six months of the Presidency, the chapters on agriculture and rural development, regional policy and coordination of structural instruments were closed on 19 April and the fisheries chapter on 6 June. On the last day of the Hungarian EU Presidency, agreements were also reached on competition law, judicial and fundamental rights, and financial and budgetary provisions. In the absence of any other sticking points, there was no need to open and close other chapters at the end of the negotiations. As can be felt, the issues of greater financial support and those relating to democracy and the rule of law were left to the Hungarian Presidency, which managed to strike a balance between the EU Member States and Croatia. Contrary to expectations, the Croatian accession document was signed during the Polish Presidency, but Hungarian diplomacy has an undeniable contribution to make to the success of Croatia’s accession.

Unfortunately, no progress was made on the European integration of the Western Balkans during Hungary’s EU presidency, as the countries of the region were in the early stages of accession, with Montenegro a candidate country but not yet ready to start negotiations, Northern Macedonia struggling with Greece over a name dispute, and Serbia and Albania considering submitting their applications for accession.

The current state of enlargement policy

With the accession of Romania and Bulgaria, and the long but successful integration of Croatia, the EU seems to have stalled its enlargement plans for a while. The process of accession of the Western Balkan countries is a rather bumpy detour. Neighbourhood relations are a major stumbling block to progress, exacerbated by political instability and unpredictability. Slow but incremental progress over the past decades has undermined the credibility of the European Union.

In 2019, the policy has been restructured, with new elements such as clustering of chapters, fundamentals first, reversibility (temporary halting of the enlargement process and the possibility to reopen closed policy areas).

In connection with the states of the region, a series of Stabilisation and Association Agreements with a regional approach were first concluded as a result of the war and autocratic traditions, setting out country-specific recommendations for political and economic recovery. The first agreement of this kind was put in place with Northern Macedonia in 2004, followed by Kosovo in 2016. Meanwhile, it can also be seen that over the last two decades, the perspective for the states in the region has been the European Union, with all states having now submitted their applications for membership.

Northern Macedonia indicated its intention to join in 2004, followed by a positive response in 2005, while Greece had consistently vetoed the opening of negotiations due to a name dispute between the two nations. The conflict was settled in 2018 with the

¹⁹ GAZDAG 2011: 79.

Prespa Agreement.²⁰ However, not long after that the Bulgarians came forward with their national identity dispute²¹ and blocked the start of negotiations. Montenegro was the second country to apply for full membership in 2008, was granted candidate status in 2010 and has been negotiating since 2012 until today. Progress has been mixed, with 33 chapters opened but only three provisionally closed. Montenegrin politics has become rather unstable in recent years with the end of Milo Đukanović's party in government after 30 years.²² As a third regional state, Albania indicated its intention to join in 2009, only to be granted candidate status in 2014. Internal, structural problems have meant that negotiations have not yet started with them either, and they have been waiting nearly ten years to sit down at the negotiating table. The first intergovernmental conference with Albania was held in summer 2022, but no cluster was opened. As for Northern Macedonia, negotiations have not yet occurred. Serbia was the fourth country to apply to the rotating presidency for full membership in December 2009. It was granted candidate status three years later, in 2012, and has been negotiating harmonisation since 2014. Like Montenegro, Serbia is not close to accession, with 22 chapters opened and two provisionally closed. The major problem is the unsettled relationship with Kosovo.²³ Bosnia and Herzegovina became the fifth state to apply for membership in 2016 and received a positive response from the EU in December 2022, but still has a number of tasks to complete before negotiations can start. In 2019, Bosnia was given a specific list of 14 key issues including major reforms to the judiciary, key elements of an anti-corruption legislature and a new electoral system. None of them have since been addressed by the Bosnian authorities. Finally, Kosovo, whose independence is not recognised by five EU Member States (Romania, Slovakia, Spain, Greece, Cyprus), will have to complete the accession process. In December 2022, the Kosovo Prime Minister formally handed over his country's application for membership.²⁴ The disputed statehood will certainly not receive a positive response from the EU for a few years.

Several factors have influenced the halt in enlargement policy. For one, the European Union was preoccupied with Brexit, focusing chiefly on the exit arrangements with the United Kingdom. Once over, it was now the Covid-19 pandemic paralysing any possibility of political progress for another two years, followed by a period of leaders focusing on recovery and economic growth. It is also necessary to mention enlargement fatigue and the fact that the acceding countries have not done their best. On enlargement policy, the countries that wanted to join the EU increasingly voiced their dissatisfaction, and the EU eventually reacted. In 2020, to restore credibility, Olivér Várhelyi, Commissioner for Neighbourhood and Enlargement, said: "First, today we are proposing concrete steps to improve the accession process. While strengthening and improving the process, the goal remains accession and full EU membership. Second, in parallel with the first point, the Commission stands firmly by its recommendations to open accession negotiations

²⁰ Prespa Agreement 2018.

²¹ EGERESI 2022.

²² Hungarian Institute of International Affairs 2020.

²³ KRISTÓF 2022.

²⁴ SHENOUDA 2022.

with Northern Macedonia and Albania and will provide an update on progress made by both countries shortly. Third, in preparation for the EU – Western Balkans Summit in Zagreb in May, the Commission will present an economic and investment development plan for the region.”²⁵

In reality, all three steps have been taken, but there has been no rapid change in the pace of accession negotiations. Negotiations on enlargement reform will start with the core issues, which will remain open until the end of the accession negotiations (e.g. the rule of law). The results of these negotiations will set the framework for the rest of the process, and the criteria will remain unchanged throughout the process for predictability. In the last two years, no significant progress has been made in either Montenegro or Serbia, so the reform has not lived up to expectations. The reasons are considerable: on the one hand, the EU’s agenda has been largely modified by the Russian–Ukrainian war. On the other hand, the accession countries have not made progress in harmonising their laws. Negotiations with Northern Macedonia and Albania could not start in 2022 either, following vetoes from Bulgaria and the Netherlands. The third element announced is the Economic and Investment Plan 2020. It was presented in October and it provides €9 billion in support around five pillars: “(a) climate action, including de-carbonization, energy and transport; (b) circular economy, with a focus on waste management, recycling, sustainable production and efficient use of resources; (c) biodiversity, i.e. the protection and restoration of the region’s natural assets; (d) combating air, water and soil pollution; and (e) sustainable food systems and rural areas.”²⁶ These investments are currently being implemented. And for the Western Balkan countries, the rapid granting of Ukraine’s candidacy may have sent the wrong message.

The Russian Federation committed aggression by attacking Ukraine on 24 February 2022, but this geopolitical event also triggered a series of actions in the European Union. In addition to the widening sanctions list, it also affected enlargement policy. The act of war in the EU’s immediate neighbourhood also posed a security challenge. As fighting intensified, Ukraine was the first to apply for EU membership on 28 February 2022, followed by Moldova and Georgia on 3 March. Clearly, the aim was primarily to allay fears of war and strengthen ties with the West (for parallel, see Finland and Sweden’s NATO accession process). On 17 June 2022, the European Commission published its opinion on the preparedness of the three countries²⁷ where it called for the granting of status to all three, praising their achievements. Already from this “country review”, which lasted only a few months, it is clear that the decision was less about technical and more about political issues. A similar explanation can be found in the positive endorsement of all three applications by the European Council on 23 June 2022, Ukraine and Moldova have been granted candidate status, while Georgia has been assured of the support of the Council after additional reforms have been put in place. Enlargement policy has thus become a tool for international events and has sent the wrong message to the countries

²⁵ European Commission 2020a.

²⁶ European Commission 2020b.

²⁷ European Commission 2022c; European Commission 2022d; European Commission 2022e.

that have already joined. The basis of the wrong message is that they have not in fact achieved the expectations that were set for them or differentiated between candidate and candidate states. This move also set a new record, as Moldova and Georgia were assessed at record speed, in just three months. It is important to underline the above, as the treatment of the Eastern Partnership countries and the accession of the Western Balkan countries has been taking place in a different international context.

The impact of enlargement policy on economic and social development

The interests of enlargement in the Western Balkans are political from the point of view of the European Union, which is not interested in it for its economic value, but for the unification of Europe. The population of nearly 18 million does not represent a large market expansion for the EU, nor do the region's economic indicators perform above the EU average, making it worthwhile to integrate the region into the internal market, either on the basis of market acquisition or market performance. However, the social impact could be all the greater, as the accession procession is seen by Member States as a way of ensuring the adoption of European values (human dignity, freedom, democracy, equality, rule of law, human rights), which will also contribute to the stability and development of the region. The other side of the coin, however, is that the importance of cheap, well-trained labour in the Western Balkan region (especially in case of Serbia) should not be underestimated, as other non-EU countries have also seen the potential (e.g. China, Turkey, Russia, UAE).

The accession of the countries of the area to the European Union will also bring economic and social stability to the region. As small economies, they are highly exposed to global market developments, and to compensate for this, it may be worthwhile for them to join the internal market, which offers them the prospect of more predictable economic development. Given the negative impact on the economy of the economic crisis of 2009 or the Covid-19 pandemic, this is a key direction to take for them. It is important to note that the region also faces demographic problems, partly due to its proximity to the EU. Low birth rates coupled with high emigration trends have led to a drastic ageing of the population and a decline in the working age population in the Western Balkan countries. With accession, an increase in living standards could be achieved, which could curb the negative trend.

Hungary's interests in the future development of enlargement policy

The Hungarian Government's position over the past ten years has been to support the region's early integration. "The admission of the Western Balkan countries would strengthen the European Union", Péter Szijjártó said in Sarajevo. The Hungarian Foreign Minister stressed that Hungary is therefore calling for a significant acceleration of the

accession process.²⁸ Enlargement is also among the tasks of the 2024 Hungarian Presidency. It is important to note, however, that Serbia is the key partner from the region for two reasons. On the one hand, it has been the country with the closest energy cooperation emerging in the past years. On the other hand, it has been working closely with Serbia since the migration crisis in 2015.

Hungary's interests are twofold, i.e. political and economic. Along the political interests, it can be seen that governments with the same views as the Orbán Government are more outspoken and have closer economic ties. Political relations with Northern Macedonia, Albania and Montenegro have almost been reduced to zero, due to governments of opposite political undertones. Serbia and the Republika Srpska in Bosnia and Herzegovina, however, have gained in importance. Behind the political aspect of close partnership with Serbia, we also find the desire to improve the situation of Hungarian minorities in Vojvodina, which is cited as a reason for calling for accession. Economic factors show similar proportions. "The Western Balkans is a key destination for Hungarian exports of goods and services, as Hungary has doubled its exports to the region in the last ten years. Hungarian exports of goods and services exceeded EUR 3 billion for the first time in 2019, and Serbia has become one of the most important economic partners in this respect: this year, the value of Hungarian exports of goods and services to the country exceeded EUR 2 billion, i.e. two thirds of our exports to the region came from here."²⁹ Over the past ten years, the Hungarian Government has made a number of investments in the countries of the region thanks to its well thought-out strategy, which has been supported by the EXIM Bank, which has provided support to Hungarian companies. MOL and OTP's entry into the region is regarded as the flagship, followed by the entry of a number of companies.

Conclusion

The enlargement of the Western Balkans has always been an area of key importance for Hungary, as the geographical proximity and partly similar historical past have led to a number of political and economic links that can result in more stable cooperation within the EU. The issue of enlargement is on the agenda of the 2024 rotating Presidency, but three important factors need to be taken into account while considering the realities of the matter.

1. The European Parliament elections will lead to a renewal of the institutional system, and thus the new European Parliament will begin to take shape during the rotating Presidency, but the establishment of the European Commission or the election of the President of the European Council and the High Representative for Foreign Affairs and Security Policy may be delayed, in which the Hungarian side will have less say. But this will also hamper progress on policies.

²⁸ MTI 2023.

²⁹ ÁRMÁS–NÉMETH 2021.

2. Since Croatia's accession, the European Union has been characterised by enlargement fatigue over the past ten years, which is also reflected in the slowdown in accession negotiations. Nothing is likely to come of the 2025 enlargement announced by Commission President Jean-Claude Juncker, or even of Olivér Várhelyi's statement³⁰ that another state would join the cooperation by the end of his mandate. Although the President of the European Council, Charles Michel, had already set a target date of 2030 at the Bled Strategic Forum at the end of August 2023, this was probably just a statement to encourage participants.
3. The Western Balkan countries are not ready for membership either. In recent years, reports from the European Commission and other international and regional organisations confirm that there has been a backward step on the political criteria, while the economic indicators have never been met.

Notwithstanding the issues mentioned above, the Hungarian Presidency will have the opportunity to bring the parties to the table and speed up the negotiations, even if the results will not be as good as those achieved at the conclusion of Croatia's accession.

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³⁰ MTI/AP 2020.

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Hungary's Migration Policy

In the last years, Hungary had to cope simultaneously with the irregular migration pressure from the south, the flow of refugees who fled from Ukraine after the Russian aggression, and the increasing demands of the labour market, which – with the shrinking availability of the Hungarian human resources – made necessary the involvement of guest workers to the production. In the debate on irregular migration after 2015, the Hungarian Government followed a strong migration-critical approach, introducing physical and legal barriers, which led to serious conflicts with the European Union. In spite of the efforts, the number of irregular border crossing attempts remained high. In the meantime, Ukrainian refugees received temporary protection in Hungary – similarly to other member states, even if most refugees are leaving the country after a couple of days. Hungary supports the local solutions of the migration crisis by different development and humanitarian programmes as well.

The general European context

Migration, particularly in its irregular form, has become one of the European Union's most significant and contentious policy issues over the past decade – sometimes evolving into a matter of political ideology. The migration and refugee crisis that commenced in 2013 but peaked in 2015, along with the subsequent arrival of millions of irregular migrants,¹ compelled member states to meaningfully address the issue. Serious differences of opinion have emerged among the latter concerning the transformation of the European Union's asylum and migration framework in response to altered external circumstances. These disparities have arisen because, while legal migration and the delineation of its framework fall primarily within the competence of member states, asylum law is regulated at the pan-European level. However, due to various overlaps, such as the functioning of the Schengen system, competence boundaries often appear blurred. Thus, although the “migration debate” – and this study – primarily focuses on irregular migration, the question of legal migration inevitably arises at various points.

In recent years, there have indeed been advancements towards a kind of European Union consensus in the struggle against irregular migration, such as intensified border protection, strengthened cooperation with third countries, support for sending countries, or, at least in principle, the tightening and escalation of deportations. However, on numerous issues, a satisfactory agreement has yet to be reached.

¹ Frontex 2023.

All of this is clearly demonstrated by the protracted debates surrounding the New Pact on Migration and Asylum² published by the European Commission in 2020, despite the fact that the Justice and Home Affairs Council passed the draft proposed by the Commission in June 2023 with a large majority, which made possible the start of trilogue negotiation between the Parliament, the Council and the Commission.³

The frontlines have essentially formed around two big themes. On the one hand, some member states primarily (and in some cases exclusively) regard irregular migration as a humanitarian issue, and would consequently make the conditions for entering and staying in the European Union extremely broad. This can be clearly seen, for example, in the philosophy that has essentially nullified the concept of a safe third country and takes no account of how many third countries could have provided adequate protection to individuals, who nevertheless passed through on their journey – even if they fled their home country as genuine refugees.⁴ This procedure essentially sanctifies the practice of so-called “asylum shopping”, according to which asylum seekers freely choose where they wish to apply for international protection. On the other hand, many member states are trying to expand the concept of a safe third country and to put an end to the mass of unmanageable – and largely unfounded – asylum applications.⁵ According to this approach, refugee and protected status is granted only to people who are truly in need and in immediate danger. Accordingly, in addition to the humanitarian aspect, other – social, economic, security and political – considerations are given prominence. Public political discourse generally refers to the representatives of the first approach as pro-immigration, while the latter are called anti-immigration or immigration-critical.

The second major divide pertains to the question of solidarity represented by frontline countries most affected by irregular migration. The issue of redistributing asylum seekers continues to arise despite the disappointments associated with the mandatory quota introduced for a defined period in 2016, which, in addition to provoking opposition from numerous member states, failed to meet expectations.⁶ This is evident from the fact that by mid-2017, out of the 160,000 quota, relocation occurred in only 27,700 cases.⁷ Similar results have persisted with various voluntary commitments.⁸ Nevertheless, the redistribution of asylum seekers or, in its absence, the compensation of frontline countries in various forms, primarily financial, remains a key element in recent proposals. However, some countries, such as Hungary and Poland,⁹ perceive the resettlement of foreign populations, ultimately determined by the Commission through the annual procedural quotas, as infringements on national sovereignty. Similarly strong criticisms have been directed

² The blurring of boundaries in European discourse is clearly indicated by the fact that the Commission itself deals with the two topics in one package, even though in terms of competence, it is a member state or at most a joint competence.

³ European Commission s. a.a.

⁴ Council of the European Union 2023: 35–52.

⁵ EUAA 2023.

⁶ PÁRDUCZ 2023.

⁷ European Commission 2017.

⁸ PÁRDUCZ 2023.

⁹ Reuters 2023.

towards financial solidarity, as the Commission and several member states continue to selectively approach the issue, for instance, by not endorsing the construction of highly costly physical border barriers – commonly referred to as fences – which nonetheless constitute a key element in reducing the pressure of irregular migration and impose a significant burden on the budgets of the states constructing and maintaining them.¹⁰

In the debate on irregular migration that intensified in 2015, the Government of Hungary clearly shares the immigration-critical perspective, and has been playing a pioneering role in justifying this view ever since. At the same time, the crisis in Ukraine has showed that Hungary is ready to accept war refugees, if it is genuinely the first safe third country they encounter.¹¹ Budapest also insists that legal migration should remain a national competence.¹² At the same time, this does not mean that legal immigration is seen by the government as a problem. Moreover, it is clear to the government that in terms of maintaining and developing economic competitiveness in a country with a declining population, a certain degree of controlled labour immigration is essential – even if the government is primarily attempting to improve Hungary's demographic indicators through family policy tools. This is indicated by the fact that, according to several prominent government officials, the Hungarian economy will need half a million foreign workers in the coming years.¹³ On the other hand, Hungary wants the power to determine who these should be, for what period of time they are permitted to remain, and according to what rules. All the more so because, in contrast to some Western European ideas,¹⁴ Budapest clearly sees that irregular migration, as the refugee crisis in Ukraine shows,¹⁵ is not a suitable tool for dealing with the labour market problems of receiving countries.

Captive of history? – Strategic culture and social perceptions regarding migration

Before examining the policy frameworks of recent years, it is worth examining how Hungarian society and the political elite in general relate to the phenomenon of migration. This is important to emphasise because, according to some, the Hungarian attitude is primarily determined by the government's communication strategy on irregular migration, and this in turn shapes public opinion.¹⁶

Such arguments typically claim that Hungarian society and public opinion are xenophobic, anti-migrant, and Islamophobic, partly for ambient cultural reasons and

¹⁰ MARSÁI 2023.

¹¹ MTI 2023.

¹² See Treaty on the European Union Article 79 Paragraph 5.

¹³ KÁROLY 2023.

¹⁴ MARTÍNEZ et al. 2023.

¹⁵ MISHCHUK 2023.

¹⁶ SARKADI 2018.

partly as a result of the government's communication strategy.¹⁷ To justify this, the media cites as examples attacks where certain individuals suffered abuse because of their perceived or actual origin.¹⁸

Public opinion polls of recent years do not support these anecdotal instances, and in fact show that the acceptance of foreign immigrants and refugees has increased significantly in Hungary – a process in which the refugee crisis in Ukraine has also played a major role: the number of those who think the presence of foreign immigrants in the country is a good thing has increased from 8% in 2019 to 42%.¹⁹ Moreover, based on a public opinion polling conducted by Századvég even before the outbreak of the war in Ukraine, the Hungarian society was much more accepting, though it is true that the perception of refugees and irregular migrants was clearly differentiated. Of respondents, 57.2% indicated a willingness to accept political refugees if circumstances allowed, with 24.5% willing to accept them under all circumstances.²⁰ It is also clear from the statistics that, despite the accusations of Islamophobia that regularly arise,²¹ there is no significant difference in how the respondents relate to, for example, Chinese, Arab, Russian, Turkish, or Nigerian individuals.²² All of this contradicts the claim that the Hungarian society is inherently anti-Muslim.

At the same time, the question of mass irregular migration is, for Hungarian society, clearly an “80–20” issue;²³ that is, similarly to the rejection of drug liberalisation, the majority of the Hungarian population has supported and continues to support strong border protections, regardless of party affiliation. This was confirmed by the joint public opinion survey of the Migration Research Institute and Századvég at the beginning of 2022, according to which more than 83% of the respondents rated mass migration as a pressing or somewhat pressing problem, while more than 60% judged the flow of irregular migrants to Hungary to be somewhat or very worrying.²⁴ In other words, the Hungarian attitude was not shaped by the government; on the contrary, the government's strategy adapted to the existing social perception.

To elucidate these issues, it is essential to introduce the concept of “strategic culture”. As defined by Péter Tálas, strategic culture amounts to “the common norms, ideas, and beliefs that determine foreign, security and defence policy goals and forms of action in a society. According to this approach, the security identity of the country is indicated by the chosen patterns of behaviour, which are determined in a unique, societal way by the experiences and narratives characteristic of the given community”.²⁵ In another place, Tálas adds: “It is customary to list historical experiences, geographical location, philosophical-cultural traits of thought, characteristics of the socio-economic system,

¹⁷ VERSECK 2019.

¹⁸ RÉNYI 2017.

¹⁹ DUGAN 2023.

²⁰ JÁNIK et al. 2022: 18.

²¹ Al Jazeera 2021.

²² JÁNIK et al. 2022: 7.

²³ Interview with a Hungarian State Secretary, Budapest, April 2019.

²⁴ JÁNIK et al. 2022: 11.

²⁵ CSIKI-TÁLAS 2013: 165–179.

social perceptions of security (that is, perceived threats), knowledge and use of military technologies, and the preferences arising from these.”²⁶ As Nikolett Pénczváltó points out, referring to Charles Kupchan, “collective expectations stemming from strategic culture limit, on the one hand, the manoeuvring room of decision-makers, since the range of theoretically available options in a given situation is narrowed to “culturally admissible” options; on the other hand, the common strategic culture provides elites with the opportunity to use a language in individual decision-making situations that resonates well in the given society, thus making it easier to obtain the support of citizens for strategic decisions”.²⁷

The Fidesz Government that came to power in 2010 has often built upon and continues to build upon Hungarian strategic culture in its actions and communication. Notable figures, such as Balázs Orbán, who has served as the political director of the Prime Minister since 2022, have discussed this aspect.²⁸ It aligns with the fact that the Hungarian Government did not decide on a stricter immigration policy merely based on its own determination or momentary considerations; rather, it strategically leveraged the framework of Hungarian strategic culture, especially in response to the migration crisis originating from the south. Even before the peak of the migration crisis, in January 2015 Prime Minister Viktor Orbán spoke about migration in a critical context.²⁹ The primary elements of this framework are rooted in historical experiences that Hungary gained over the past centuries during events such as the Tatar invasion and the Ottoman rule. These historical events have resonated well with Hungarian society, contributing to the government's anti-immigration messages. This can be further complemented by experiences such as the 1849 Russian attack or the period following World War II, where external forces caused significant blows to the country, resulting in fundamental demographic and cultural changes.

Similarly, the Hungarian historical perspective includes periods of mass emigration with a negative connotation. This encompasses the pre-World War I era when hundreds of thousands of Hungarians left their homeland for the New World due to economic hopelessness. Additionally, the wave of refugees following the 1956 revolution and uprising, driven by the fear of communist reprisals, saw 211,000 people, mostly educated youth, leaving the Carpathian Basin, with a substantial portion – 170,000 individuals – not returning.³⁰ All these historical events contribute to a cautious approach within Hungarian society towards migration in any form.

²⁶ TÁLAS 2013: 15.

²⁷ PÉNCZVÁLTÓ 2022: 45.

²⁸ See ORBÁN 2020.

²⁹ Index 2015.

³⁰ ROMSICS 2005: 406.

The issue of immigration in post-1989 Hungary

The question of migration was not among the most important topics in post-1989 Hungary, even if certain elements of immigration and asylum policy arose in everyday political discourse in connection with certain phenomena. One of the earliest cases of this, immediately preceding the fall of socialism, came to the fore regarding refugees of mostly Hungarian origin fleeing from Transylvania to Hungary in 1988–1989, which the party state initially kept quiet, but later made increasingly public. According to estimates, the approximately 20,000 people who arrived at that time were followed in subsequent decades by more people who found a permanent home in Hungary.³¹ The East German refugee crisis of 1989 was a similarly defining experience, when almost 200,000 GDR citizens attempted – ultimately successfully – to reach Western Europe, primarily West Germany, through Hungary. Non-governmental actors, such as the International Red Cross and the Hungarian Charity Service of the Order of Malta, founded in 1989, also played an important role in handling both situations.³²

The next challenge that Hungary had to face was the refugee crisis that resulted from the Yugoslav Wars, during which, according to official data, our country provided protection to 74,000 former Yugoslav citizens – primarily Hungarians from Vojvodina.³³ Incidentally, the above-mentioned crises also gave a serious boost to the establishment of the modern Hungarian asylum system.

The issue of immigration and emigration re-emerged in our country after Hungary's accession to the European Union when, following the lifting of temporary restrictions, Hungarian citizens were granted the opportunity to work in other EU member states under the framework of the four freedoms. However, compared to other East Central European countries, the outflow of Hungarians, perhaps due to historical experiences, significantly lagged behind the regional average. Moreover, after 2016, more individuals moved back to, or relocated within, the country from the surrounding Hungarian-inhabited regions than those who left.³⁴

Concurrently, there emerged foreign nationals who have settled here permanently, envisioning their future in Hungary for varying durations. Primarily arriving for work or educational purposes (higher education), they have contributed to the country. Since 2014, according to official statistics, the number of immigrant foreign non-Hungarian speakers has fluctuated around 30,000 to 55,000 annually, complemented by a nearly equivalent emigration rate (24,000 to 48,000).³⁵

Post-2000 phenomena falling under legal migration did not fundamentally capture the threshold of societal and political discourse. Although there was a numerical increase from a few thousand to tens of thousands of immigrants annually, the scale was not sufficient to demand significant policy responses. The number of foreign nationals residing

³¹ KASZÁS 2016.

³² TAMPU 2022: 1215–1228.

³³ KLENNER 2017: 56.

³⁴ SZALAI 2023.

³⁵ SZALAI 2023.

in Hungary has grown over the past decades, reaching 226,000 in 2022 from 138,000 in 1995, yet this still represents only 2.4% of the population.³⁶

Similarly, during the first decade of the 2000s, irregular migration did not hold a prominent position in Hungarian – and European – discourse. Although numerous changes happened in migration related legislation between 2006–2007, they did not affected the public discussion.³⁷ The Hungarian asylum system typically dealt with a few thousand individuals annually, which did not warrant prioritisation.³⁸ Therefore, when Hungary assumed the Presidency of the European Union Council in the first half of 2011, migration and refugee issues were not among the highlighted policy areas. Although some Hungarian strategic documents, such as the 2011 *de facto* foreign policy strategy entitled “Hungarian Foreign Policy after the EU Presidency”³⁹ and the 2012 National Security Strategy⁴⁰ briefly mentioned migration, they remained general in nature. The National Security Strategy, for instance, described migration as a “natural yet complex phenomenon” that poses economic and demographic advantages, along with public and national security risks.⁴¹ In connection with this, the strategy primarily emphasised the protection of external Schengen borders. The secondary nature of the topic during this period is reflected in the fact that, out of the 51 articles in the document, Article 37 addressed migration. The outbreak of the Arab Spring did not immediately change the perceived importance of migration-related issues. Although nearly 60,000 people arrived in Europe from Libya, following the conclusion of the first Libyan civil war in October 2011, the numbers significantly declined, and Syrian refugees primarily remained in Turkey. In 2013 Hungary introduced its migration strategy⁴² connected to the 2014–2020 EU budget, but it got also limited attention from the government and the public. Therefore, it seemed that there was no immediate need for deeper policy attention to various forms of migration at both domestic and EU levels.

Hungary, the European migration and refugee crisis

Although there is a tendency for the public – and politicians – to associate migration and the refugee crisis with 2015, two striking phenomena were observed as early as 2013: firstly, irregular migration on the Central Mediterranean route began to rise significantly,

³⁶ Hungarian Central Statistical Office 2023a.

³⁷ 2007. évi II. törvény a harmadik országbeli állampolgárok beutazásáról és tartózkodásáról [Act II of 2007 on the Entry and Residence of Third Country Nationals].

³⁸ European Parliament 2023.

³⁹ Ministry of Foreign Affairs of Hungary 2011.

⁴⁰ 1035/2012. (II. 21.) Korm. határozat Magyarország Nemzeti Biztonsági Stratégiájáról [Government Resolution 1035/2012 (II.21.) on Hungary's National Security Strategy].

⁴¹ 1035/2012. (II. 21.) Korm. határozat Magyarország Nemzeti Biztonsági Stratégiájáról [Government Resolution 1035/2012 (II.21.) on Hungary's National Security Strategy].

⁴² 1698/2013. (X. 4.) Korm. határozat a Migrációs Stratégia és az azon alapuló, az Európai Unió által a 2014–2020 ciklusban létrehozásra kerülő Menekültügyi és Migrációs Alaphoz kapcsolódó hétéves stratégiáról [Government Decision 1698/2013 (X.4.) on the Migration Strategy and the Seven-Year Strategy Based on It for the European Union Asylum and Migration Fund for the Period 2014–2020].

and one of the most serious seafaring disasters of the period occurred, quickly becoming symbolic of the emerging crisis: on 3 October, a boat carrying irregular migrants sank off the coast of Lampedusa,⁴³ with the loss of at least 360 people, while as many as 45,000 others reached the shores of southern Europe illegally.⁴⁴ As a result, increasing attention began to be paid to the phenomenon, especially in Mediterranean countries.

Separate but similar trends also began to emerge along the Western Balkan route: as a result of poor economic prospects at home, a large number of Kosovar citizens left for the countries of the EU, including Hungary: according to estimates, between 2013 and 2015, up to 100,000 people left Kosovo.⁴⁵ Although the majority viewed Hungary as a transit station, the number of asylum applications submitted still rose drastically, from 2,157 in 2012 to 18,900 in 2013,⁴⁶ which began to push the limits of the system's capacity. This exponential growth continued in 2014: during that year, 42,777 applications were submitted.⁴⁷

Then, in the spring and early summer of 2015, disaster struck: an unprecedented wave of asylum seekers reached Hungary's external Schengen borders along the Western Balkan route: between January 2015 and the end of August, when the physical border closure was completed, more than 400,000 crossed the Hungarian border, and 177,000 applied for asylum. However, the vast majority of them, nearly 130,000 people, did not wait for the end of the procedure, but moved on towards Western Europe.⁴⁸

The large number of arrivals forced the government to take drastic measures. In June 2015, a decision was made to set up the technical border barrier – commonly known as “The Fence”⁴⁹ – initially with the involvement of the Ministry of the Interior. As part of this, construction began on 175 km of fencing along the Serbian–Hungarian border, first in the form of a quick-installation wire barrier and a three-meter-high fence, but now including the capabilities of the Hungarian Defence Forces. The first phase of construction was completed on 29 August 2015, when the “Green Border” was officially closed. In parallel with the Hungarian–Serbian section, the closing of the 120-kilometre-long Croatian–Hungarian border section also began, and the work here was completed by mid-October.⁵⁰ In early 2017, construction of the second fence line of the physical border barrier began, reinforced with an intelligent signalling system, as well as thermal and traditional cameras.⁵¹ In the autumn of 2022, due to increasing irregular migration pressure, the fence was again strengthened through the installation of an additional one-meter-high so-called “swan neck”.⁵²

⁴³ BBC 2013.

⁴⁴ Frontex s. a.

⁴⁵ Euractiv 2015.

⁴⁶ Menedék 2023.

⁴⁷ Hungarian Central Statistical Office 2023b.

⁴⁸ Hungarian Central Statistical Office 2023b.

⁴⁹ 1401/2015. (VI. 17.) Korm. határozat a rendkívüli bevándorlási nyomás kezelése érdekében szükséges egyes intézkedésekről [Government Decision 1401/2015 (17.VI.) on Certain Measures Necessary to Address the Exceptional Migratory Pressure].

⁵⁰ DULL 2015.

⁵¹ Index 2017.

⁵² Infostart 2022.

Alongside the construction of the physical border barrier, amendments to the asylum legislation also began. In September 2015, Parliament enshrined in law the concept of a crisis situation caused by mass immigration, which made it possible to involve the National Guard in border protection.⁵³ In addition, due to the amendment of the Asylum Law, Serbia was designated as a safe third country, and accelerated asylum assessment was made possible. By amending the penal code, climbing over or damaging the border fence became a crime punishable by imprisonment.⁵⁴ In March 2017, as a result of amendments to the law adopted by Parliament, the legal border closure was strengthened. The law stipulated that in a crisis situation caused by mass immigration, an asylum application could only be submitted in person, in the transit zones on the border, and the asylum seekers had to wait in the transit zone until it had been legally assessed. Asylum seekers were free to leave the transit zone, but only back across the border, i.e. into Serbia. Pursuant to this change, anyone found to have left the transit zone into Hungary was committing an offence.⁵⁵ At the same time, it was also stipulated that any irregular migrant caught on the territory of Hungary was to be transported to the transit zones at the border. In 2020, however, the Court of Justice of the European Union decided that the transit zones constituted illegal detention,⁵⁶ and obliged Hungary to close them.⁵⁷ Subsequently – referring to the Hungarian legislation designating Serbia a safe third country, and to the coronavirus pandemic – following further amendments to the law, asylum seekers could only submit a declaration of intent to seek asylum at two Hungarian diplomatic missions abroad: one in Belgrade and another in Kyiv. The European Commission also found this practice to be contrary to EU law,⁵⁸ which the CJEU confirmed in June 2023 on the grounds that it places excessive restrictions on access to the Hungarian asylum system.⁵⁹

In the meantime, irregular migration pressure on Hungary's southern borders has not decreased: in 2021, the authorities prevented 130,000 illegal border crossing attempts, and by 2022, this number had increased to 270,000.⁶⁰ At the same time, violence along the southern border also increased: starting in 2021, there were increasingly frequent armed clashes between people smuggling gangs for control over routes, and over the irregular migrants who are significant lucrative source of income, and as a result, several people lost their lives.⁶¹

⁵³ 2015. évi CXLII. törvény egyes törvények Magyarország államhatárának hatékonyabb védelmével és a tömeges bevándorlás kezelésével összefüggő módosításáról [Act CXLII of 2015 Amending Certain Acts Related to the More Effective Protection of Hungary's State Border and the Management of Mass Immigration].

⁵⁴ Index 2017.

⁵⁵ MTI/M1 2017.

⁵⁶ Judgment of the Court (Grand Chamber) of 17 December 2020 in Case C-808/18 European Commission v. Hungary.

⁵⁷ Court of Justice of the European Union 2020.

⁵⁸ Judgment of the Court (Fourth Chamber) of 22 June 2023 in Case C-823/21 European Commission v. Hungary.

⁵⁹ Court of Justice of the European Union 2023.

⁶⁰ Police.hu 2024.

⁶¹ Global Initiative 2023.

Although the Commission attacked the Hungarian provisions on several grounds, and the CJEU declared some of them to be illegal, a number of leading Western European actors, such as German Chancellor Angela Merkel⁶² and the Deputy State Secretary to the Belgian Ministry of Foreign Affairs, Anick Van Calster,⁶³ admitted that Hungary was protecting not only its own, but also Europe's borders. Nonetheless, Hungary received almost no support from the central EU budget for border protection, the costs of which were estimated by the Ministry of the Interior to have been HUF 650 billion – nearly €1.7 billion – by the end of 2022.⁶⁴

Of course, it is worth pointing out that the physical border barrier alone would provide little protection: there is no fence that cannot be crossed. However, the additional protection tools, such as drones, thermal and infrared cameras, regular patrols, and the adopted legislative amendments have significantly reduced the number of irregular migrants passing through Hungary.⁶⁵

Budapest, like other Central and Eastern European countries, rejected the distribution of asylum seekers based on a mandatory quota, because it considered the relevant provision to be an infringement of Hungary's sovereignty.⁶⁶ Although Hungary, together with the Czech Republic and Poland, lost the "quota lawsuit"⁶⁷ before the European Court of Justice, there were no substantive consequences for the three countries, and it was possible to avoid taking in irregular immigrants. Furthermore, in 2018, the seventh amendment to the Basic Law included a ban on the resettlement of foreign populations on Hungarian territory,⁶⁸ as well as a stipulation that, in case of individual persons of foreign nationality, it was the exclusive prerogative of the Hungarian Government to decide who can live in the territory of the country.⁶⁹ Hungary also stood by this position in subsequent negotiations, which became one of the most important topics of discussion in connection with the Pact on Migration and Asylum presented by the European Commission in 2020. Although its June 2023 draft did not speak of a mandatory quota, but rather of mandatory solidarity, Budapest complained that a disproportionately large share of the asylum procedure capacities would fall on it, and that the determination of what mandatory solidarity entails is quite selective. This was clearly demonstrated by the earlier example of the physical border barrier, which, though it protects Europe's borders, was not recognised as legitimate by the Commission, and no financial support was provided.⁷⁰

⁶² MTI 2018.

⁶³ MTI 2017a.

⁶⁴ MTI 2022b.

⁶⁵ KUI 2020: 168–169.

⁶⁶ Council Decision (EU) 2015/1601 of 22 September 2015 establishing provisional measures in the area of international protection for the benefit of Italy and Greece.

⁶⁷ Council Decision (EU) 2015/1601 of 22 September 2015 establishing provisional measures in the area of international protection for the benefit of Italy and Greece.

⁶⁸ Fundamental Law of Hungary, Article XIV (1).

⁶⁹ DULL 2018.

⁷⁰ BEREZNAY 2023.

The refugee crisis in Ukraine

In recent years, Hungary has not only had to face migration pressure from the south: the Russian invasion of Ukraine on 24 February 2022 triggered the largest wave of refugees in Europe since the Second World War, which also significantly affected Hungary: nearly 3.5 million border crossings took place on the Hungarian–Ukrainian border between the start of the war and September 2023. This figure also includes persons who, arriving from Romania, declared that they had fled Ukraine, but also non-refugee commuters.⁷¹ Taking all of this into consideration, at least one million Ukrainian refugees have crossed the country,⁷² and although only 37,600 have applied for temporary protection by the end of September 2023,⁷³ estimates suggest that tens of thousands of Ukrainian citizens may be residing in Hungary, with some regularly commuting between the two countries.⁷⁴

True to its previous approach, Budapest immediately opened its borders to those fleeing from Ukraine as the first safe country after the outbreak of the war. The legal framework for this was significantly aided by the Temporary Protection Directive implemented at the European Union level.⁷⁵ The support provided to those coming from the Eastern European country became the largest humanitarian action in the history of our country, mobilising not only the government and state-owned enterprises (such as the Hungarian State Railways, playing a key role in the free travel of refugees) but the entire society. In addition to Ukrainian citizens, Hungary has assisted in the care and repatriation of thousands of third country nationals who previously lived in Ukraine.⁷⁶ Furthermore, through the Charitable Council encompassing major religious aid organisations, Budapest has sent thousands of tons of support to Ukraine as well.⁷⁷

International development aid and stabilisation roles

In the context of the migration and refugee crisis, Hungarian Government officials have emphasised multiple times that the solution is not to import the problem into Europe but to support local solutions and address the root causes.⁷⁸ However, Hungary did not have a dedicated institution specialising in international development assistance, so this was realised through the involvement of various governmental and non-governmental actors, coordinated by the Ministry of Foreign Affairs and Trade. To address this deficiency, the Hungary Helps Program and Agency were established in 2017, becoming the main

⁷¹ UNHCR s. a.

⁷² VG/MTI 2023.

⁷³ UNHCR s. a.

⁷⁴ Privátbankár 2023.

⁷⁵ European Commission s. a.b; Council Implementing Decision (EU) 2023/2409 of 19 October 2023 extending temporary protection as introduced by Implementing Decision (EU) 2022/382 ST/13544/2023/INIT.

⁷⁶ MTI 2022a.

⁷⁷ Hungarian Charity Service of the Order of Malta 2022; Ökumenikus Segélyszervezet s. a.

⁷⁸ MTI 2017b.

coordinating and partially executive body of the Hungarian international development policy by 2023.⁷⁹ By 2021, the number of beneficiaries of programs spanning from the Middle East through Africa to Europe exceeded half a million individuals.⁸⁰ The Hungary Helps Program played a significant role in alleviating the humanitarian consequences of the conflict in Ukraine. At the same time, numerous Hungarian non-governmental organisations received support through the program, implementing dozens of projects in the developing world.

In this context, we must not overlook the stabilisation operations in which Hungarian Defence Forces personnel participated in various missions from Afghanistan to Western Sahara in recent years.⁸¹ These missions, undertaken within the framework of international and alliance commitments, aimed to restore regional stability, improve local conditions, and, as a collateral outcome, reduce migration from these specific regions. Hungary annually contributes approximately 1,000 personnel to foreign operations, with associated costs approaching 20 billion Hungarian forints.⁸² Currently, the largest contingents of the Hungarian Defence Forces serve in the Western Balkans (Kosovo, Bosnia and Herzegovina), the Middle East (Iraq, Lebanon) and Africa (Mali).

Long-term perspectives

Similarly to other post-industrial states, a declining birth rate, ageing society, and already emerging labour shortages all pose a fundamental challenge for Hungary. However, Budapest does not envisage confronting these primarily by speeding up migration processes – and especially not through irregular migration – but by means of a much more complex set of measures. The most important element in this was the family support system built up in recent years (family tax relief, home building support, baby loans, and the expansion of nursery places), which significantly improved Hungarian demographic statistics: in 2011, the fertility rate reached a historic low of 1.23 births per woman. Thanks to the family support system, this was raised to 1.59 by 2021.⁸³ This means that, as a result of government measures, 160,000 more children were born in the last decade.⁸⁴

Nevertheless, despite the measures and achievements, achieving the necessary fertility rate of 2.1 for natural population maintenance still appears to be a distant dream. Demographic challenges are expected to manifest primarily in the labour market in the near future. While the number of employed individuals reached a new record of 4.711 million by 2022,⁸⁵ tens of thousands of positions remained unfilled in companies. The Central Statistical Office (KSH) reported 83,000 vacant positions at the beginning of 2023, with

⁷⁹ Hungary Helps s. a.

⁸⁰ Government of Hungary 2022.

⁸¹ Honvédelem.hu s. a.

⁸² Az Országgyűlés Hivatala 2020.

⁸³ Hungarian Central Statistical Office s. a.

⁸⁴ M1 2023.

⁸⁵ Portfolio 2022.

the actual number potentially being several times higher.⁸⁶ Although nearly 100,000 guest workers were already employed in Hungary at that time, and in addition to workers from traditional European sending countries, individuals from the Philippines, Vietnam, Indonesia, Mongolia and Kyrgyzstan appeared through staffing agencies. Estimates suggest that the Hungarian economy may need 200,000 to 300,000 more guest workers in the coming years.⁸⁷ This issue is sought to be addressed by the forthcoming law on the employment of guest workers in Hungary,⁸⁸ which aims to facilitate and promote employment in Hungary. However, it imposes a fixed timeframe – primarily two years, extendable by one year – on the residence in Hungary, and it does not allow for family reunification or settlement. The success of the program, however, will be determined in the next few years.

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Ákos Péter Mernyei

Can We Keep Up with Energy? – Energy Policy in the European Union During the 2011 Hungarian EU Presidency and at the Doorstep of 2024

Energy is a cornerstone of modern societies. It surrounds us virtually in every minute. Our life can hardly be imagined in its absence. Nevertheless, one might have believed for long that energy stands at our disposal almost as certainly as the air does. Lately, however, the energy market shock has arisen due to international political and economic events proving that just the opposite is true: the mankind of the 21st century, our economies and societies are strongly vulnerable. It became obvious that the presence of energy is not only a question of financing, or to put it even simpler: a question of money, but it carries a fundamental issue of security of supply and consequently one of sovereignty. The respective issues are of cross-border nature – hence, many aspects are to be dealt with by the European Union as well. Accordingly, the energy policy plays a major role also in the European political arena. As a matter of fact, energy policy became one of the most prominent field of debates within the EU today. This study – after a brief historical introduction – discusses the results of the 2011 Hungary Presidency and reviews the most important challenges, which – either on the level of the EU or that of the member states – Europe, if it wants to preserve the security of energy supply of its nations, the competitiveness of its economy, as well as its very ability to take any kind of serious independent action in international politics, shall face in the near future.

Introduction

“Nem az a legény, aki adja, hanem aki állja” [The true lad is not him, who gives the punches, but he who stands them] – goes the old Hungarian saying, and it seems to be true for the energy policy field and, particularly, security of supply issues in today’s Europe. The true “lad” is not him who owns plenty of energy resources and may even be able to export significant quantities of them, enabling the operation of its economy amid the trials of our times – first the Covid-19 pandemic, then the wartime crisis – but rather, those who can successfully face the respective challenges without possessing the essential energy resources provided by nature.

To analyse this topic somewhat deeper, it is necessary to understand that energy is more than a simple industry. Energy shall be approached as a comprehensive field dealing simultaneously with the production, transportation, trade and delivery of the fundamental necessities indispensable for creating the material conditions of modern human life. All of this is done while at the same time striving to limit oneself and, in part, by transforming the composition of the energy carriers used and introducing new



technologies, with a focus on promoting sustainability, circular economy, consumer protection, and the list can be continued for long.

“If there is electricity, there is everything” says the familiar slogan, and indeed, for a long time, it seemed that even if maybe not everything is provided for, but at least the availability of electricity (as well as gas, district heating, etc.) was hardly a question anywhere in Europe. Before the 2010s, we took the security of these energy carriers for granted, and as a consequence whether something is at our disposal or not, did not depend upon the availability of energy resources.

In the 2010s, particularly after the Fukushima nuclear accident, support for sustainable and environmentally conscious investments were strengthened among investors in the energy sector as well. Financial institutions became either reluctant to finance fossil energy based investments or did only at a high cost, leading to delays regarding the substantial or even critical infrastructure projects. To counter the effects of Covid-19, the United States and Western countries embarked on significant economic stimulus programs, accompanied by a substantial increase in energy demand (energy hunger). These processes, coupled with unfavourable weather conditions for renewable energy sources in the summer of 2021 and problems surrounding the new Nord Stream pipeline, led to a historic peak in gas prices in June 2021.¹ In the winter of 2022, with the outbreak of the Russo–Ukrainian war, the situation deteriorated significantly.² The price of natural gas, indispensable both as a primary energy carrier and as a raw material for electricity generation, skyrocketed, and in Germany, the economic powerhouse of Europe, public TV began to broadcast programs demonstrating survival techniques in case interruptions in the heating service occur. The energy crisis had arrived to Europe.

After the sad experiences of the Covid-19 pandemic, it became evident once again that the fundamental life conditions of humanity could be endangered. This time, however, it was not the appearance of a tiny virus, but the disappearance of other small things, namely, natural gas molecules and electrons.

In 2023, at the time of writing of this study, resolving the issues of security of supply in Europe has become one of the most urgent problems on the continent. In the summer of 2024, Hungary will take over the EU Presidency for the second time, at a period when energy policy is likely to become not only the most significant policy area, but also the most crucial issue for the continent from both sovereignty and competitiveness perspectives.

This study aims to present the historical development, economic-social-environmental determinants, and achievements of the first Hungarian EU Presidency in 2011, the challenges the EU is facing today in this field, and the areas where the European Union, led by the Hungarian Government, for half a year from 1 July 2024, must find answers.

¹ Trading Economics s. a.

² Elemzőközpont 2023.

A historical development of energy policy

The evolution of European Union energy policy shows a varied picture. Although one of the communities that preceded the Union, namely the European Coal and Steel Community, was partially created to regulate coal trade in 1951, and the Spaak Report of 1956 identified the electricity sector as a key area, the formation of a common energy policy through strategy and legislation only began much later, after 1990, with the first liberalisation package. Initially, there was no regulation regarding the joint use of traditional energy carriers (oil, natural gas, electricity). A particular area was nuclear energy, where in 1957, the founding six member states entered into the Euratom Treaty, marking the first significant common European step for the peaceful use of this source of energy.

The Treaties on the European Union and on the Functioning of the European Union, which constitute the primary legal basis for the EU, did not explicitly include provisions or regulations regarding energy or energy policy in their original forms. What was included in the Treaty of Rome, which later served as the basis for legislation, were the four freedoms, particularly the free movement of goods and services. This is not surprising considering that in the 1950s and 1960s, energy supply was not a pressing issue in the former EU member states. The first significant shift and movement towards a common energy policy occurred in the early 1970s with the first major oil crisis, but some member states saw the solution not in the integration but in maintaining their national jurisdictions.³ However, in 1974, the International Energy Agency (IEA) was established to facilitate intergovernmental coordination.⁴

It took a decade for community activity in the energy sector to be strengthened. In 1983 and 1985, high-level political discussions took place among EU decision-makers on energy issues. Intense debates arose about whether and how to create a unified internal energy market. These discussions led to the Commission presenting an official document entitled *Internal Market in Energy* in 1988, initiating secondary legislation.⁵ The document outlined several steps, such as removing technical and financial barriers to liberalisation, ensuring transparency in pricing, regulating the transmission of electricity, and extending competition rules to the entire energy sector (including state aid rules).⁶ It seemed that comprehensive thinking had begun at the EU level regarding the organisation of energy markets.⁷

³ HOERBER et al. 2021: 316.

⁴ In the late 1960s and the 1970s, several community directives were introduced concerning the stockpiling of crude oil and fuels: Directive 68/414/EEC of the Council, Directive 72/425/EEC of the Council, Directive 73/238/EEC of the Council, Directive 75/339/EEC of the Council.

⁵ Commission of the European Communities 1988.

⁶ In parallel with EU legal regulations, a parallel process unfolded in international law: following the dissolution of the Soviet Union, Western states and former Eastern Bloc countries sought to regulate investments and trade relationships, among other areas, in the field of energy. The result of this process was the Energy Charter Treaty concluded in 1991. Numerous debates have arisen in recent times regarding the Energy Charter Treaty. Several member states, particularly following the European Court of Justice decision in the *Achmea* case (C-284/16, *Slovakia v. Achmea BV*), have indicated their intention to withdraw from the treaty.

⁷ For the fundamental principles of organising the EU energy market see JOHNSTON–BLOCK 2012.

Interestingly, the subsequent Maastricht Treaty amendments did not bring significant progress in the jurisdictional and legislative process. The 1993 amendment changed the Treaty to explicitly include the goal of achieving a single internal energy market, but did not stipulate any further rules. Nevertheless, it appears that this was not insignificant: in 1995, the Commission already presented a comprehensive Green Paper⁸ outlining its ideas for further shaping of the European energy policy.⁹

Subsequently, EU energy policy accelerated. Soon after, a White Paper, often referred to as the “first European-level energy policy document” by experts, was published.¹⁰ This document outlined fundamental pan-European goals in the energy sector, namely 1. maintaining competitiveness; 2. ensuring security of supply; and 3. protecting the environment. Almost simultaneously, another Green Paper was released, advocating for the achievement of goals related to energy produced from renewable sources. To achieve the goals outlined in the White Paper, the Council adopted a multi-annual program at the end of 1998.

The conceptual documents were turned into concrete and detailed regulations by the EU legislator. Recognising the diversity of energy capabilities and systems in member states, the Commission primarily advocated directive legislation supplemented by regulatory rules in certain areas. Directives oblige member states to achieve specific goals while granting them significant freedom in choosing the path to those goals.¹¹ The “first energy package” emerged in the mid-1990s, aiming to organise the European (then only fifteen-member) energy market along unified principles. The package included Directive 96/92/EC¹² establishing rules for the electricity sector and Directive 98/30/EC¹³ establishing similar rules for the gas sector. These directives aimed a gradual market-opening. The package mandated a regulatory environment based on competition, consumer-focus, non-discrimination and market-based pricing. However, it also considered the special nature of the sector, from where the state cannot withdraw completely as it involves the ensuring of basic societal needs and addressing important strategic issues for every sovereign.¹⁴

By the early 2000s, it became clear that further steps were necessary. Before the “big boom” enlargement, member states adopted another energy package, which set more ambitious goals than the first one in several aspects.¹⁵ The directives aimed to stimulate

⁸ Commission of the European Communities 1995.

⁹ The acceleration of EU energy policy in the 1990s was contributed to by international climate conferences, within the framework of which the UN Framework Convention on Climate Change also addresses the energy industry responsible for a lion's share of CO₂ emissions (Rio de Janeiro 1992, Kyoto 1997).

¹⁰ LEHOTAY 2020: 266.

¹¹ GOMBOS 2021: 122.

¹² Directive 96/92/EC of the European Parliament and of the Council.

¹³ Directive 98/30/EC of the European Parliament and of the Council.

¹⁴ This characteristic partly explains why liberalisation unfolded differently, for instance, in the telecommunications sector.

¹⁵ The directives 2003/54/EC and 2003/55/EC. Interestingly, in this case, there were not years between the regulations of the electricity and gas sectors.

energy competition and stipulated that everyone in the EU should be free to choose both their electricity and gas suppliers. The concept of “protected consumers” was also introduced into EU law.¹⁶

The next step in the development of European energy policy was driven by setting energy efficiency goals and newly incorporated provisions into primary law by the Lisbon Treaty. The Lisbon Treaty promoted the energy policy to a specifically regulated EU policy under a separate subtitle. Article 194 of the Treaty contains provisions defining the EU’s energy policy goals and stipulates that legislation in the field of energy must be enacted by means of “ordinary legislative procedure”.¹⁷ Additionally, and this has become a focus of current debates, the Lisbon Treaty explicitly preserved the right of member states to determine their own energy mix. According to the treaty, this right includes determining the conditions for exploiting their energy sources and the freedom of choice between different energy sources, as well as the general structure of their energy supply.¹⁸

It should be noted however that Article 194 is not the only legal basis on which the Union can legislate in the field of energy. Article 122 of the Treaty addresses security of supply,¹⁹ while Articles 170 and 172²⁰ (“Trans-European Networks”) provide a basis for secondary legislation regarding the development of energy networks.²¹

In the late 2000s, EU legislation appeared again, now based on the new legal foundations. This legislation aimed the intensification of competition, enhancement of energy efficiency, and the coordination of the work of national regulatory authorities. Alongside the directives forming the third energy package in 2009, a regulation on the Agency for the Cooperation of Energy Regulators (ACER) was also enacted.²²

In March 2007, at a European Council meeting attended by leaders of the enlarged Union, including Hungary, a quantified roadmap for the new triple challenge (i.e. security of supply, competitiveness and sustainability) was adopted. According to the decision, the Union committed to reduce CO₂ emissions by the EU by 20% by 2020 compared to 1990, achieving a 20% energy savings, and increasing the share of renewable energy sources to

¹⁶ STELBACZKY 2014: 454.

¹⁷ An exception to this is made for provisions of a primary taxation nature, for which a ‘special legislative procedure’ is mandated.

¹⁸ The policy objectives to be achieved as specified by Article 194 include: 1. ensuring the functioning of the energy market; 2. guaranteeing energy supply security within the Union; 3. promoting energy efficiency and savings, as well as the development of new and renewable energy sources; and 4. promoting the interconnection of energy networks.

¹⁹ The Council, without prejudice to other procedures prescribed in the Treaties, may, on a proposal from the Commission and in a spirit of solidarity between Member States, adopt measures appropriate to the economic situation, particularly if severe difficulties arise in the supply of certain products, including, in particular, energy.

²⁰ Article 170 (1): In order to achieve the objectives referred to in Articles 26 and 174 and to facilitate the full enjoyment by Union citizens, economic operators, and regional and local communities of the benefits of the establishment of an area without internal frontiers, the Union shall contribute to the establishment and development of trans-European networks in the areas of transport, telecommunications and energy infrastructure.

²¹ And, of course, in certain cases, it is also possible to legislate on energy matters based on environmental policy grounds.

²² Regulation (EC) No. 713/2009 of the European Parliament and of the Council.

20%.²³ Practical legislation followed the political guidance: in the fall of the same year, the Commission presented the so-called “Third Energy Package”. One of the main goals of the package was the regulation of vertically integrated companies from production, to transmission, distribution and trade. However, the ambitions of the Commission did not align with those of the member states. Instead of full ownership, unbundling and separation according to functionally related activities (i.e. transmission and distribution, as well as production and trade), the regulation introduced three models for regulation. Although the EU legislator codified the possibility of ownership unbundling, independent system operator (ISO) and independent transmission system operator models were also included in the accepted solutions during negotiations. Needless to say, the latter gained greater popularity among member states.

In the early 2010s, the Commission began to include a previously less focused area in the scope of EU regulation: the emission of greenhouse gases.²⁴ In 2011, the Commission presented a “Roadmap” outlining its ideas for energy measures until 2050. Among these plans was the commitment to reduce greenhouse gas emissions in the EU by 80–95% by 2050 compared to 1990 levels. However, recognising the importance of interconnectedness, the Commission advocated for the necessity of building new energy infrastructure elements.

Although European Union legislation in the energy sector did not stop thereafter (see the fourth and fifth energy packages), given that the next chapter of this study discusses the goals and results of the 2011 Hungarian Presidency, the historical background is introduced only up to this point.

Energy policy priorities of the 2011 Hungarian Presidency and achievements of the Presidency

Energy policy in the 2011 Hungarian Presidency Programme

The Hungarian Presidency, as part of the Spanish–Belgian–Hungarian trio, accomplished its first presidency cycle in 2011 following the outlined trajectory of policy development in the previous chapter.

The Presidency’s key concept was the “human factor”, and its ideas were grouped around four major themes: 1. Growth and employment for preserving the European social model; 2. A stronger Europe; 3. Citizen friendly Union; and 4. Enlargement and neighbourhood policy.

²³ The first two phases of the EU Emissions Trading System (ETS) took place between 2005 and 2012, encompassing the 2005 trial and related impact assessment, as well as the development and phased implementation of the system that became operational in 2008. Key players included heavy industry, electricity generation and aviation. In the energy sector, the allocation of free quotas primarily served as an incentive for the modernisation of electricity systems (see European Court of Auditors 2020).

²⁴ In light of the fact that another study within the present volume delves into the issues of climate policy, the related questions will be briefly mentioned here.

The document itself highlighted that “the first half of 2011, when Hungary held the EU Presidency, is particularly crucial for the development of the Union. The entire Union is defined by economic restructuring. The primary tasks are job creation, increasing employment, and promoting competitiveness”.²⁵

The presidency program, like any such document, formulated its (energy) objectives at a relatively high level of abstraction, and it did not specifically include a dedicated energy chapter.²⁶ During the Hungarian Presidency, the topic primarily emerged as an area of strategic planning rather than with legislative focus. It was crucial for energy considerations that the government intended to pay special attention to the implementation of the “Europe 2020” strategy. One of its pillars was maintaining European competitiveness, with the goal of improving the situation of SMEs. The “Stronger Europe” pillar was perhaps the most important from the perspective of the policy discussed in this chapter. Given the goal of strengthening European cohesion and the ongoing debate on the Union’s next financial perspective, the Hungarian Presidency aimed to engage in substantive dialogue with other EU member states to prepare for it adequately. The presidency sought to establish a “policy-driven budget”, implying that the budget planning cycle should be determined by individual sectoral policies.

It is noteworthy that the Hungarian Presidency planned to achieve results in the fields related to the “human factor”, specifically water, food and energy, elements that shape the lives of future generations. The presidency document emphasised that, in addition to “traditional community policies”, special attention would be given to energy policy. Among the Hungarian goals in the field of energy policy, the creation of energy security held a top position.²⁷ The Hungarian Presidency interpreted energy security as a complex, threefold entity, including:

1. the elimination of physical barriers that restrict the functioning of the internal market
2. diversification, encompassing the diversification of energy sources and supply routes
3. ensuring EU financing for the development of energy infrastructure facilities

Achievements of the 2011 Hungarian Presidency

During the Hungarian Presidency, both a planned and an extraordinary Energy Council (EiT) meeting took place, addressing issues related to energy policy. Throughout the

²⁵ Government of Hungary 2010.

²⁶ The initial version of the presidency program was first put on the agenda by the government in the summer of 2010, and the final program was approved in December 2010. The reason for this is that, naturally, in shaping the final program, the results achieved by the preceding member of the presidency trio must be taken into account because the incoming, new presidency needs to ‘pick up’ where the previous one left off.

²⁷ The wording of the document, i.e. the contrasting of ‘traditional community policies’ and energy policy clearly illustrates that in 2010 the latter was a new, still-evolving policy area.

semester, three ministerial-level Energy Council meetings were held, and an informal Energy Council session took place once as well. The Hungarian Presidency was active in the field of energy, with the Energy Council Working Group conducting 22 meetings during the Presidency, i.e. almost every week.

The Europe 2020 strategy, entitled *Smart, Sustainable and Inclusive Growth*,²⁸ included a chapter on energy and climate policy under the heading of “Sustainable Growth”. The implementation of the goals outlined in this chapter was served by the “Resource-Efficient Europe Flagship Initiative”.²⁹ Several policy initiatives, mostly introduced during the first half of 2011, during the Hungarian Presidency, were related to this, such as the decarbonisation roadmap for achieving a low-carbon economy by 2050, the White Paper on Transport Policy, the Energy 2020 Strategy, Energy Infrastructure Priorities by 2020 and beyond, and Commission communications on energy efficiency.

During the Hungarian Presidency, the Energy Council adopted conclusions on the latter three communications, and at the June Environment Council, Member States supported the Presidency’s conclusions regarding the decarbonisation roadmap.

One notable result of the Hungarian Presidency was that it was the first to specifically discuss a sectoral policy (energy policy) at the level of heads of state and government during an EiT. This meeting took place at the beginning of the Presidency on 4 February 2011.³⁰ The European Council affirmed that the EU needs a “fully operational, interconnected and integrated internal energy market”³¹ and provided political guidance on the following:

- Member states must implement existing EU legislation.
- By 2014, the internal market must be fully implemented in both gas and electricity trading on the EU energy market.
- Efforts should be made to modernise and interconnect European energy infrastructure with simplified construction procedures.
- No member state should remain isolated, and “energy islands”³² should be connected.
- European infrastructure projects should be primarily financed by the market, but projects of key importance for European energy security may receive public funding based on transparent criteria.
- The 20% energy efficiency target for 2020 was reaffirmed.

²⁸ The document stipulated that based on the performance of the Member States, the Commission will issue so-called ‘country reports’, upon which it will issue country-specific recommendations. Furthermore, the Europe 2020 strategy stated that countries failing to comply with such recommendations would receive political warnings.

²⁹ In the Europe 2020 strategy, the Commission proposed so-called ‘flagship initiatives’ for each priority area, including the ‘Resource-Efficient Europe’ theme, which were mandatory for both the Member States and the Union.

³⁰ The European Institute of Innovation and Technology (EIT) discussed issues related to both energy policy and innovation policy.

³¹ See the conclusions of 4 February.

³² Energy island means that it is not physically connected to the energy system or network of any other Member State (see STELBACZKY 2014: 454).

- Incentives should be provided at both the EU and member state levels for renewable energy sources and low-carbon technologies. The Commission was tasked with developing proposals on smart grids, energy storage and sustainable biofuels.
- The European Council mandated member states to inform the Commission about any existing or new intergovernmental energy agreements with third countries from 1 January 2012 onward, with this information being made available to member states.
- In the field of international relations, neighbouring countries were encouraged to apply internal energy market rules.
- The Commission was urged to continue its efforts in creating gas corridors capable of transporting large quantities of natural gas.
- It was stated that the EU should establish a “reliable, transparent and rule-based partnership” with Russia in the field of energy policy.
- Finally, the Commission was called upon to develop a long-term energy strategy for 2050 with a focus on low CO₂ emissions.

Based on these political guidelines, detailed conclusions were adopted by the Energy Council on 28 February 2011, regarding the energy strategy to be followed until 2020 and infrastructure priorities – these will be discussed below.

During the Hungarian presidency semester, significant progress was made in the following areas by the Hungarian administration:

1. Energy 2020 Strategy
2. Energy Policy Roadmap until 2050
3. Energy Infrastructure Priorities by 2020 and Beyond
4. 2011 Energy Efficiency Plan
5. Proposal – Regulation of the European Parliament and of the Council on the Integrity and Transparency of the Energy Markets (REMIT)
6. The content and achievements of each dossier are outlined below.

Energy 2020 Strategy – A strategic document outlining mid-term perspectives³³

One of the main objectives of the Hungarian Presidency was to adopt Council conclusions regarding the strategic directions defining the energy developments of the 2010s. This document established the outlines of mid-term development of the EU energy policy. In November 2010, the European Commission published a communication entitled *Energy 2020: A Strategy for Competitive, Sustainable and Secure Energy*. The communication reviewed the challenges the Union had to face during that period and proposed responses. The document was discussed in the Energy Council on 4 February 2011, and the Energy

³³ The Energy 2020 Strategy focused on the following key areas: the EU energy market and relations with third countries, energy efficiency, consumer protection, technology and innovation, and security in the field of energy.

Council on 28 February 2011 adopted conclusions on it. The conclusions stated that it was the Commission's task to develop and submit legislative proposals to the EU decision-making institutions by 2013 in the most important areas of energy.³⁴

Energy Policy Roadmap until 2050 – The concept of a long-term strategy

The Roadmap aimed to define the most important steps to be taken by the European Union from 2011 to 2050, ensuring that the community becomes a low-carbon, largely carbon-neutral and competitive economy by 2050. The significance of the document was unquestionable in terms of policy, and it was of significant interest to Hungary. The Roadmap was released during the Polish Presidency following the Hungarian Presidency in the fall of 2011. The Hungarian diplomacy's achievement was to include the topic in the agenda of the informal Energy Council on 3 May 2011, providing an opportunity for member states to discuss measures necessary for transitioning to a low-carbon economy. Agreement was reached that the fundamental principles of EU energy policy, such as security of supply, sustainability and competitiveness, should be maintained, taking into account national specificities.

Infrastructure Priorities for Energy by 2020 and Beyond

The Presidency included in the agenda of the Energy Council on 4 February the Commission's communication entitled "Energy Infrastructure Priorities by 2020 and Beyond". The communication, as its name suggests, defined priorities that the EU energy policy deemed important for strengthening supply security through infrastructure development.³⁵

The Hungarian Presidency made significant progress on this dossier. The February Energy Council adopted conclusions, followed by the Energy Council in February, which accepted conclusions on the matter. It is worth mentioning the significant differences in opinions among various EU member states, specifically between the "old" and the "new" member states. The "old" member states, having adequate energy infrastructure, were more interested in "greening", while the new ones were focused on developing missing cross-border and other capacities.

³⁴ The energy strategy considered energy efficiency, the pan-European integrated energy market, strengthening consumer rights, research and development, and finally, strengthening the external dimensions of the EU energy market as key objectives.

³⁵ 1. Offshore wind energy-integrating electricity grid in the North Sea; 2. North–South gas and electricity interconnections in Southwest Europe (mainly between France and the Iberian Peninsula); 3. North–South gas, oil and electricity interconnections in Central Eastern and Southeastern Europe (connection between the Baltic, Adriatic and Black Seas); 4. Baltic Energy Market Interconnection Plan (BEMIP) for gas and electricity (involving the currently isolated Baltic states in the European energy market); 5. Southern Gas Corridor (including Nabucco, sourcing from the Caspian region and the Middle East).

Energy Efficiency Action Plan Review

Energy efficiency requirements were already an important part of EU climate policy goals before the Hungarian Presidency. In 2006, the Energy Efficiency Action Plan underwent a review, which the Hungarian Presidency planned to re-examine. In March 2011, the Commission presented its relevant communication, containing EU-level requirements and proposals for action to promote energy efficiency since member states had previously rejected national mandatory energy efficiency targets.

The Hungarian Presidency succeeded in having the Council conclusions on 10 June, which provided political guidance for detailed legislative proposals on the matter. Hungary was prepared to start negotiations on related legislative drafts, but the Commission only published them after the Hungarian Presidency.

Proposal – Regulation of the European Parliament and of the Council on the Integrity and Transparency of the Energy Markets (REMIT)³⁶

The negotiation of the REMIT regulation was of particular importance from the perspective of the Hungarian Presidency Programme, as it was the only legislative proposal Hungary handled in the field of energy.

The regulation aimed to regulate the transparency of wholesale energy markets. The underlying assumption was to regulate wholesale energy markets similarly to financial markets following the financial and capital market crisis. The Presidency successfully urged the Energy Council conclusions on 4 February to expressly prompt the legislative bodies to adopt the regulation as soon as possible. Following several trilateral negotiations, an agreement was reached between the European Parliament and the Council.

Other significant achievements of the Hungarian Presidency

Given their nature, nuclear energy-related dossiers deserve separate discussion. During the Hungarian Presidency an earthquake and subsequent tsunami occurred in Japan in March 2011, which were followed by the Fukushima nuclear power plant disaster.

Following the tragedy, the Hungarian Presidency promptly took action and convened an extraordinary Energy Council meeting.³⁷ Ministers discussed the consequences of the disaster and EU-level measures. Subsequently, the Presidency called an extraordinary Energy Council, which made politically crucial decisions to guarantee EU nuclear safety. According to the Energy Council's conclusions, all nuclear power plants in the EU needed to undergo a so-called "stress test". The tests rely on three pillars: self-assessment

³⁶ Regulation (EU) No 1227/2011 of the European Parliament and of the Council.

³⁷ The Japanese situation was also on the agenda of the extraordinary meeting of the Ministers of the Interior.

by nuclear facility operators, verification by national authorities in a second round, and independent expert examinations. It is noteworthy that the conducted examination deemed the Paks Nuclear Power Plant appropriate.³⁸

Moreover, the Hungarian Presidency achieved significant legislative results in the field of nuclear safety, successfully concluding the directive on the safe management of radioactive waste and spent fuel. The directive was particularly innovative, being the first EU legal act to establish a Union-wide regulatory framework in this area. The Council working group handling the dossier concluded the outstanding open issues on the last day of the Hungarian Presidency, 27 June, with only Luxembourg and Sweden expressing reservations. The agreement was approved without debate at the Coreper meeting on 14 July and the Agriculture and Fisheries Council meeting on 18 July.

It is worth mentioning that during the Hungarian Presidency, the fifth review report of the “Convention on Nuclear Safety (CNS)” took place, and the report was submitted to the International Atomic Energy Agency in April. Finally, but not least, despite Austria’s opposition, the Hungarian diplomacy successfully achieved a common approach in late June for the two-year extension of the “Seventh Euratom Research Framework Programme”. This program finances research and related training in the nuclear field. It was a diplomatic success for the Hungarian Presidency, although it was not a legislative or policy planning task. Also noteworthy from a diplomatic perspective was the election of the new European Director of the International Energy Agency. Thanks to the Hungarian Presidency’s involvement and intensive coordination among member states, a common EU candidate, Maria Van der Hoeven from the Netherlands, was successfully nominated.

Current status, challenges and opportunities

In this study, given the limitations of its scope, a comprehensive discussion of the challenges affecting energy policy today and those arising in connection with energy policy can only be provided in a brief overview.

To understand the current events in energy policy, it is necessary to recognise that the world’s energy needs, energy production possibilities, and subsequently, the way we think about energy, have reached a turning point in recent years due to economic, technological and political determinants.

The economic challenges are at least twofold: firstly, looking at the issue from the perspective of natural resources, it is a fact that the world’s energy consumption is increasing,³⁹ which means that the demand for energy is growing. The question becomes even more complex when examining the composition of the required energy. In Hungary, total final energy consumption has increased by almost 20% since 1995, but the growth

³⁸ MITTLER 2012.

³⁹ Compared to the annual consumption of 126,000 TWh in 2002, the data for 2022 was 179,000 TWh (RITCHIE et al. 2022).

in final electricity demand for energy purposes has exceeded 50%.⁴⁰ In the EU during the same period, the growth in total final energy consumption was just over 5%, with electricity consumption increasing by nearly 27%.⁴¹ Regardless of whether we look at the entire EU average or just Hungary, the dominance of electricity within the energy mix is significant. It is also evident from the numbers that although the transition to energy-efficient technologies can mitigate energy hunger, it cannot eliminate it.

Simultaneously, the production of energy – whether it is the generation of electricity or the extraction, transportation, purification and storage of oil or gas – requires significant investments from both the public and private sectors. At the same time, the era of cheap energy seems to be coming to an end – when considering the costs of individual investments, energy costs have become one of the most decisive financial factors.

Technological challenges are again at least twofold and are, in fact, conflicting with each other. On the one hand, we are increasingly able to use energy more efficiently through technological advancements (energy efficiency aspect). On the other hand, however, our modern world is becoming more “technologised”, meaning more and more devices around us require energy. It is worth to think that 40 years ago, television was a rarity, 30 years ago, mobile phones, 20 years ago, mobile internet and 10 years ago, electric cars were new phenomena. Today, we can hardly imagine our lives without any of them. The same is true for industrial technologies that require energy. However, it seems that the increasing demand for energy-consuming devices, both in quantity and variety, cannot be offset globally by the technological shift toward energy efficiency alone, as mentioned above.

Thus, there is a commodity, or group of commodities for which demand is increasing, a demand that technological development cannot suppress and is increasingly integrating into our daily lives through the development of various tools, both for industry and the population. Even if there were no geopolitical rearrangements (as there are), there would still be a *political problem* in such circumstances – namely, a globally unevenly distributed, scarce resource that everyone demands in the global (economic) competition.

Approaching the question from this point of view, it becomes apparent that energy is increasingly becoming a political-strategic factor and, consequently, a political risk and potentially a political weapon. The availability of secure and increasingly inexpensive energy is no longer a given but has become a fundamental issue determining the functioning of a country. It is now not only the price but also the security, i.e. the secure availability of energy, that means a fundamental question for the functioning of a modern society. The current situation is, therefore, that for a state in order to ensure its functions, it is vital to have access to energy in the appropriate quality and quantity for state bodies, industry and the population. Consequently, at least temporarily, in the three-ply criterion set against the energy (securely available, affordable and sustainable), the environmental

⁴⁰ Hungarian Central Statistical Office s. a.a.

⁴¹ Eurostat s. a.

sustainability of European energy policy, which is otherwise crucial and unquestionably important, might be overshadowed.⁴²

The question therefore arises: How can energy be provided for? Recent events have shown that the world is only partially prepared for this challenge. Regarding Europe, we see that some Western European countries, primarily those with coastlines, are more easily coping with this problem due to their given natural conditions. Thanks to their economic prosperity and geographical location, they were able to replace the physically necessary amount of the missing (Russian) natural gas more easily, primarily with LNG (from the United States).

It should be noted that as a side effect of this transition, a significant amount of additional CO₂ emissions occurs because, instead of the lower CO₂ emissions of pipeline transport, natural gas (in the form of LNG) arrives on tanker ships now. The respective pollution level can significantly exceed the level of pollutant emissions associated with pipeline transport.⁴³

In the context of the requirement for “environmental sustainability”, the use of nuclear energy should also be discussed here. There is an ongoing debate in the Union regarding the safety of nuclear energy. Some countries, such as Germany, have decided to shut down all their nuclear power plants, while others, including Hungary, continue to use and consider these power plants essential for ensuring their security of supply. Recently, in two judgments (Hinkley Point C and Paks 2), the EU Court of Justice dealt with the issue. In both cases, the ECJ stated that the construction of new reactor blocks remains compatible with the internal market, taking into account the free determination of the energy mix by member states. The court emphasised energy security in both judgments and did not address the environmental dimension of sustainability. However, with the expected adoption of several EU regulations in the coming years under the fifth energy package, attention will likely be paid to this issue as well. In the relevant debate, Hungary takes the position that nuclear energy is safe and provides clean energy when appropriate technical standards are observed.

Looking at the challenges concerning Hungary, it is evident that the issue is not merely financial, but also a matter of physical security of supply, although our flexibility varies with respect to different energy carriers. Hungary’s exposure to energy imports exceeds the EU average.⁴⁴ Due to natural conditions, the self-sufficiency from domestic exploitation is not on the horizon in the near future: what Hungary can nevertheless achieve in the short term is the mitigation of its exposure by acquiring the necessary imports from more sources (including the country of origin and the energy carrier as well) and through multiple routes. This can help to ensure uninterrupted functioning in

⁴² It raises further the question how the European legislator, recognising this situation, will react to that. Will it deprioritise the green policy aims? At the time of writing these lines, it seems that if this does not happen, it could further intensify the existing competitive disadvantage of the EU against the United States and China, thereby worsening the economic situation of the Union.

⁴³ See more on this topic in ULVESTAD–OVERLAND 2012: 407–426.

⁴⁴ Hungary imports 76% of its consumed energy, while the EU average is 71%. Our energy dependency was 64.2% in 2022 (see Hungarian Central Statistical Office s. a.b).

case of the loss of a partner, intentional or unintentional non-compliance, or significant price increases in imported energy. It is worth briefly reviewing the situation regarding different energy sources (natural gas, oil and electricity).⁴⁵

One of the essential pillars of the Hungarian energy mix is *natural gas*. It is extensively used for residential heating and electricity generation in Hungary, but domestic natural gas production is relatively low. Based on 2020 data, while domestic natural gas consumption was 10.44 billion cubic meters annually, only a fraction of this amount, 1.57 billion cubic meters, can be produced domestically. Hungary used to import 75% of its natural gas from Russia,⁴⁶ and this quantity of natural gas does not seem to be available from other sources under the same conditions. The proportion of apartments connected to the gas network is also a particularly important factor regarding the degree of exposure. In Hungary, over 90% of the houses built between 2003 and 2011 were equipped with gas connections. Since then, the trend has been decreasing, and currently, this ratio is around 60%. However, the heating of the housing stock still largely depends on natural gas. Therefore, it is obvious that significant and widespread natural gas consumption – at a great many number of take-out points – will continue to be an issue in Hungary for a long time.

To reduce dependency, significant cross-border pipeline, so-called interconnector, developments have taken place in recent years: Hungary is now connected to all its neighbours except Slovenia in the natural gas market.⁴⁷ This allows for (partial) substitution along supply routes, but it does not solve the issue of the origin of the natural gas and the problem of feed-in points. In order to address this, Hungary is striving to purchase natural gas from sources other than Russian gas, including Qatar, Azerbaijan and Turkey.

The situation is better in the *electricity* market: our annual consumption in 2022 was around 57,000 GWh, while the respective production was 35,700 GWh.⁴⁸ Although the operation of weather-dependent electricity-generating facilities and exports further complicates this, on average, this means that more than 37% of Hungary's electricity needs must be covered by imports. The situation is further complicated by the industrial strategy, as electricity-intensive activities and facilities increase both the production and the import needs. Meeting this significant energy demand necessitates the expansion of Hungary's electricity generation capacities, including nuclear capacities, as soon as possible. As mentioned above, optimising energy sources and increasing energy efficiency can to some extent reduce this energy demand. Energy efficiency investments can be favourable for several other reasons, as they can contribute to economic recovery and help avoid environmental burdens associated with the construction of power plants. The question of conditions of the energy infrastructure is of particular importance.

⁴⁵ Energy efficiency can significantly help to reduce the degree of exposure. Technological development opportunities, general consumption optimisation (such as the widespread use of smart meters), appropriate application of flexibility services, etc., can all be tools in this fight.

⁴⁶ KOVALSZKY et al. 2022: 989–990.

⁴⁷ However, an agreement has already been reached with Slovenia. On 29 August 2023, Mr Péter Szijjártó, Minister of Foreign Affairs and Trade, announced the construction of a gas pipeline with a capacity of 440 million cubic meters per year. The signing of the agreement took place in October 2023.

⁴⁸ Hungarian Central Statistical Office s. a.c.

Beyond the production-consumption imbalance, delivering electricity to consumption end-points poses a significant challenge as well. The ageing network requires substantial investments in itself, and this demand is further increased by the growing renewable production (primarily electricity generated by solar panels and solar parks) and the growing electricity consumption (such as the widespread adoption of electric vehicles).

The issue of *oil* and, consequently, *fuel* supply is complex. We cover 90% of the oil consumption for fuel production through imports, with only 10% coming from domestic sources. The majority of imports, approximately two-thirds, comes from Russia, while the remaining one-third is transported to Hungary via the Adria pipeline.

The above-mentioned natural conditions fundamentally determine Hungary's situation. To improve this, it is crucial to achieve as much flexibility as possible, meaning ensuring greater autonomy in the field of energy. This flexibility can be developed primarily in the production and storage of electricity: Hungary needs new gas-fired power plants – partly to address imbalances arising from the use of renewable energy sources and an important development area could be the construction of Paks 2 in the future, the industrial application of energy storage technology (such as the establishment of a pump storage power plant), and the exploration of new technologies, such as the hydrogen industry. In addition, due to both ageing and increasing capacity requirements, the development of the domestic network is of fundamental importance. All of this requires several thousand billion forints funding, in addition to the construction of the new nuclear power plant.

The impact of energy policy on economic and social development

The development of energy has been a significant factor in humanity's transition to the modern era. Inventions of the industrial revolution fundamentally changed the organisation of social and economic life. The transformation of transportation technology, construction, public lighting, and, in general, the industrial sector have gone through radical changes. Today, we are standing at the doorstep of another industrial revolution. We have already mentioned above that the *global demand for energy is continuously growing*, and this is no different in Hungary. Almost every technology that surrounds us, from heating to transportation, operates on electricity or there exists at least an electricity-powered version. In addition to this, there is also the fundamentally electrical operation of telecommunications, the internet and other forms of data communication. The use of energy in robotics, artificial intelligence and the cyber world represents new, distinct areas.

Simultaneously, the other direction of change is *scarcity*: the era of long-thought inexhaustible and relatively cheap energy has disappeared. The big question is how humanity should and can move forward from here. It seems certain that technological development cannot stop, and consequently, it is unlikely that humanity will use less

energy by applying less technological devices. A more likely and feasible path appears to be ensuring the energy transition through energy efficiency on the one hand, and the use of renewable energy sources or new methods of production on the other hand. Considering that this represents a double technological shift, the ongoing process obviously cannot continue according to the “business as usual” model. One of the significant questions of our time is who or what entities will bear the cost of this inevitable transition and how exactly the transition will manifest.⁴⁹

The Russo–Ukrainian war highlighted that Europe cannot depend on a single energy source, namely natural gas, and a single supplier model. Instead, *it needs to diversify its import needs from various sources*. Interestingly, replacing dependence on Russian gas – using alternative sources for meeting energy needs, particularly renewable energy sources – may result in a different form of dependence, the extent and direction of which are uncertain. The question arises prominently because the use of renewable energy sources, such as the production of solar panels and batteries, requires the production and consumption of numerous critical raw materials, including lithium, in much larger quantities than before – resources that are also scarce. The significant change to LNG could also create dependences on third countries.

The future use of *nuclear energy* is another significant question. The world has seemingly not given up on nuclear energy; both the United States and China, as well as several European countries (such as France, the United Kingdom, etc.), widely employ the technology and plan to expand it in the future. One major question for the future is how and when the so-called Small Modular Reactors (SMRs) can be put into operation. A similar question arises regarding the production and use of *hydrogen*. It is uncertain whether and when these technologies can be applied in household conditions and in an economical and safe manner.

It seems certain that humanity will not be able to reduce its energy needs during social development. The classic energy “trilemma”, namely how to reconcile the aspects of secure, affordable and clean energy, will stay with us for a long time.

Hungary’s interests regarding the development of energy policy

A modern society cannot function without energy. In the above, it has been introduced how the thinking about energy has changed in recent decades and how it has evolved from an unlimited and relatively cheap, predictable commodity, broadly defined as energy, into the most important factor of production. For individual states, the security of their energy supply has become not only a budgetary and industrial strategic issue, but a matter of sovereignty.

⁴⁹ It is sufficient to point out that the Fit for 55% package maintains free CO₂ emission allowances for industry and finances fossil fuels in Europe with public funds, shifting the costs of pollution from the actual polluters to the ultimate consumers (see European Court of Auditors 2022).

At the European level, it is evident that the energy sector first drew European political attention as one of the elements of the single internal market and gradually became subject to EU legislation. In the late 1990s and the 2000s, energy packages were introduced, and after Lisbon, primary law also provided a legal basis for the Union in the field of energy. Community legislation directed energy regulation towards market liberalisation and increased competition. The EU's policy goals included the possible breakdown of natural monopolies, for example through ownership unbundling, the intensification of competition through third-party access regulations, and the strengthening of competition infrastructure through the construction of interconnectors, including gas pipelines capable of bidirectional transport.

The Russo–Ukrainian war highlighted that these steps can facilitate competition, provided that market conditions exist – i.e. provided that there is something to transport and to trade with through the pipelines. However, at times of geopolitical conflicts, it became uncertain whether there was a supply at the end of the pipeline, be it either oil or natural gas. European countries realised that thinking about energy needed to be rebuilt from the ground up: the first step in ensuring security of supply is the (domestic, national, sovereign) ability to produce energy, along with reducing energy consumption to a level that does not hinder economic development, primarily through energy efficiency and conservation. For the EU, the most important issue in the field of energy is a strategic autonomy-based energy policy and the reduction and diversification of energy dependence.

In the midst of these processes and phenomena, Hungary's interest shapes accordingly, but it starts from a more challenging position compared to competitors. There is a limited availability of energy carriers, and natural gas exposure is particularly high, partly on the industrial side and partly on the side of the population. All of this poses significant challenges to the country. The recent steps taken by the government, encompassing not only recent decisions, but also those of the past decade, have consciously aimed at mitigating this energy exposure. On the one hand, there has been diversification of energy supply routes, and work on Paks 2 nuclear power plant has begun. In recent times, the installation and commissioning of renewables (especially solar energy) have significantly increased, and there are plans in place for the installation of additional large-capacity combined cycle gas turbine (CCGT) power plants.⁵⁰ These power plants are necessary for ensuring the growing demand for electricity and balancing the increased variability of renewable energy in the system. Concurrently – for the reasons mentioned above – it would be crucial to develop the energy infrastructure, including possible solutions for storing electric power generated from renewable sources (such as the establishment of pumped storage power plants).

It is of utmost importance to assemble an energy mix designed for the needs and expected needs of Hungary. This can ensure the proper functioning of the state and its institutions and the well-being of the population even in the face of potential uncertainties and challenges in the international environment. When compiling this energy mix, it

⁵⁰ In the coming years, two new 500 MW gas-fired power plants will be built, along with an additional 650 MW capacity power plant in the Mátra mountains.

is essential to consider the natural characteristics of each energy carrier, such as their controllability, and, before starting individual investments, conduct a full life-cycle analysis, including the establishment of the associated CO₂ balance. Pollution generated during energy production, distribution and storage must be taken into account, along with environmental impact during construction, discharging and waste management.

From Hungary's perspective, the supportive or at least neutral EU attitude towards nuclear energy is crucial. The Paks Nuclear Power Plant and the upcoming Paks 2 will be fundamental pillars for Hungary's energy supply. It is imperative that EU regulations do not hinder the use of this technology, either directly through bans or by not recognising it as a "clean technology".

Equally important is how European politics will handle the issue of green transition. While it would be difficult to have any objections against the green concept on the level of principles, it is also true that it also increases the operating costs of the economy. This is prominently displayed as a competitive disadvantage at a time when restarting the economy and maintaining its operability are of fundamental importance. If other major powers in the world, primarily the United States and China, are partners in creating a "level playing field" for continuing the green transition under rational conditions, the greening within the EU might be continued. If this is not the case, however, the EU's unilaterally assumed restrictions could put the EU at a comparative disadvantage. It is crucial to consider this aspect when shaping the energy policy of the EU.

Affordable energy supply for the population, i.e. maintaining *the reduction of utility costs*, is of paramount importance for Hungary. Since 2010, this issue has been at the top of the energy policy priority list at home, and considering the exposures indicated in this study, it is expected to remain there for a long time. It is also in our fundamental interest to determine whether the green wave, including the installation of solar panels, their integration into the electricity system, and the political and financial support required for their full utilisation, will receive the necessary support for meaningful strengthening of supply security. Furthermore, it would be essential to extend the operational period of the Paks Nuclear Power Plant provided of course that its safety is ensured. The potential deployment and integration of Small Modular Reactors (SMRs) could also ease Hungary's position in the field of nuclear energy.

The second Hungarian presidency comes at a time when energy will be one of the most critical areas determining the future, security and competitiveness of the EU. The Hungarian Presidency Programme is not yet public. What can serve, however, as a guide at the time of writing of this study is the common 18-months work plan of the Spanish–Belgian–Hungarian trio. The work plan addresses energy in a mixed thematic chapter, along with waste management, climate issues, agricultural policy and the European Pillar of Social Rights. From this work plan, it can be read that the trio intends to pay special attention to the implementation of the "Fit for 55" package and, in general, achieving green goals. The document emphasises that the trio will "continue efforts towards the transition to clean energy, with particular attention to the promotion and development of cross-border energy infrastructure to address bottlenecks. The presidency trio will strive to provide safe, sustainable, and affordable energy supply for citizens and businesses, and

will work on reviewing the structure of the EU electricity market. Greening transport and promoting the development of sustainable means of transport will be one of the priorities of the presidency trio”.⁵¹

Consequently, the wording gives considerable flexibility to the presidencies both in selecting specific topics and also with regards to the legislative and strategic tools chosen for reaching the respective aims. As commonly said, the devil hides in the details: what aims the Spanish and the Belgian presidencies have regarding each specific topic and how they plan to achieve them remains to be seen. What do they think about nuclear energy, for example? Will they strive to have it recognised on an equal footing with renewable energy when considering climate and energy targets? What efforts will they make for the development of energy infrastructure? Are they going to take into account the fundamental interests of Member States lacking a coastline, such as Hungary? All these questions will only become clear as the process unfolds.

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⁵¹ Council of the European Union 2023.

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Bettina Tóth

The All-Time Stepchild – Directions for Climate Policy Development

Climate protection and policy development have been part of the international discourse since the 1970s. In the European Union, however, it was only the first report of the Intergovernmental Panel on Climate Change (IPCC) in 1990 that started the real dialogue. Although the EU institutions are trying to encourage policy development, member states have different views on how to achieve climate protection because of their different geographical, climatic and geopolitical situations. The Presidencies of the Council of the EU have the opportunity to shape policy (and regulation) by channelling their interests based on past achievements and setting the agenda for future ideas. In the 2010–2011 Spanish–Belgian–Hungarian trio, but specifically in Hungary’s programme and achievements, the focus on green policy was rather slight; the policy was mostly driven by energy policy. However, the changes after 2020 in the international environment and discourse have made the field even more prominent, with the European Green Deal and its legal instruments now having a compelling force on aspects such as biodiversity conservation or the development of a circular economy. A holistic approach to policy is essential, as the effects of climate change are felt differently everywhere and therefore require different approaches: Hungary (and the other two members of the trio) must take this perspective into account. This paper examines the policy issues that will be unavoidable for Hungary’s future, both at national and EU level.

Introduction

In terms of climate change trends, the year 2023 surpassed the intensity of previous years: in Hungary, and indeed in all parts of the planet, the year 2023 saw daily temperatures approaching the warmest ever recorded, and even breaking previous daily records. For example, on 27 August 2023, the highest dawn temperature ever recorded, 24.6 degrees Celsius, was recorded in Budapest.¹ In southern Europe (Greece, Sicily, Sardinia, southern Italy or eastern Spain), but also in China and across the United States thermometers recorded over 45 degrees Celsius. This steady but significant rise, which has continued in previous years, is clearly linked by many studies to man-made (anthropogenic) climate change.² According to the European Union’s Copernicus Climate Change Service, the temperature rise on the European continent over the past five years has been 1°C above the global average, which is about 2.2°C higher than the values for the second half of the 19th century. As a consequence, extreme heat in summer 2023 (for example, due to the formation of a heat dome, i.e. persistent heat in an area due to high air pressure) could lead to more and more record-breaking summer days in the

¹ Infostart 2023.

² ZACHARIAH et al. 2023: 2.

future.³ Of course, this phenomenon does not only mean that longer siesta periods will be introduced in the Mediterranean regions: forest fires, droughts, adverse effects on human health (e.g. through heat stress, which means high temperatures and humidity, low air movement) will all increase.

Extreme weather events, heatwaves and their outgrowth are only one of a number of disasters that have hit Europe in recent times; floods, flash floods and severe storms have occurred on an equally large scale across the continent. Even today, these extreme anomalies continue to shock society and decision-makers, demonstrating that it is still more common to look for solutions after the occurrence rather than to identify and then act on the causes or to prepare for the effects of climate change. This may be due to the fact that, in the political sphere, climate policy-based decision-making is largely obscured in the hour of action, not to mention the majority of society, which is also unable or unwilling to live its daily life as a surrender to its own needs, associating itself with climate change and its management as a stepchild.

The European Union (the European Commission as the initiator of legislation) is trying to develop climate policy-making in many respects, both at Union and Member State level, although in many cases with contradictory actions. Yet, the Community level may be the key to climate-focused policy-making, as EU legislation can be a “constraint” on Member States if they would access some EU funding. One thing is for sure: alongside the Commission, the Council of the European Union can help shape the future of the policy issue by taking decisions that represent the interests of the Member States. Hungary will have this key role from July 2024.

History of policy development

While the real recognition of anthropogenic climate change, i.e. climate change accelerated by human activity, is often associated with the second half of the 20th century, science has shown since the 19th century that the amount of heat retained by the atmosphere can vary both as a result of the Earth’s natural evolution and as a result of human activity.⁴ However, it was only after 1979 that climate change really began to make a significant role into the scientific and political arena at the global level as a challenge for the future.⁵ The international debate was launched by the World Meteorological Organisation, a specialised agency of the United Nations (UN), in the wake of a study on the relationship between the industrial revolution and climate change, and also by the first World Climate Conference.⁶ Within a few years, the issues of climate change, biodiversity conservation and sustainable development were gaining increasing attention on the political agenda

³ Copernicus 2023.

⁴ THOMPSON 2019.

⁵ GUPTA 2010: 636.

⁶ World Meteorological Organization 1979.

in parallel with the scientific community. Recognising the complexity and seriousness of the issue, a science-based body to contribute to global action was soon required, and the Intergovernmental Panel on Climate Change (IPCC) was established in 1988.⁷

The mainstreaming of a ‘green perspective’ in international and national politics has been driven by the growth of green parties and their voters since the 1970s and 1980s,⁸ as well as by international meetings and scientific findings: the Brundtland Commission’s report on *Our Common Future* (1987), the Villach (1985) and Toronto (1988) Conferences, the second World Climate Conference (1990) or the first IPCC report (1990) are just a few of the major moments that formed the basis for this. In the last decade before the turn of the century, the institutionalised development of an international framework for climate protection under the aegis of the UN was given greater prominence. The main pillars of which are the Rio Conventions (1992), one of the elements of which is the UN Framework Convention on Climate Change (UNFCCC 1992), the COP-1 (Conference of the Parties to the UNFCCC) in Berlin and the Kyoto Protocol (1997).⁹

Green thinking in Europe – alongside the rise of green movements and parties and the fight against increasing industrial pollution – was re-energised by the first IPCC report in 1990, in preparation for the UNFCCC negotiations.¹⁰ At that time, targets were set primarily for the turn of the millennium, with Member State leaders agreeing that the European Community’s GHG emission reductions should be brought into line with 1990 levels. Unlike today’s approach, no decision was taken on the set of measures to be taken, but three focus areas were identified to avoid future disputes: reducing GHG emissions, promoting the use of renewable energy sources and improving energy efficiency.¹¹ Subsequently, programmes were announced for all three segments (e.g. SAVE, ALTENER), and significant resource mobilisation was needed for implementation and to achieve the continuously revised targets. One of these was the Financial Instrument for the Environment (*L’instrument Financier pour l’Environnement* – LIFE), which was set up in May 1992 with an initial budget of ECU¹² 400 million. Launched thirty years ago, LIFE now has more than 5,500 projects to preserve the circular economy, clean energy or biodiversity, with an increased budget of nearly €5.5 billion for the programming period 2021–2027.¹³

While climate protection, and thus support for all its dimensions, is in the interest of the entire international community, achieving the much-vaunted emission reductions is resource-intensive: it is enough to take a simple example, the internal combustion engine

⁷ IPCC s. a.

⁸ MCBRIDE 2022.

⁹ GUPTA 2010: 638–639.

¹⁰ In the 1970s, the Community also addressed environmental issues (e.g. the Birds Directive, Actions by the EU for Nature – ACNAT financial fund, etc.), but these were not sustainable.

¹¹ PRAHL et al. 2014.

¹² The European Currency Unit, the predecessor of the euro, was the currency of the European Community and then of the European Union from 1979 to 1999.

¹³ LIFE Programme 2022.

vehicles, to which the automotive industry has allocated a huge amount of money; the mandatory switch to a completely different technology (in this case electromobility) will throw away decades of work and money, encouraging companies for another multi-decade investment. At the same time, it should be noted that in a market-based economic system with a focus on capital accumulation, it is particularly difficult to encourage industry and other sectors to engage in activities that do not generate profits. It has therefore become necessary to introduce a market mechanism that can act as an incentive to change the mindset of these actors. In that reason, the European Union implemented a key part of the Kyoto Protocol on market-based mechanisms with the introduction of the European Emissions Trading Scheme (ETS) in 2005.¹⁴ Its basic idea is to reduce GHG levels of large emitters (industry, airlines, power plants) by setting an emission quota for companies, which, if exceeded, are obliged to pay. Under a market-based system, operators can buy from others or sell their remaining allowances (one allowance/unit is equivalent to one tonne of CO₂) through auctions.¹⁵ However, it is important to note that the system is often the victim of speculative activity by investors,¹⁶ which sometimes makes the pricing of allowances unrealistically high or low.¹⁷ Whether as a result of this or due to a lack of willingness, the ETS has not worked well for a long period,¹⁸ but has managed to reduce emissions in recent years: a record level (11.4% reduction) was reached between 2019 and 2020, which can be explained by the shutdowns generated by the coronavirus epidemic,¹⁹ but a reduction was also seen in 2022, albeit to a lesser extent.²⁰

The triple aim (renewables, GHG emissions, energy efficiency) has determined EU climate policy since the 2000s: the European Climate Change Programme, which includes targets for 2010, and the Climate and Energy Package for 2020 have followed this structure. The latter included, for example, the reform of the ETS²¹ and the 20–20–20 by 2020 programme, which set a 20% reduction in GHG emissions by 2020 compared to 1990, a 20% share of renewables and a 20% saving in final energy consumption.²² At EU level, the targets have been met, but not at the level of each Member State.²³

In the 2010s, the discourse on how to achieve climate protection and emission reduction targets has become increasingly important: more significant and increasingly ambitious action plans have been adopted, such as the *Roadmap for Moving to a Competitive Low Carbon Economy in 2050* from 2011,²⁴ which set a target of 80–95% GHG emission

¹⁴ European Parliament 2017.

¹⁵ TÓTH 2023a: 145–157.

¹⁶ MORAWIECKI 2021.

¹⁷ To remedy this, a decision on the market stability reserve was adopted as part of the “Fit for 55”.

¹⁸ REYES 2011: 2.

¹⁹ European Environment Agency 2022.

²⁰ GUPTA 2023.

²¹ For example, abolishing free quotas, extending them to the building, maritime and road transport sectors, etc.

²² PEÑA–RODRÍGUEZ 2022.

²³ European Environment Agency 2021.

²⁴ European Commission 2011.

reductions by 2050; the Environment Action Programme, which has been in place since 1970 and is now in its eighth edition;²⁵ and the Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth.²⁶

Nevertheless, 2015 marked a decisive turning point in international climate policy: all European countries adopted and later ratified the Paris Agreement, after that the EU committed to reducing greenhouse gas emissions by at least 40% by 2030 compared to 1990 levels under the Nationally Determined Contributions (NDCs). Linked to this, ratifiers have committed to a headline target of keeping the global average temperature increase below 2 degrees Celsius but aiming to keep it below 1.5 degrees Celsius.²⁷ However, a few years later, the European Union made an even bigger commitment than before, no longer to reduce GHG emissions, but to achieve net zero emissions (GHG emissions no higher than the amount of GHG absorbed within the EU): the European Commission, chaired by Ursula von der Leyen, which took office in 2019, announced the European Green Deal (EGD), the framework document that today forms the basis of European green policy.²⁸ The details and the current state of play are outlined in the section on the current state of the policy issue, opportunities and challenges.

While the European Commission plays a key role in integration efforts, in the development of (policy) guidelines and in decision-making, the importance of the Council of the EU is not negligible. The fact that the Council is not chaired on a permanent basis and is not tied to a particular person/party, but by a different Member State every six months, gives the country holding the rotating presidency the opportunity to channel national interests into the various policies. Hungary will have this opportunity for the second time since joining the EU in 2004: the first time was in 2011, when climate policy priorities were less prominent than today's EU agenda, while the Hungarian programme focused on important aspects of climate change and climate protection. The following section aims to present these ideas and achievements.

How did the policy feature among the priorities of the 2011 Hungarian Presidency and what were the results?

Compared to the broader themes identified by the Spanish–Belgian–Hungarian trio, the 2011 Hungarian Presidency Programme was rather narrow in its focus on green policy,²⁹ but focused on issues of direct or indirect relevance to climate change, even for the Central and Eastern European region: water policy, the adoption of the Danube

²⁵ Decision (EU) 2022/591 of the European Parliament and of the Council of 6 April 2022 on a General Union Environment Action Programme to 2030.

²⁶ European Commission 2020a.

²⁷ Council Decision (EU) 2016/1841 of 5 October 2016 on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change.

²⁸ According to the EU's generally accepted terminology, green policy refers to all sectoral efforts to promote sustainability, i.e. not limited to climate protection and nature conservation, but also including the development of sustainable economic and social models.

²⁹ GAZDAG 2011: 72–85.

Region Strategy for the management of extreme water events, the debate on the future of the common agricultural policy or sub-activities aimed at creating energy security, such as diversification, were identified as the key elements of the semester under the “Stronger Europe”.³⁰

From a more direct climate policy perspective, the Hungarian Presidency’s ideas and ambitions on water policy can be highlighted, such as “addressing extreme weather and hydrological phenomena from an integrated perspective, highlighting the role of the ecological services provided by water and the importance of international cooperation”,³¹ which are also aimed at stimulating scientific debate and legislative processes. Closely linked to this area is the launch of the Danube Region Strategy, through which an integrated approach has been adopted, with particular emphasis on sustainable transport and energy use, the restoration of water quality, the management of environmental risks and the importance of international cooperation. The work of the presidency has been successful in getting the strategy adopted, but the measure has also received negative criticism, citing sometimes conflicting content or lack of social consultation.³²

The deteriorating state of aquatic biodiversity was also highlighted in the presidency programme, with the following objectives: to assess and adopt the biodiversity strategy proposed by the Commission, to make biodiversity a priority for all sectors (e.g. agriculture, fisheries) and to “contribute to the 10th meeting of the Conference of the Parties to the UN Convention on Biological Diversity (CBD) on the conservation of biodiversity”.³³

The promotion of climate protection at international level was also a priority in the first half of 2011, through the implementation of decisions taken at the previous COP, the development of the EU position for the forthcoming conference and the Council conclusions on the EU decarbonisation plan up to 2050.³⁴

Fourthly, the presidency identified the development of an economic model based on resource efficiency as a flagship of the Europe 2020 strategy.³⁵ The Hungarian Presidency took forward the work started by Belgium, closely linked to the agreement on the “Territorial Agenda 2020 of the European Union” reached at the informal meeting of ministers responsible for territorial planning and development in Gödöllő on 19 May 2011.³⁶ A regional approach is followed throughout the document, looking at the impacts of climate change, biodiversity loss, geographical risks, and the different impacts on regions, with a strong emphasis on proposals for solutions based on municipal and rural regions.

Although policy issues of major concern to Hungary were among the Hungarian Presidency’s climate change objectives, a representative public opinion survey conducted after the Presidency found that only few people were aware of the Presidency’s activities.³⁷

³⁰ Government of Hungary 2010.

³¹ BARTHA 2010.

³² VASALI 2011: 52–64.

³³ Természetvédelem 2011.

³⁴ Természetvédelem 2011.

³⁵ European Commission 2010.

³⁶ EU2011.hu.

³⁷ Policy Solutions – Medián 2011.

This may, of course, also be due to the fact that climate and environmental protection was not a dominant issue for either the domestic political mainstream or the socio-economic establishment. The 2024 Presidency is likely to change this.

The current state of the policy, opportunities and challenges

As described in the first section, the current framework for European climate policy is the European Green Deal and its Action Programmes, presented in December 2019.³⁸ Ursula von der Leyen described the EGD as “Europe’s moment on the moon”, adding that “we don’t have all the answers yet, the journey is just beginning”.³⁹ The journey started with ambitious plans to deliver a “new growth strategy for a sustainable, cleaner, safer and healthier EU economy”, but the triple aim set out earlier has been slightly redefined, with new aspects given more attention. The main elements of the roadmap linked to the EGD are climate neutrality, i.e. achieving net zero greenhouse gas emissions by 2050, the transition to a circular economy and the restoration of biodiversity.⁴⁰ The action proposals cover all policy areas, such as sustainable industry and mobility, climate action or energy and resource efficient construction and modernisation. In addition, an important element is that climate leadership does not stop at the continent’s borders: the EU is stepping up its climate diplomacy to implement its own ambitions and to help its partners (such as China, Norway, the Republic of Korea or a larger group of African countries) to make a green transition together. The drivers of climate change are global in scale and do not stop at political borders.⁴¹

Close cooperation with third countries is essential for building the clean economy promoted by the EGD, but the EU is using a rather tough instrument to achieve this: by 2023, the EU will have a strong commitment to the EU’s clean economy. The EU’s Carbon Border Adjustment Mechanism (CBAM) will enter into force on 1 October 2023, and will gradually introduce from 2026 a world-first tariff on imports of high-carbon products (steel, cement, aluminium, fertilisers, electricity, hydrogen, and indirectly emitting imports such as manufactured goods).⁴² This will also provide strong incentives for companies producing in non-EU countries to reduce emissions and prevent companies with European sites from relocating to third countries.⁴³ The latter is also of particular importance because the Inflation Reduction Act (IRA) announced by the United States of America, allocates significant resources to stimulate investment in emissions reduction, climate protection and renewable energy, which could also trigger a “seduce” of European industrial players.

³⁸ Keeping it real, however, it is clear that there were also strong political interests behind the environmental and climate ambitions.

³⁹ LORY–McMAHON 2019.

⁴⁰ European Commission 2019.

⁴¹ TÓTH 2023b.

⁴² Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism.

⁴³ With European companies exporting many production units outside the continent’s borders due to strict EU regulations, the mechanism could also slow the upward trend in third country emissions.

The EU announced its own package at the World Economic Forum in Davos, partly to counterbalance its U.S. counterpart, but for the time being the funding is planned to be redirected from existing funds, which suggests that further steps must be taken.⁴⁴

It has been a turbulent period for the EU institutions since the EGD was announced, with new or updated and revised proposals being put forward every month to meet the 2050 climate targets. This is framed by the Fit for 55 package, which primarily aims to achieve a 55% reduction in net GHG emissions by 2030 through legislative proposals across a broad spectrum of policy. Key cornerstones include reform of the ETS, increasing the share of renewable energy from 32% to 40%,⁴⁵ introducing a carbon tax and fully decarbonising new cars and vans by 2035.⁴⁶ The latter proposal has led to objections from several Member States with large car industries (such as Germany, the Czech Republic, Italy, etc.), triggering a new agreement on the use of so-called e-fuels⁴⁷ in conventional internal combustion engines.⁴⁸

In addition to the above-mentioned areas and classic climate policy, the EGD has an agricultural dimension, including food safety, sustainable management (farm-to-fork strategy),⁴⁹ a circular economy with a strong emphasis on waste management,⁵⁰ and a biodiversity conservation dimension (Nature Restoration Law). The adoption and implementation of the draft law is of paramount importance, as assessments show that the state of nature in Europe is declining, with around 80% of habitats in poor condition: the disappearance of rare species is already threatening the continent, even though species diversity is critical for clean air and water, good quality soil and food, and human health.⁵¹ The state of biodiversity is essential to the future of human existence, and the continued depletion and destruction of the global ecosystem at current rates will fundamentally determine the future. For these reasons too, it is necessary to treat it as a priority issue, but a significant group of MEPs have attempted to boycott the decision. In the end, the Council and Parliament were able to agree on the details only after far-reaching compromises.⁵²

The European Commission's normative acts are often soft and general and sometimes contain targets that seem difficult to achieve. To ensure that these acts are used as a basis for decision-making by Member States and other stakeholders, the European Climate Law was adopted in 2021, creating an obligation for Member States to achieve climate

⁴⁴ TÓTH 2023c.

⁴⁵ Renewable energy is also helped by the addition of the so-called taxonomy regulation, which states that nuclear energy and natural gas are to be classified as sustainable energy sources, although this has been a matter of much debate among Member States (NAVRACSICS 2022).

⁴⁶ European Council s. a.

⁴⁷ E-fuels are made by synthesising carbon dioxide from the atmosphere and hydrogen from renewable energy to produce e-methane, e-methanol or e-kerosene, which can be used in a range of industries. The use of e-fuels, like their fossil counterparts, also produces emissions, but these are equal to the amount of carbon dioxide extracted from the air before production, so the equation adds up to zero (E-Fuel Alliance s. a.).

⁴⁸ POSANER 2023.

⁴⁹ European Commission s. a.

⁵⁰ European Commission 2020b.

⁵¹ Nemzeti Agrárgazdasági Kamara 2023.

⁵² European Parliament 2023.

neutrality by 2050.⁵³ The Climate Roadmap, in addition to increasing the target to be achieved by 2030 (to achieve a 55% reduction compared to 1990 emissions), includes a process definition for climate change targets for 2040. Closely related to this is the establishment of the European Scientific Advisory Board on Climate Change (ESABCC), which brings together 15 eminent scientists (including a Hungarian member, Vera Eory) to provide scientific input and support policy-making.⁵⁴ Although the European Commission will propose climate targets for 2040 before the European Parliament elections, the Advisory Panel has also published its own proposals,⁵⁵ which could indeed guide the Commission, despite the rather high – and higher than expected – 90–95% reduction target.⁵⁶ The report also explores issues such as the widespread use of renewable energy instead of importing fossil fuels, and the carbon budget already proposed by the Parliament, which sets a maximum emissions ceiling for the EU to “manage”. This science-based budget addresses the issue of “fair share”, which, unlike the existing methodology, sets an interval for the emissions target to be achieved, based on a cumulative average of several feasible options.⁵⁷

In addition to planning, implementation is also resource-intensive, and in recent years huge stones have been moved to provide the financial backing needed to make the transition to a green economy: currently, one third (€600,000 billion) of the seven-year EU budget and the Next Generation EU (the financial instrument set up to address the damage caused by the economic crisis following the coronavirus epidemic) (€1.8 billion) is available to finance the EGD targets. Special mention should also be made of the EGD’s Just Transition Mechanism, which targets regions where the transition to a climate-neutral economy starts from a disadvantaged position. As this situation affects many areas in the EU, around €100 billion will be mobilised over the 2021–2027 budget period to mitigate the socio-economic impacts of the transition through various sources such as the Just Transition Fund, InvestEU, REPowerEU or the European Investment Bank’s lending instrument.⁵⁸ For the future, it is necessary to highlight, at the proposal stage, the Social Climate Fund as a means of financing the green transition of households and small businesses, to be launched in parallel with the reform of the EU ETS. The Climate Fund is to be financed by auctioning allowances from the already extended ETS (75%) and by Member State contributions (25%).⁵⁹

At many points, it is clear that it is not really knowledge, the EU policy framework or lack of resources that is holding up implementation. It receives little publicity on few platforms, but one of the system’s cardinal flaws is in many cases the setting of EU-level and more general targets: e.g. for biodiversity conservation, the protection of natural

⁵³ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’).

⁵⁴ MASSAY-KOSUBEK 2023.

⁵⁵ European Scientific Advisory Board on Climate Change 2023.

⁵⁶ KOCZÓH 2023.

⁵⁷ GEDEN et al. 2023.

⁵⁸ EU Funding Overview 2020.

⁵⁹ HEINRICH 2023.

ecosystems and the restoration of degraded areas, which is welcome from Hungary's perspective, but the 30% restoration target by 2040 is difficult to achieve due to extensive agricultural activity with strong advocacy. Member States are drawing up national energy and climate plans based on their targets, but the starting position, timetables and often the will differ, putting them at a competitive disadvantage compared to slower movers. Furthermore, it is striking that the EGDs largely identify mitigation (decarbonisation, partnerships, etc.) courses of action with minimal emphasis on adaptation, i.e. adaptability.

It can be assumed that without the “sacrifice” of the Member States, no paradigm shift can be expected, but the coronavirus epidemic and the Russian–Ukrainian war are global events that have (re)awakened society to the need for change, whether in diplomatic relations, economic cooperation or even in the consumption habits of the population. Although the latter events have a greater direct impact on the energy sector, they also have a major indirect impact on climate protection and policy. There is more room for improvement at this point, but if the focus remains on profit, not only the many climate protection objectives but also social justice (which for the time being affects Europe less than other parts of the world) will become unattainable.

The impact of the policy on economic and social development

In the early 1990s, professional forums and events dealing with climate change, such as the Earth Summit in Rio, increasingly focused on environmental sustainability, although climate protection cannot be addressed solely from this perspective. As was pointed out ten years later at the World Summit on Sustainable Development in Johannesburg in 2002,⁶⁰ environmental change has an impact on the economy and society, and vice versa, the economic structure and social attitudes of a country shape its natural ecosystem.⁶¹ The three segments could even be depicted as interlocking cogs, in which an idealised system would require fair expectations of all three components to function “smoothly”. On the contrary, the accumulation of wealth and the pursuit of exploitative lifestyles in recent decades have not moved the cogs in this direction. Moreover, events affecting almost the whole international community, such as the coronavirus epidemic, the Russian–Ukrainian war and their consequences, have not been able to have a major impact on carbon production and consumption patterns (+5% and +2% in 2022 compared to the previous year).⁶² And to work “better”, a socio-economic paradigm shift is now essential.

The EGD, as the cornerstone of EU climate policy since 2019, is concerned with the development of regulations that affect all sectors of the economy, including the daily lives of European citizens. While the framework is still adapting to the new expectations,

⁶⁰ LA VIÑA et al. 2003: 53–70.

⁶¹ The economic and social aspects of the green transition are only touched upon in this section, with a few aspects being selected, and due to the scope of the topic, the relationship between the three segments could be the subject of a separate study, including even more indicators. Consequently, this part of the study focuses exclusively on social justice and the relationship between GHG emission reductions and GDP.

⁶² Eurostat 2023.

Member States need to intensify actions on mitigation and partly adaptation to reach the targets for the next 28 years. The EGD, also known as a growth strategy, is essentially bringing a new industrial revolution to the continent, which aims to reduce emissions and stimulate the economy by, among other things, supporting research, innovation, boosting competitiveness, reducing social inequalities and improving the quality of supply systems.⁶³

If a hierarchy between the three segments were to be defined, human action would be at the top of the pyramid, since both the economy and the natural environment are most vulnerable to it. This is why the social approach must be at the heart of the green transition, because if the population does not feel the need to change their lifestyles, the goals will – in the present context – only move further away. From a societal perspective, climate policy must clearly focus on adaptation as well as mitigation. A number of studies point to the need to raise social awareness, for example by encouraging responsible consumption through the moderation of needs.⁶⁴ This concept focuses on the maintenance of well-being rather than the deprivation of goods, for example through access to quality food, even from the organic economy, the development of social networks (transport, health, education) or the expansion of digitalisation. Adaptation also requires raising awareness and educating society to ensure that citizens enter the labour market with the skills needed to meet the new conditions. The green transition can undoubtedly improve the occupation rate of society, but the lack of adequate knowledge and skills can lead to an even greater competitive disadvantage for deprived regions.⁶⁵

In her dissertation, Orsolya Nagy analysed a number of EU regulations, standards, studies, appropriations, action plans, strategies and policies, and criticised the fact that these (legal) resources often contain too general principles and objectives, and that their main guiding principle is competitiveness. In her dissertation, she also points out that the time for this kind of governance is coming to an end. Her analysis has shown that many people do not dare to set concrete expectations and implement plans, and thus move in parallel with one another, and societies are becoming tired of this.⁶⁶

Because of the sometimes too general scope, the extent to which Member States move towards certain targets set in the EGD, such as the use of renewable energy sources or the reduction of GHG emissions, often varies from one Member State to another.⁶⁷ However, there has been a positive shift at Community level in both areas: wind and solar energy accounted for 22% of the EU's electricity generation mix (natural gas 20% and coal 16%)⁶⁸ and GHG emissions in the first quarter of 2023 were down by around 3% year-on-year. At EU level, however, a prosperous economy is not linked to emission reductions, as EU27 GDP fell by 1.2% in the period under review. At the Member State level, the picture is more positive: of the 21 EU countries that cut their emissions, only six (the Czech Republic, Estonia, Lithuania, Luxembourg, Hungary and Poland) saw

⁶³ European Parliamentary Research Service 2022.

⁶⁴ DUBOIS-JESUS 2023.

⁶⁵ SANCHEZ-REAZA et al. 2023.

⁶⁶ NAGY 2017.

⁶⁷ TÓTH 2023D.

⁶⁸ EMBER 2023.

their GDP fall, meaning that 15 EU countries (Portugal, Croatia, Belgium, Malta, France, Spain, the Netherlands, Germany, Austria, Romania, Italy, Cyprus, Greece, Slovenia and Bulgaria) managed to increase their GDP in parallel with the reduction in emissions.⁶⁹

Of course, this is only one measure of the economic ratios of the green transition, and no definitive conclusions can be drawn from one set of data. Not to mention the economic-related crises of the last few years, among others, which also make it unrepresentative to rely solely on recent data, remembering the growth in coal production and consumption outlined earlier. However, the data highlighted are striking examples of how adaptation in times of crisis can be achieved with fewer resources. In any case, the implementation of EU climate policy requires a multi-faceted approach: environmental sustainability is achieved by integrating the economic and social aspects, taking account of the specific characteristics of each country (geographical, geological, climatic, biological, etc.), taking measures to change attitudes and investing financial resources. It is clear that the capital-based economic system does not allow for large-scale changes in consumption patterns, and that the key to the current system is moderation, without compromising the well-being of all players, and in accordance with fair action and values. All this must be brought together by a professionally based political governance that does not make its actions dependent on government cycles, nor does it base its survival solely on profit.

Hungary's interests in the future development of the policy

Climate change, sustainability and climate policy require a holistic approach and toolbox, but the set of solutions related to the issue cannot be identified with a Swiss army knife; the key to solving all problems is not concentrated in one place. This approach should be integrated into the work of the 2024 Hungarian Presidency, by putting a specific, relevant segment on the agenda.

The Spanish–Belgian–Hungarian trio of the EU Presidency starting in July 2023 identified a broad spectrum of (potential) policy priorities for the year and a half leading to a climate neutral future: in addition to the definition of the broad framework (improving the competitiveness of the economy through the green transition, while enforcing the legal framework), specific mention was made of biodiversity protection (including, for example, air, soil and water pollution), monitoring the implementation of the EU forest strategy, waste management and the development of sustainable agriculture. As climate and energy policies go hand in hand, the transformation of the energy system is also included in this part of the programme.⁷⁰ The context cannot be overlooked: social, health and cultural issues have been placed in the same chapter as climate issues, which suggests a lower emphasis within the hierarchy of Presidency priorities.

It goes without saying that successive presidencies also shape their own priorities on the basis of the achievements of their predecessor, with a view to continuity. Therefore

⁶⁹ Eurostat 2023.

⁷⁰ Council of the European Union 2023a.

the Hungarian leadership, which will take office in July 2024, will not be able to fully concretise its objectives for a long time. However, the guidelines have already been outlined, summarised in seven points: competitiveness, demographic challenges, enlargement, migration, common security and defence policy, cohesion policy, adoption of the annual budget.⁷¹ Competitiveness, which appears in several points of the study, is echoed here, and the expected environmental and climate change issues are best identified here: the European Green Deal, while addressing climate change and other environmental problems, states that it aims to transform the EU economy into a modern, resource-efficient and competitive economy.⁷²

Given the timing of the cycle, the Hungarian Presidency will also be responsible for negotiating the 2040 climate neutrality targets and shaping the EU's position for the UN climate conference,⁷³ but indirectly, its prominent role in the rethink of cohesion policy and the adoption of the 2025 budget will also influence the direction of EU climate policy. These key events will place a heavy burden on the Hungarian delegation but will also provide an excellent opportunity to channel national interests.

If I had to pick just one area, which in Hungary's case is the most striking impact of climate change, it is the state of natural waters. Irregularity of rainfall (drought and flash floods), the use of groundwater (even of drinking water quality)⁷⁴ for irrigation, high evaporation or deterioration of water quality are just some of the consequences of climate change that are increasingly affecting our country, or even the whole region or the continent.⁷⁵ Consequently, as a continuation and extension of the 2011 Hungarian Presidency priority, an ambitious package of water policy proposals could be put forward for discussion in the Presidency Programme, which would focus on adaptation alongside existing mitigation approaches, for example by promoting certain technologies (such as treated wastewater, although the use of this technology is still in its infancy in Hungary) and increasing social adaptability through campaigns. This is only a small segment of climate policy, but it would contribute to the smooth functioning of all three cogs mentioned above: if it is in society's interest to have water available in terms of quality and quantity, it could influence production patterns in agriculture and the food industry by regulating demand in such a way that products are preferred that are known to be produced in the way they are (for example, from organic farms⁷⁶).

Policy is also involved in creating the regulatory environment. The revision of the Water Framework Directive, adopted in 2000 and an essential element of EU water policy from an environmental point of view, has been a hot topic for years, although a 2019 study by the European Commission has declared the legislation to be adapted to the new circumstances, based on the opinions of the scientific community and society. The latter argues that implementation should be better rather than creating a new framework. The Hungarian

⁷¹ VARGA 2023.

⁷² DENNISON–ENGSTRÖM 2023.

⁷³ KOCZÓH 2023.

⁷⁴ ROTÁRNÉ SZALKAI et al. 2015: 6.

⁷⁵ DÉNES–KOVÁCS 2021: 41–50.

⁷⁶ Nébih 2022.

Presidency could also focus on implementing this demand, which could be linked to the adoption of the nature restoration law, which is also a priority of the Spanish Presidency.⁷⁷

Above all, the Hungarian Presidency should adopt a narrowed focus from July 2024 in order to be effective: the limited time available and the hectic situation after the European elections, putting an important issue on the agenda – with the good preparation that Hungary has in abundance from a water perspective through its experts – could be sufficient at least to launch and sustain the debate.

Based on the policy milestones, events, aspects and arguments presented in the study, it can be concluded in summary and in general terms, but also in relation to the Presidency, that it is worth considering not implementing the policy as planned as long as we compare countries with each other under general standards instead of taking their specificities into account; only after the specificities have been brought to the fore can we start to “build walls”, i.e. to define the content required to achieve the framework and objectives set by the EU in a country-specific way. This approach also avoids a ‘country-by-country’ narrative: there is no point in comparing Member States that started out at different times and with different capabilities to drive the economic, social and environmental gears. Another problem with planning, both in our country and in other Member States, is the lack of involvement of the different decision-making levels, whereas the implementation of green policy in general could be made really effective, fair and dynamic by channelling the different sectors and bodies and organisations. At the same time, still few actors see this system useful, especially if capital accumulation continues to be the basis for thinking and action.

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⁷⁷ Council of the European Union 2023b.

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Mária Réti

On the Common Agricultural Policy of the European Union

The Common Agricultural Policy (CAP) is one of the most valuable policies of the European Union, whose role in managing current challenges, and in general in achieving sustainability, is of almost inestimable importance. From the time of its establishment, after several reforms, the CAP still strives to guarantee a safe, fair price food supply for the citizens of the European Union. During its presidency of the Council of the European Union in 2011, Hungary effectively contributed to the reform process of the CAP, thus contributing to the development of the policy. Declaring the multifunctional nature of agriculture, the CAP supports the actors of agriculture and the development of the countryside, as well as generational renewal by empowering young farmers. In addition it favours good management practices that are environmentally friendly, counteract the harmful consequences of climate change, and comply with agri-environmental protection requirements.

Introductory thought

The Common Agricultural Policy (CAP) is one of the defining policies of the European Union, the changes of which currently and in the long run have a decisive role in respect of the development of the economy, society, environment and culture of the European continent, overall, it is no exaggeration to say that the Common Agricultural Policy is fundamental to the European Union in terms of its future.

About the beginnings of the Common Agricultural Policy

In Europe, after World War II, ensuring the population's food supply and dealing with the food shortage due to the devastation caused by the war and the destruction affecting agriculture were objectively the most important tasks among others.¹ The contractual foundations of the Common Agricultural Policy appeared in the Treaty of Rome, signed on 25 March 1957.² The Treaty of Rome under Title III "Agriculture" in Paragraph 1 Article 38 stated that the common market covers agriculture and the trade of agricultural products. Paragraph 4 of Article 38 contained that the operation and development of the common market for agricultural products must be accompanied by the establishment of

¹ For the reasons of the establishment of the Common Agricultural Policy see SOMAI 2014: 225–246.

² It is important to emphasise that the Messina conference of 1955 is a milestone, because after long discussions a decision was made to imply agriculture in the system of the common market to create European integration.

a common agricultural policy among the Member States, the objectives of which were also recorded. After a series of negotiations characterised by long and heated debates, the CAP was actually introduced³ in 1962 along the contractual foundations indicated above, and its basic principles were also formulated.⁴

On the contractual foundations of the Common Agricultural Policy

On the basic provisions and objective system of the Common Agricultural Policy

The relevant contents of the contractual foundations of the Common Agricultural Policy did not fundamentally change compared to those laid down in the Treaty of Rome. Currently, the Treaty on the Functioning of the European Union (hereinafter: TFEU) under Title III “Agriculture and Fisheries” contains in Articles 38–44 the contractual basis for the Common Agricultural Policy.⁵ Paragraph 1 Article 38 of the TFEU states that “the Union shall define and implement a common agricultural and fisheries policy”.⁶ Paragraph 1 Article 38 of the TFEU also includes the fact that the internal market covers agriculture and fisheries, as well as trade in agricultural products. The TFEU also establishes the concept of agricultural products, namely, the range of products to which the regulation is directed.⁷

Among the contractual foundations, the provision formulating the system of objectives may be regarded as fundamental. Evaluating the system of objectives, it may be concluded that the CAP has unique, equivalent objectives, while at the same time general objectives applicable to all policies also contribute to those of the CAP. The specific objectives of the Common Agricultural Policy laid down in Article 39 of the TFEU are the following: increasing agricultural productivity by promoting technical development and by ensuring the rational development of agricultural production and the best possible utilisation of production factors, especially labour; in this way, ensuring an adequate standard

³ European Commission 2012.

⁴ The basic principles of the CAP are the following: “principle of the single internal market”; “principle of community preference”; “principle of financial solidarity”. The single internal market means the free flow of agricultural products within the Community. On the basis of the CAP, the Member States have decided to eliminate customs duties and other import barriers for the circulation of goods among them. The principle of Community preference is the preference for the Community’s agricultural products, which includes protection against cheap goods from third countries. Financial solidarity means that the member states jointly undertake the expenses related to the Common Agricultural Policy and the financing of it.

⁵ Regarding the CAP, an important provision on competition law based on Article 42 is that the general competition law provisions are applied with limitations. The legislative issues of the CAP are also settled among the contractual funds, see Article 43 TFEU.

⁶ It is important, that from the second half of the 1960s, regarding the specificities of the fisheries area, the creation of an independent policy emerged. In connection with fisheries policy, a decision was made on 25 January 1983, whereby the Community introduced the Common Fisheries Policy (CFP). For the Common Fisheries Policy see European Parliament s. a.a.

⁷ Article 38(1) TFEU: ““Agricultural products” means the products of the soil, of stockfarming and of fisheries and products of first-stage processing directly related to these products.” In addition, Annex I TFEU is relevant for the taxation of agricultural products.

of living for the agricultural population, especially by increasing the per capita income of agricultural workers; stabilising the markets; ensuring the availability of care; ensuring the supply of consumers at a reasonable price.⁸

The general goals that contribute to the realisation of the specific objectives of the CAP are the following: promotion of high-level employment;⁹ environmental protection for promoting sustainable development; consumer protection; animal welfare requirements;¹⁰ protection of public health;¹¹ economic, social and territorial cohesion.¹²

Common agricultural policy: On Common Market Organisations (CMOs)

Pursuant to the TFEU, in terms of the feasibility of the objective system of the Common Agricultural Policy, a common organisation of agricultural markets shall be established. Depending on the product, common market organisation means one of the following forms: common competition rules; mandatory coordination of the various national market regulations; creation of a European market organisation. Regarding the governing rules, common market organisation established in accordance with the forms defined in the TFEU may include all measures necessary to achieve the objectives of the common agricultural policy, in particular, price regulation, support for the production and market sale of various products, storage and inventory management rules, and a common mechanism to stabilise imports and exports.¹³ Common market organisations (CMOs) are supranational, the survival of national market regulations is given if they have not been replaced by common market organisations. Common market organisations (CMOs),¹⁴ in other words, the peculiarity of market regulations is that they are product-specific.¹⁵ Concerning market regulations, it is important to emphasise that they are aimed at regulating market competition.¹⁶ As part of the organisation of the common market, it is also recorded that a possible common price policy may be based on common criteria and uniform calculation methods.¹⁷ In order to realise the objective of common market organisation, Paragraph 3 Article 40 of the TFEU¹⁸ establishes the possibility of setting up one or more agricultural orientation and the guarantee funds.

⁸ See HITIRIS 1995.

⁹ Article 9 TFEU.

¹⁰ Article 11–13 TFEU.

¹¹ Article 168 TFEU.

¹² Article 174–178 TFEU.

¹³ Article 40 (1)–(2) TFEU.

¹⁴ See HALMAI 2007: 66–77.

¹⁵ For market regulation see KURUCZ 2003: 27; see on the concept of market organisation HALMAI 2001: 301–302.

¹⁶ TANKA 1995: 75–80.

¹⁷ Article 40 (2) TFEU.

¹⁸ On 1 January 2007, the European Agricultural Guidance and Guarantee Fund (EAGGF) will be replaced by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD).

About structural policy

With regard to the contractual basis, it should also be mentioned separately that among the significant areas of the Common Agricultural Policy, besides market policy, structural policy¹⁹ is the other defining area. It is related to structural policy in a way that, based on the Commission's proposal, the Council may authorise the provision of support for the protection of plants disadvantaged due to structural or natural conditions, as well as in the framework of economic development programs.²⁰ It should be highlighted in the scope of regulation the possibility of developing structurally disadvantaged regions, and the chance that the creation of agricultural structures may be accelerated in the direction of the development of rural areas.²¹

On the reforms of the Common Agricultural Policy 1990–2010

On the motivations of the initial reform of the Common Agricultural Policy Internal and external reasons

Among the internal reasons for the initial CAP reform, the most important may be defined as curbing overproduction. The regulatory regime of the Common Agricultural Policy brought significant results, the food supply became safe in the area of the Community. In the first period of the CAP, the prices of agricultural products were characterised by the fact that they were artificially created, high, subsidised prices, above world market prices.²² This price policy encouraged agricultural actors to produce. The operation of the CAP during the period of the initial reforms may be vividly characterised by “mountains of butter” and “lakes of wine”. The system represented complexity and it was expensive. The focus was on controlling and limiting agricultural expenditure as a task.

The continuous enlargement process of the Community also had an influence on the need for reform regarding Common Agricultural Policy.²³ Agriculture had a strategic importance and played a decisive role in case of several countries that gained membership.

Among the external reasons for the reform of the Common Agricultural Policy are the General Agreement on Tariffs and Trade (GATT) agreements, which fundamentally influence agricultural trade, and the essential ones recorded in the WTO treaty system.

¹⁹ In the framework of structural policy, council directives were already adopted in the 1970s, such as Council Directive 72/159/EEC of 17 April 1972 on the modernisation of farms.

²⁰ Article 42 a)–b) TFEU.

²¹ As issues affecting the agricultural structure, these are the basis of the rural development policy of the EU.

²² In the first phase of the CAP, the level of agricultural prices exceeded world market prices by 40–45%. By the end of the 1980s, producers faced 30–35% higher prices than without subsidies. As a result, consumers had to pay more for agricultural products than would have been reasonable (see PALÁNKAI 2001: 296–297).

²³ The United Kingdom, Denmark and Ireland joined the European Communities in 1973, Greece and Spain in 1981 and Portugal in 1986.

It is important to mention that from 1986 the GATT negotiations focused on the field of world agricultural trade and significant results were achieved in the series of negotiations called the Uruguay Round. The agricultural agreement attached to the Marrakesh Convention²⁴ closing the Uruguay round of negotiations should be pointed out among the external factors affecting the Common Agricultural Policy.²⁵ It had a significant impact on the regulatory regime of the Common Agricultural Policy. In the area of the Common Agricultural Policy, until 1995, there was a strong import restriction along with high customs duties, as well as with the operation of the skimming system.²⁶ Within the framework of the Common Agricultural Policy, in view of the agricultural agreement, instead of skimming, special customs duties were introduced. At the same time, the agreement obliged the European Union to reduce export subsidies. The subsidies that were part of the “green box policies” did not fall under the general obligation to reduce subsidies. Those were, for example, subsidies that help the positive development of environmental protection or represent regional assistance. These subsidies had no fundamental influence on trade. It is important to state that the Agreement on the Application of Sanitary and Phytosanitary Measures, which is part of the Marrakesh Convention,²⁷ established food safety requirements focusing on the basic requirement of transparency.

On stages of the reform process of the Common Agricultural Policy 1990–2010

Regarding the reform process of the Common Agricultural Policy,²⁸ the MacSharry Plan (1991) should be pointed out as the first stage, which aimed to comprehensively transform the Common Agricultural Policy.²⁹ Among the goals of the reform plan is to be found the need to continuously reduce agricultural prices by replacing the price-guaranteed protection system with a supplementary income support system. As a result of the drop in prices, the loss of income had to be compensated for by the producers. The reform meant the *decoupling* of price and income policy, the approximation of prices to the world market price level, the balancing of the income level of agricultural producers, and the provision of the *direct payment* system based on the concept. The reform supported small

²⁴ *Marrakesh Declaration of 15 April 1994*. The Marrakesh Convention and its annexes were established within the framework of the GATT. The convention entered into force on 1 January 1995, establishing the World Trade Organization (WTO).

²⁵ See as above.

²⁶ Skimming is a way of import control regarding pricing policy in relation, for example, to agricultural products. According to economist analysts, it is a moving custom. Its function was protection of the internal market. When the price of the imported agricultural product was lower than the internal price deviated from the world market prices then the skimming system was applied (see HALMAI 2007: 69–72).

²⁷ Marrakesh Convention A) Annex.

²⁸ For the CAP reform process see RÉTI–BAK 2016: 163–182.

²⁹ For example, the plan provoked resistance from the French side, so it was implemented in a more restrained version.

producers. As a general rule, mandatory set-aside was³⁰ introduced in order to reduce the amount of production.³¹ The Accompanying Measures of the reform, based on the recognition of the multifaceted importance of agriculture, correctly aimed, for example, at protecting the natural environment, preserving traditional landscapes, and ensuring the sustainability of agricultural production in disadvantaged regions. Programs were developed in connection with, for example, protection of waters, afforestation, weeding of arable land, and the extensification of animal husbandry.³²

The new stage of the reform process was marked by “Agenda 2000”.³³ This stage of the reform process was based on the multifunctional character of agriculture, as a result of which, the Common Agricultural Policy was supplemented with a second pillar, the rural development pillar. The CAP became multi-pillared³⁴ and both pillars were financed. The agreement adopted by the Council of the European Union at its meeting in Berlin on 24–25 March 1999³⁵ stated the following: “The content of this reform will ensure that agriculture is multifunctional, sustainable, competitive and spread throughout Europe, including regions with specific problems, that it is capable of maintaining the countryside, conserving nature and making a key contribution to the vitality of rural life, and that it responds to consumer concerns and demands regarding food quality and safety, environmental protection and the safeguarding of animal welfare.”³⁶ In the framework of the further reforms, for example, a stronger adjustment of the internal prices compared to the previous ones was foreseen for the purpose of approximation to the world market prices, namely with the compensation and direct subsidies to the producers.³⁷ In order to supplement direct subsidies, member states could provide them if certain conditions were met, for example, to eliminate regional differences. Environmental conditionality³⁸ came to the fore when granting subsidies. Modulation was introduced on an optional basis from 1 January 2000. Within the framework of the modulation, the member states had the opportunity, if certain conditions were met, to reduce direct subsidies and carry out reallocations to finance rural development. The reform also took into account the intention of Central and Eastern European countries to join.

³⁰ As a background, it is important that set-aside was voluntary from 1988 (see Commission Regulation 1272/88/EEC, 29 April 1988).

³¹ See Council Regulation 1765/92/EEC, 30 June 1992: 7.

³² See HALMAI 2020: 121. In relation to the accompanying measures, it is worth pointing out that the initial pillars of the CAP’s greening process – which has been completed for today – may be seen here.

³³ Agenda 2000: For a Stronger and Wider Union.

³⁴ The Cork Declaration on the future of rural development was issued in November 1996.

³⁵ European Council 1999.

³⁶ See as above. Translated by Dr. Mária Réti and Dr. Klára Bak, ELTE ÁJK Department of Agrarian Law. As a precursor to the spirit of the cited document text, the Council of the EU recorded similars in 1997, in Luxembourg (see European Council 1997).

³⁷ The member states had the opportunity to use support in certain cases in the interest of eliminating discrepancies based on management practices and conditions (national envelope).

³⁸ For environmental conditionality see KRISTENSEN–PRIMDAHL 2006.

The Fischler reform was a milestone in the reform process.³⁹ In the framework of the Fischler reform, on 23 June 2003 in Luxembourg, EU agriculture ministers concluded an agreement that significantly restructured the Common Agricultural Policy.⁴⁰ During the restructuring of the CAP, new principles appeared and new mechanisms were introduced. Among these, the independence of subsidies from the volume of production should be singled out. Agricultural farms had to be made interested in competition (market orientation), and the distorting effects of the previous mechanisms in agriculture and in the trade of agricultural products had to be balanced. The “Single Payment Scheme” was introduced,⁴¹ and single payments are linked to compliance with environmental protection and public health obligations – *cross-compliance*.⁴² The purpose of cross-compliance is to ensure that the standards for sanitary and phytosanitary, as well as for animal welfare in the European Union are obeyed by farmers. The rules regarding cross-compliance were laid down in Council Regulation 1782/2003/EC of 29 September. In terms of cross-compliance, it should be emphasised that according to the Council Regulation, the “Statutory Management Requirements (SMR)” are essential for the awarding and payment of subsidies. Management requirements are a set of public, animal and plant health, environmental and animal welfare requirements laid down in the legislation. According to the Council Regulation, the “Good Agricultural and Environmental Condition (GAEC)” also has to be ensured by the member states.⁴³ In addition to cross-compliance, the regulation sets out modulation based on base years, too.⁴⁴ Regarding the provisions of the Council Regulation, the amount of direct payments should be gradually reduced with the percentage fixed in the Council Regulation year by year, and at the same time, it should be reallocated to rural development.⁴⁵ In relation to the agreement system of the World Trade Organization (WTO), the future goal of decoupling of payment from the volume of production was to place the Single Payment Scheme in the “green box”. From the point of view of the development history of rural policy, Council Regulation 1698/2005/EC should be considered relevant, which established a system of targets for the period 2007–2013, according to the following: improving the competitiveness of agriculture and forestry by supporting restructuring, development and innovation; improving the quality of

³⁹ For an analysis of the Common Agricultural Policy of 2003 reform process see Agrárgazdasági Kutató és Informatikai Intézet 2004.

⁴⁰ The enlargement in the 2000s during the reform had a large impact.

⁴¹ See Council Regulation 1782/2003/EC Title III.

⁴² See European Commission s. a.a; CsÁK 2012: 423–433.

⁴³ Council Regulation 1782/2003/EC 4–5.

⁴⁴ Council Regulation 1782/2003/EC, 29 September 2003, Article 10 “Modulation. 1. All the amounts of direct payments to be granted in a given calendar year to a farmer in a given Member State shall be reduced for each year until 2012 [...]. 2. The amounts resulting from application of the reductions provided for in paragraph 1, after deducting the total amounts referred to in Annex II, shall be available as additional Community support for measures under rural development programming financed under the EAGGF “Guarantee” Section according to Regulation (EC) No 1257/1999”.

⁴⁵ See Council Regulation 1782/2003/EC.

the environment and the countryside through the support of agricultural land utilisation; improving the quality of life in rural areas and encouraging the diversification of economic activity.⁴⁶

The 2003 reforms were confirmed with the 2009 Health Check.⁴⁷ Regarding the period between 2003 and 2009, Council Regulation 1234/2007/EC led to a breakthrough in the legislation because it has established the common organisation of agricultural markets and contained rules for a single common market organisation, codifying in joint regulation the mechanisms of the previous 21 common market organisations.⁴⁸ Based on the Health Check, it is also significant that the financial discipline was strong in the financial perspective for the period 2007–2013, regarding the challenges arising from the enlargement process of the Union.⁴⁹ The budget of the first pillar of the CAP was frozen and annual compulsory ceilings were introduced. The funds of the first pillar of the Common Agricultural Policy were transferred to a greater extent to the rural development pillar.⁵⁰ It was also a goal to make the rules for state interventions and regulation of supply more flexible so that, for example, state intervention should not discourage agricultural producers from detecting market signals and in responding to market signals.

The priorities and results of the 2011 Hungarian Presidency, their contribution to the reform process of the CAP after 2010

On the priorities of the Hungarian Presidency, on the conclusions of the Presidency

When Hungary held the rotating presidency of the Council of the EU in 2011,⁵¹ another reform of the CAP was underway. The beginnings of the new reform go back to 12 April 2010 regarding the future of the CAP, when the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on “The CAP towards 2020: Meeting the food, natural resources, and territorial challenges of the future” (hereinafter: Commission Communication) was issued. The contents of the document were based on a broad public debate, which indicated the new challenges in the field of agriculture.

⁴⁶ See Regulation 1698/2005/EC 4 (1). The regulation states in Article 4 (2) that the goals can be achieved along four axes. One such axis is the Leader program. For the four axes see Regulation 1698/2005/EC Title IV.

⁴⁷ Council document approved on 20 November 2008.

⁴⁸ Council Regulation 1234/2007/EC.

⁴⁹ See Interinstitutional Agreement between the European Parliament, the Council and the Commission on budgetary discipline and the efficiency and effectiveness of financial management (2006/C 139/01).

⁵⁰ For the development of the modulation with regard to the Health Check see Council Regulation 73/2009/EC.

⁵¹ Hungary held the consecutive presidency of the Council of the European Union as part of a trio from January to July 2011. The Spanish–Belgian–Hungarian trio presided over the EU Council from January 2010 to July 2011. For the activities of the Hungarian Presidency see GAZDAG 2011: 72–85.

The Commission Communication may be considered a key milestone, on which the Hungarian Presidency also strongly built. The Commission Communication is of particular value because it expressly states that the basic goals set out in the Treaty of Rome are valid with unchanged content. In essence, under the title *Goals of the Future CAP*, the Commission Communication formulates the three main goals of the new CAP reform, which are as follows: sustainable food production; sustainable management of natural resources and action against climate change; preserving territorial balance and the diversity of rural areas. The Commission Communication reflects the point of view of European citizens regarding the fact that the traditional farming process, agriculture also produces public goods that are indispensable, their value is inestimable, but not honoured by the market, therefore, it is fair and equitable to compensate those who contribute to the creation of public goods.

It should be emphasised that Hungary's rotating presidency in 2011 made a valuable contribution to the continuation of the CAP reform process, harmonising with the approach of the Commission Communication by recording presidency conclusions that reflected the contents of the above-mentioned Commission Communication. The meeting of the Agriculture and Fisheries Council on 17 March 2011 accepted the conclusions of the Hungarian Presidency. The next result of the work of the Presidency was that the Council supported the conclusions⁵² of the Hungarian Presidency with a significant majority (20 Member States). The Presidency's conclusions regarding the future development of the CAP contained 35 points and state that the CAP is a valuable policy that needs to be maintained. With regard to the reason for the existence of the CAP, it is absolutely necessary to point out that the work of the Hungarian Presidency contributed to the continuation of the CAP with solid foundations, despite the fact that totally different opinions in connection with the continuation of the CAP have also been formulated.⁵³ As stated in the document, the agricultural sector and the CAP based on it, contribute⁵⁴ to the implementation of the Europe 2020 Strategy. The necessity of the Common Agricultural Policy – as explained in the document – is supported by the general reason that the food supply should be ensured with healthy food, at the right price, in a sustainable manner. Another important point of the Hungarian Presidency's conclusions is that it expresses its position on the CAP budget, stating that the future CAP should remain strong and should have financial resources proportional to its goals without prejudice to decisions regarding the multiannual financial framework 2014–2020. The value of the Presidency's work is also supported by the fact that the continuation of the CAP with sufficient financing was a Hungarian interest, too and it came into effect. The share of Hungary's agriculture in

⁵² See Council of the European Union 2011.

⁵³ See the information provided by Minister Sándor Fazekas: "...the one extreme was during the debate, we experienced this, whether there should be a Common Agricultural Policy or not. There were positions that this was not necessary" (see Minutes of the meeting of the Parliament's European Affairs Committee held on Tuesday, 3 May 2011 at 10:10 a.m. at No. 61, the main floor of the Parliament, EUB-10/2011, EUB-31/2010–2014).

⁵⁴ The three priorities of the Europe 2020 Strategy published by the European Commission: smart growth, sustainable growth and inclusive growth (European Commission 2020a).

the period before the Hungarian Presidency (2006–2009) in relation to the agriculture of the Union was approximately 2%, but in comparison, the grants received from the first and second pillars of the CAP represented an overall larger proportion.⁵⁵

An essential finding of the presidency document is that the CAP may continue to be built with the existing two independent but interacting pillars.⁵⁶ It is important that the undoubtedly complex structure should meet the requirement of simplification as well as the need for better feasibility. It was specifically emphasised in the document that the Hungarian Presidency agrees with the objectives consisting of three main elements, set out in the already mentioned Commission Communication. It was also established in the document that the maintenance of direct payments, which are the most important element of the income of agricultural producers, is justified, basically due to two reasons. (On the one hand, direct payments contribute to the optimal standard of living of agricultural workers, on the other hand, they can reward agricultural producers for public goods and services provided by them, thus the market would otherwise not pay for these public goods and services.) It was also stated in the presidency document that it is necessary to fairly distribute income subsidies among the member states, but they must be more targeted in order to ensure their transparency and to make the results measurable. During distribution, pragmatism is essential, and flexibility⁵⁷ should also be applied.⁵⁸ Regarding the greening of the CAP, the document acknowledges that environmentally friendly management is very important, but it must be harmonised with the ideas aimed at simplifying the CAP. Indeed, if greening increases administrative burdens for farmers and in the state administration system, then it is obvious that the effect targeted by greening may not or may not adequately be achieved. The Presidency's conclusions also state the need to maintain and increase the effectiveness of subsidies to regions with unfavourable natural conditions. The presidency document summarises the previous CAP reforms, stating that a large part of the CAP support has become independent of production. With regard to subsidies dependent on voluntary production,⁵⁹ it was established that they should be continued in certain sensitive sectors, but with the requirement that in external relations the European Union should comply with its WTO obligations, and in internal relations, the governing principle is that

⁵⁵ In the period 2013 Hungary's support share was over 3% of the CAP in the EU (see Minutes of the meeting of the subcommittee on the Common Agricultural Policy [CAP] of the Parliament's Committee on Agriculture, 30 November 2011, KA-1/2011, KA-3/2010–2014).

⁵⁶ János Martonyi, Minister for Foreign Affairs, stated as follows: "The Member States considered the Communication of the European Commission published in November 2010 as a good basis for further negotiations, a large majority of them stood in favour of the two-pillar CAP" (see Report J/2425, on issues related to the membership of the Republic of Hungary in the European Union and the situation of European integration 2009–2010, Speaker: János Martonyi).

⁵⁷ According to the document, flexibility (at national/regional level, with appropriate transition periods) is necessary to avoid disruptive financial consequences (see Council of the European Union 2011, Presidency conclusions point 11).

⁵⁸ Regarding direct payments, the issue of tightening the upper limit of payments may be mentioned as a strong point of discussion for large enterprises (capping).

⁵⁹ Voluntary coupled supports are used in case when an agricultural sector in a difficult situation needs support. The crisis situation of an agricultural sector may have an impact on production (stop), but also on other parts of the supply chain, and also on related markets.

the integrity of the internal market may be ensured. The Hungarian Presidency document names the rural development policy as a particularly valuable area and states that resources are given to improve competitiveness, to modernise agriculture and food processing to ensure sustainability. However, the document also states that there is a need for simplification in this area and correction of the previous system primarily with programs aimed at national, regional and local rural development. The Hungarian Presidency also declared its position according to which, compared to the first pillar of the CAP, solutions that harmonise with the specificities of the member states play a significant role in the rural development policy. Therefore, the influence of the member states in the field of rural development policy should be stronger. Indeed, the rural development policy effectively contributes to maintaining the diversity of agricultural activity and increasing the economic potential of rural areas. As part of balanced regional development, increasing rural employment and maintaining jobs is of utmost importance.

About the 2013 reform package

One of the main characteristics of the regime⁶⁰ of the 2013 reform package is that it retains the CAP dual system. The two pillars are to be financed by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD).⁶¹

Regulation 1307/2013/EU of the European Parliament and Council (hereinafter: direct payments regulation) is the defining regulatory document of the reform package covering financing issues. It summarises the rules for payments directly given to agricultural producers (direct payments) within the support schemes listed in Annex I.⁶² Pursuant to the regulation, the so-called basic payment scheme was established,⁶³ which is a direct payment and independent of production.⁶⁴ The regulation also involves related payments, which are as follows: redistributive payment; payment for agricultural practices beneficial for the climate and the environment; payment for areas with natural constraints; and payment for young farmers. According to the regulation on direct payments, another type of support is the voluntary coupled support, as well as the small farmer scheme based on voluntary participation, which was introduced from the point of view of cost rationalisation.

⁶⁰ Regulation 1303/2013/EU; Regulation 1308/2013/EU; Regulation 1310/2013/EU. For the assessment prior to the package of regulations, with particular regard to Hungarian aspects, see Agrárgazdasági Kutató Intézet 2012.

⁶¹ For the financing of the pillars see Regulation 1306/2013/EU of the European Parliament and of the Council, Title II. Chapter I “Agricultural Funds”, 3 (1)–(2).

⁶² For the analysis of direct payments see POTORI et al. 2013: 323–331.

⁶³ In the framework of the Single Payment Scheme (SPS), the support entitlements obtained in compliance with the relevant legal regulations expired on 31 December 2014 and new entitlements were allocated. Direct Payments Regulation Article 21 “Payment Entitlements” (1)–(4).

⁶⁴ Member States applying Single Area Payment Scheme (SAPS) in 2014 could decide to continue it until 31 December 2020 at the latest [see Direct Payments Regulation 36 (1)].

Among the regulation of payments, there is an essential rule that requires the reduction of payments for large agricultural holdings. According to the norm, Member States reduce the amount of direct payments to the agricultural producer for a given calendar year by at least 5% for the part of the amount that exceeds EUR 150,000.⁶⁵ The flexibility of the regulation is ensured by the possibility of reallocation between the pillars.⁶⁶

Regarding the scope *ratione personae*, it should be highlighted that the category of active farmer is introduced. Pursuant to the regulation, Member States exclude legal entities from the possibility of direct payments if they do not meet certain minimum requirements.⁶⁷ Exclusion is also provided by law on an optional basis. The introduction of the legal status of active farmers is also relevant from the point of view of rural development. Thus, according to Regulation 1305/2013/EU (hereinafter referred to as the “Rural Development Regulation”), certain rural development supports may only be received by active farmers, i.e. grants provided in the field of organic farming or animal welfare.⁶⁸

Returning to the scope *ratione personae* of the direct payments regulation, the category of young farmers should be highlighted. The rules which favour young farmers have a key importance.⁶⁹ The regulation facilitates the start of the activities of young agricultural producers for a maximum of 5 years.⁷⁰ The conceptual connection of the regulations created in the reform package is well illustrated by the fact that, according to the regulation on rural development, young farmers⁷¹ are also supported, because the Member States may include thematic sub-programs in their rural development programs, giving priority to young people.

Regarding related payments, the significance of payment for agricultural practices beneficial for the climate and the environment has to be highlighted, because it essentially represents a breakthrough in climate policy and in the greening program of the CAP.⁷² The direct payments are linked to the fulfilment of the ecological conditions defined for this support.

Cross-compliance rules which have been formerly introduced in the CAP to achieve sustainable agriculture are also fixed in Regulation 1306/2013/EU (hereinafter: common financing regulation). The content of the regulation is similar to the previous ones, but it has been simplified and there is room for administrative sanctions in case of the violation of its provisions.⁷³ It is important that the participants of the small farmer support do

⁶⁵ Direct Payments Regulation Article 11. Please note that the rule applies to basic payments and single area payments.

⁶⁶ Regulation 1307/2013/EU 14.

⁶⁷ Regulation 1307/2013/EU 9.

⁶⁸ Regulation 1305/2013/EU 29, 33.

⁶⁹ Regulation of direct payments III. Title Chapter 5 “Support for Young Farmers”.

⁷⁰ Age limit: 40 years of age.

⁷¹ For the concept see Regulation 1305/2013/EU 2 (1) point n).

⁷² Regulation 1307/2013/EU 43 (2) according to “the agricultural practices beneficial for the climate and the environment shall be the following: (a) crop diversification; (b) maintaining existing permanent grassland; and (c) having ecological focus area on the agricultural area”.

⁷³ Regulation 1306/2013/EU 91–92.

not belong to this group. Furthermore, similarly to the previous regulatory concept, the regulation also provides for the farm advisory system.⁷⁴

As part of the reform package, the rural development regulation harmonising with the previous ones, ties rural development supports to the realisation of three major goals, which are as follows: promoting the competitiveness of agriculture; ensuring sustainable management of natural resources and action related to climate change; the implementation of balanced territorial development of rural economies and communities, including the creation and maintenance of jobs.⁷⁵ In relation to the goals, the Union sets rural development priorities with regard to the contribution to the implementation of the Europe 2020 Strategy, which aims at intelligent, sustainable and inclusive growth. In order to realise the rural development priorities, the Member States work out strategies. Rural development policy⁷⁶ operates and is financed through rural development programs.

As part of the 2013 reform package, a new regulation was adopted regarding the common market organisation of agricultural products.⁷⁷ The regulation contains all the basic elements of the common market organisation of agricultural products. With regard to its regulatory approach, it should be emphasised that it defines the rules governing individual sectors as a general rule in relation to the various market regulation instruments. The regulation also contains specific provisions in relation to sugar, wine, milk and milk products. In addition, support programs aimed at improving access to food, such as the school fruit and vegetable program and the school milk program, are recorded in the legislation.⁷⁸ The regulation also defines the rules of the subsidies in relation to each sector, such as the olive oil and edible olive sector, the wine sector, the beekeeping sector, the vegetable and fruit sector.⁷⁹ It is also important to point out that the regulation contains the rules regarding producer and interbranch organisations.⁸⁰ The legislation also lays down norms on trade with third countries⁸¹ and competition rules, too.

On the results of the Hungarian Presidency in the light of the 2013 reform package

Among the results of the Hungarian Presidency, it should also be mentioned that, as a significant part of the Member States joined after 2004, Hungary applied the Single Area Payment Scheme (SAPS).⁸² Just as the agricultural producers of the Member States joined earlier, Hungarian farmers received 100% of the subsidies. As a result, in the period

⁷⁴ Regulation 1306/2013/EU 12.

⁷⁵ Regulation 1305/2013/EU 4.

⁷⁶ For the characteristics of rural development policy see SZILÁGYI 2016: 41–42.

⁷⁷ Regulation 1308/2013/EU.

⁷⁸ See Regulation 1308/2013/EU Part II, Chapter “Aid Schemes” Section 1.

⁷⁹ See Regulation 1308/2013/EU II, Part II, Chapter 2–5.

⁸⁰ For producer organisations and interbranch organisations see European Commission s. a.b.

⁸¹ See Regulation 1308/2013/EU Part III.

⁸² By 1 January 2019, regional or national flat-rate support per hectare had to be established. According to the regulation, Hungary applied the SAPS support system. The countries applying the SPS system harmonised the subsidies by region.

between 2014–2020, Hungarian agriculture received 20% more support in nominal terms than in the previous seven-year period. Hungarian farmers with smaller farms could join a simplified scheme. Their support was fixed, and the requirements they had to fulfil were lower and simpler than the requirements for larger farmers. Regarding encouraging generational renewal, young farmers could receive targeted additional support in the first five years. In case of production-related payments, additional supports have been maintained in a significant range, including for example, the support that can be claimed for the continuation of animal husbandry. Among the market subsidies, it is important that the production quota for sugar has been maintained, and the production quota for isoglucose increased by almost 15% in 2014.⁸³ In the area of rural development, the issue of investments related to renewable energy and improving energy efficiency was decisive. It was a significant result from the point of view of Hungary that it has become possible to support irrigation investments by new developments, too.⁸⁴

Regarding capping, namely, the support limit of up to 150,000 euros, it is important that the scheme had a corrective factor in connection with employment. By reducing the support regarding the limit mentioned above, it was necessary to take into account the previous year's wages, taxes and contribution, which were deductible and Hungary took advantage of this.

The EU priorities formulated in terms of rural development were harmonised with Hungarian interests. On the Hungarian side, it was possible to support the introduction of organic farming as a new measure, measures promoting cooperation and the introduction of thematic sub-programmes, at the scale of innovation. In terms of market organisation, market orientation continued. Support for the recognition of producers and interbranch organisations was also harmonised with Hungarian interests.

On the current challenges in connection with the Common Agricultural Policy, on the new reform package, on Hungarian aspects

On the current challenges in connection with the Common Agricultural Policy

In view of the current challenges in relation to agriculture, it is necessary to refer to the objective fact that the change in climatic conditions and the consequences of this change must be constantly considered. Obviously, this objective factor appearing more and more dramatically these days, basically affects agriculture. It is necessary to adapt from the personal side, in order to balance the consequences of climate change in agriculture. Nowadays, laying down appropriate regulatory content related to agriculture, for example on biodiversity, water protection, soil protection,⁸⁵ forest protection, animal welfare – is

⁸³ This is also significant because the production of isoglucose from the raw material of corn helped rural employment, because it gave work to a significant number of people involved.

⁸⁴ GLATTFELDER 2013: 1–2.

⁸⁵ For the rules of soil protection see RÉTI 2018: 97–112; FODOR 2007: 108–117.

one of the greatest challenges for the purpose of ensuring sustainable agriculture. Considering the current challenges, fostering landscape protection is also an area of public interest, which is in interaction with the previously listed areas. Landscape protection is inestimably valuable in economic, social, environmental, and last but not least, cultural terms. The question of maintaining the countryside is a big challenge from material, immaterial and personal points of view. Among the challenges, the personal side of agriculture, the age of farmers is fundamental, because the ageing⁸⁶ of European societies may be experienced in agriculture all over Europe and poses a really serious challenge. It is necessary to encourage generational renewal⁸⁷ and to provide support for the young generation as far as possible to maintain the personal side of agriculture. The goal is to make the opportunity for young people to enter the agricultural sector, to start businesses and to farm. Continuous education in a complex way is also essential. On the one hand, it needs to happen with the transfer of traditional agricultural knowledge and information, on the other hand, with the transfer of modern knowledge including IT knowledge, the achievements of digitalisation, and the specific characteristics of precision farming. A major issue in relation to climate change is whether the good agricultural practices that may at least offset the harmful consequences of climate change are able to spread widely and develop or not. Ensuring food supply, as well as the production of safe, fair-priced food, and continuous access to it with the preference for environmentally friendly production methods, appear among the current challenges in a general way. In terms of contemporary challenges, it is also necessary to consider epidemics, wars, crises and their impact on agriculture.⁸⁸

On the new CAP reform package – Characteristics, objectives, financial framework

On the characteristics of the new CAP reform package

The new CAP 2023–2027 has more main characteristics, which are in connection with one another. Firstly, it shall be noted that in this period the spirit and regulatory regime of the previous period continues but at the same time innovations are also being introduced with stronger or finer nuances. It should/shall also be noted that the new CAP puts more emphasis on environmental protection and climate policy than before. The aim is for the CAP to make a more significant and valuable contribution to the objectives set out in the EU's environmental protection and climate policy, i.e. those defined in the European Green Deal, the Biodiversity Strategy and the “Farm to Fork”⁸⁹ program.⁹⁰ Thirdly, it should/shall also be recorded among the characteristics of the new CAP that

⁸⁶ See Eurostat 2020.

⁸⁷ CAP – generational renewal in European Commission 2021.

⁸⁸ For example, the EU responded to the Covid-19 epidemic with funding that affected the agricultural sector or another example is the currently well-known problem of the Ukrainian grain.

⁸⁹ European Commission 2020b.

⁹⁰ European Commission 2020c.

the social aspect of the CAP is laid out as an innovation by the fact that the expectation of ensuring employment conditions and certain working conditions is mandatory for the beneficiaries. Sanctions may also be imposed on them if they do not comply with the relevant regulations.⁹¹ The aim of the new CAP with this regulation content is to make the policy fairer compared to the previous one. The more equitable nature of the new CAP is reflected by the display of the effort to improve the gender balance in agriculture for the first time with such specificity in the CAP. In addition, it is also important that the support policy is performance-oriented and based on an assessment by common principles, but it undoubtedly provides for EU Member States a wider latitude than before. Each Member State may choose the measures being considered the most suitable and most effective for achieving its own goals considering its characteristics and the related needs and requirements.

Another feature of the new CAP is that each Member State prepares a strategic plan based on certain conditions.⁹²

On the goals, on the financial framework

The new CAP is based on ten important goals, which are the following: ensuring a fair income for farmers; improving competitiveness; improving the position of farmers within the value chain; taking action on climate change; protection of the environment; conservation of landscapes and biodiversity; support for generational renewal; revitalising the economy of rural areas; protection of food quality and health; expanding knowledge, agricultural knowledge and enhancing innovation.⁹³ Regarding the financial part of the new CAP goal system, the main feature is that⁹⁴ EUR 378.5 billion, namely 31% of the total budget⁹⁵ has become available to CAP beneficiaries since 1 January 2021, according to the Multiannual Financial Framework (MFF) approved in December 2020. It is also important that the framework of the MFF is complemented by the package of the Next GenerationEU program, which was established to deal with the economic crisis caused by the consequences of Covid-19, as a recovery package.⁹⁶ The strong attention to climate policy among the goals of the new CAP is also well illustrated by the financing aspect, because 40% of the total expenditures in the budget are to be allocated to climate policy measures. It is also relevant that 10% of the budget is used to implement objectives related to biodiversity.⁹⁷

⁹¹ For “Social Conditionality” see Regulation (EU) 2021/2115 of the European Parliament and of the Council Section 3 14.

⁹² Government of Hungary s. a.

⁹³ European Commission s. a.c.

⁹⁴ European Parliament s. a.b.

⁹⁵ It should be noted that the CAP budget accounted for 2/3 of the EU budget in the 1980s.

⁹⁶ The scope of the recovery package: 807 billion euros (see European Union s. a.).

⁹⁷ For financing data see European Commission s. a.d.

On the regulatory regime of the new CAP reform package

Considering the goals of the new CAP, three new regulations⁹⁸ were created. Regarding the finance, management and monitoring of the CAP, the provisions of Regulation 2021/2116/EU (Horizontal Regulation) are essential. As a basic rule, it is laid down in the Horizontal Regulation that agricultural expenditures are financed by EAGF and EAFRD.⁹⁹ Within the framework of the new CAP regulatory regime, the common market organisation is still provided by Regulation 1308/2013/EU, but some of its provisions have been modified and the regulation has been simplified.¹⁰⁰ One of the main elements of the legislation system of the CAP is Regulation (EU) 2021/2115 of the European Parliament and the Council on Strategic Plans (hereinafter: Strategic Plan Regulation).

The Strategic Plan Regulation stipulates that compared to the previous, stricter mandatory environmental conditionality rules apply to basic payments of the first Pillar. The Regulation clearly states¹⁰¹ that the Member States should/shall define a set of conditions in their CAP Strategic Plans, based on which, farmers receiving direct payments or other subsidies may be sanctioned if they do not comply with the “Statutory Management Requirements” and the “Good Agricultural and Environmental Conditions” (GAEC).¹⁰² It is worth pointing out that the rule of social conditionality was laid down in harmony with the requirements mentioned above. Regarding the unified regulatory concept, administrative sanctions are also applied in the field of employment in case of breaching the provisions.

According to the Strategic Plan Regulation, the goal of CAP national strategic plans developed by the member states is to make clear the following: in what way the individual member states contribute to the new CAP goal system and what measures, what types of interventions and what programs apply.¹⁰³ Before the development of the national strategic plans, each country estimated its own needs (needs assessment), relied on its own specificities, and after that formulated the strategic plan related to all of these. The Member States should act transparently and, besides other obligations, for example, concerning land management and economic management, they shall operate farm advisory services.¹⁰⁴ The national strategic plan is to be approved by the Commission. The yardstick of the approval is whether the provisions of the national strategic plan harmonise with the EU-level goals, or not. Based on the strategic plans, the countries

⁹⁸ The regulations: Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 (Strategic Plan Regulation); Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 (Horizontal Regulation); Regulation (EU) 2021/2117 of the European Parliament and of the Council of 2 December 2021 (Regulation on the Common Market Organisation).

⁹⁹ See Horizontal Regulation 4.

¹⁰⁰ The amending legislation: Regulation 2021/2117/EU.

¹⁰¹ Strategic Plan Regulation 12.

¹⁰² Strategic Plan Regulation Annex III.

¹⁰³ Strategic Plan Regulation Title V.

¹⁰⁴ Strategic Plan Regulation 15.

shall submit performance evaluations, and the results are continuously measured. The Commission conducts a review of CAP strategic plans every two years and may make recommendations to evaluate performance and increase progress.¹⁰⁵

Regarding the new CAP, the types of interventions implemented in the form of direct payments are still of fundamental importance. Direct payments may be distinguished into two groups: decoupled and coupled direct payments. Pursuant to the Regulation, direct payments independent of production (decoupled) are the following:¹⁰⁶ the basic income support for sustainability; the complementary redistributive income support for sustainability; the complementary income support for young farmers; the schemes for the climate, the environment and animal welfare. Direct payments dependent on production (coupled), according to the Regulation, are the following: the coupled income support; the crop-specific payment for cotton.¹⁰⁷

Important rules have been laid down regarding the upper limit of the amount of payments and the gradual reduction of payments. Member States have the opportunity to determine the upper limit of basic income support in the reference year. Member states deciding to apply the mentioned rule should reduce the amount of payment exceeding EUR 100,000 by 100%. Member States may decide to reduce the amount of the basic income support exceeding EUR 60,000 by a maximum of 85% in the reference year.¹⁰⁸ To ensure a more equitable distribution of payments, it is essential that the Member States should transfer at least 10% of their direct payment allocations from larger farms to small and medium-sized farms.¹⁰⁹ As a result of the fairer distribution, the new CAP prefers to small and medium-sized farms.

In the field of decoupled direct payments, the Member States establish support for the operation of voluntary schemes ('eco-schemes') and agroecological programs in their Strategic Plan to achieve goals related to climate, environmental protection and animal welfare. The scheme includes active farmers who commit themselves to adopting agricultural practices being beneficial for climate and environmental protection, animal welfare, as well as for the fight against antimicrobial resistance. It is important that active farmers shall make commitments that go beyond the "Statutory Management Requirements" and "Good Agricultural and Environmental Condition" (GAEC) requirements and meet other requirements in the field of environmental and climate policy.

Regarding the second pillar of the CAP, it is an important characteristic that the basic principles of interventions are defined at the EU level, but the Member States have a wide latitude. The types of interventions aimed at rural development ¹¹⁰ include payments

¹⁰⁵ Strategic Plan Regulation 104–122. Common indicators, which are contained in Annex I of the Regulation, are important for performance evaluation.

¹⁰⁶ Member States that provide basic income support based on support entitlements form a *national reserve*. Only active farmers may benefit from the reserve. The rule gives preference to young farmers who set up a farm for the first time, as well as new farmers, in receiving the reserve (Strategic Plan Regulation 26). For support eligibility, see further in Strategic Plan Regulation 23.

¹⁰⁷ Strategic Plan Regulation 16.

¹⁰⁸ Strategic Plan Regulation 17 (1)–(2).

¹⁰⁹ Strategic Plan Regulation 98.

¹¹⁰ Strategic Plan Regulation IV, Chapter 69 a)–h).

related to environmental protection, climate and farming commitments. These types of interventions have to be supported by the Member States in accordance with their unique national, regional or local needs – throughout their territory. Farmers in areas with unfavourable natural features and other area-specific disadvantages also receive support from the rural development pillar. The goal is to ensure a fair income for farmers and the resilience of the agricultural sector. Compensation is provided to farmers to balance the additional costs they had to spend to mitigate the disadvantages, and at the same time, the compensation also replaces the lost income due to the disadvantages. For example, producers farming in mountainous and island areas may be affected. Farmers are also supported in areas with area-specific disadvantages resulting from certain mandatory requirements. This involves the forestry sector, for example. Various investments are supported, especially those aimed at the modernisation of agriculture and rural areas, such as precision farming, the establishment of smart villages, investments supporting the technological infrastructure of rural businesses, but also investments aimed at the development of irrigation infrastructure. Young farmers are a preferred group, as well as new farmers, namely regarding the start of their activities. Given the need to provide appropriate risk management tools, active farmers are supported in managing their production and income risks – support for risk management tools. In general, cooperations serving the realisation of the CAP objectives and the preparation, development, implementation of cooperation strategies are also supported within the framework of the second pillar.¹¹¹ These are for example Leader groups or the European Innovation Partnership (EIP) aimed at the productivity and sustainability of agriculture. Exchange of knowledge and innovation are in focus. The implementation of the interactive innovation model shall also be supported, because with the model the operators in agriculture may quickly learn about good practices, the dialogue may work effectively and the quick possibility of adopting good practices may appear as a viable solution.

On the Hungarian aspects

The new common agricultural and rural development policy for Hungary¹¹² is laid down in the Hungarian CAP Strategic Plan.¹¹³ The Hungarian Strategic Plan was accepted by the Commission. It is of fundamental importance that a government decision issued by the Hungarian Government had preceded the national Strategic Plan.¹¹⁴ The Hungarian countryside was in the focus of the Government's objectives, in addition to the following specific goals: support for renewing the rural areas in Hungary, increasing the economic

¹¹¹ Cooperation may be realised, for example, by cooperatives. For cooperatives linked to agriculture see BAK 2018: 328–338.

¹¹² See the characteristics of the new CAP in KENGYEL–SOMAI 2023: 31–60.

¹¹³ Government of Hungary s. a.

¹¹⁴ Government Decision 1003/2021 (I.11.).

and population-retaining power of the countryside,¹¹⁵ strengthening Hungarian food self-determination and export potential, improving the competitiveness of Hungarian agriculture, developing of food industry, and ensuring predictable agricultural subsidies for farmers. In order to achieve all of the goals, the Hungarian Government has stipulated that 25% of the resources from the EAFRD should be transferred to the EAGF in the 2021–2027 CAP Strategic Plan for the period 2023–2027. The EU rural development subsidies are supplemented with 80% by the Hungarian national budget in the framework of national co-financing. The government decision also included that the annual payment from SAPS should be reduced by 5% above the amount of EUR 150,000, and by 100% above the amount of annual payment for 1,200 hectares in 2021–2022. At the time the government decision was issued, the decision-makers considered the challenges arising from the changed climatic conditions, the importance of production concerning the utilisation of natural geographical features, as well as favouring rural development and the renewal of the countryside, which is the key to sustainable agriculture, and consequently it contributes significantly to the development of the Hungarian economy and society. The Hungarian Strategic Plan – paying also attention to the Hungarian interests – focuses significantly on environmental sustainability in relation to food production and food safety. Moreover, it concentrates on the development of the food industry, as well as on increasing support values, cost-effectiveness, in conclusion, on the implementation of sustainable, environmentally friendly management and competitiveness aspects. As far as Hungarian interests are concerned, it must be emphasised that ensuring the competitiveness and sustainability of Hungarian agriculture and the food industry based on it is a key issue.

In Hungary, the direct support system is based on several elements in the new period: basic support; coupled income support; the Agroecology Program (AEP) support form; the young farmer support form; the so-called redistributive income support.¹¹⁶

In case of basic supports¹¹⁷ the stability of the producers' position in terms of income is ensured by BISS (Basic Income Support for Sustainability), which replaces SAPS. While agriculturally cultivated areas served as the basis for support, from 2023 the support will also be based on areas that may promote biodiversity and climate criteria from the aspect of protection.¹¹⁸ When applying for basic supports, farmers shall meet the requirements of conditionality.

The Agroecology Program (AEP) is a voluntary form of support that may be chosen annually on a territorial basis, with the fact that it may be applied to the entire farm area. The condition for the application is that the farmer shall make additional

¹¹⁵ Supporting the growth of agricultural employment is crucial because it currently accounts for 4.8% of the country's employment, while the food industry accounts for 3.2% of employment.

¹¹⁶ Compared to the whole, basic income supports: 54.6%, production-related supports: 15%, AEP supports: 15%, redistributive supports: 14%, supports for young farmers: 1.4%.

¹¹⁷ For the previous regulation see Government Decision 1437/2014 (VII.31.).

¹¹⁸ The areas that result in new subsidy entitlements are, for example, elements of landscape or non-production purposes: forest strips protecting fields, coastal strips of watercourses that are not cultivated, wet or saline areas.

commitments.¹¹⁹ The commitments are aimed at good agricultural practices, by which the farmers apply environmentally friendly aspects during farming and carry out farming practices that counteract the harmful consequences of climate change.

In case of coupled income support, it is important that their purpose is to help farming in sensitive sectors, and to balance the economic and market problems occurring in these sectors. Hungary has introduced this form of support in two large areas, crop cultivation and animal husbandry, according to the list and conditions contained in the relevant legislation.¹²⁰

Encouraging generational change appears rightly in the Hungarian Strategic Plan more strongly than in the past, based on the current data in the field.¹²¹ Support for young farmers from the first and the second pillar is possible at the same time if the governing conditions are met. Age (18–40 years) is important in terms of support conditions to promote young farmers, but it is also necessary that they are required to dispose of agriculture and forestry qualifications set out in legislation when applying for the support.

The redistributive income support is aimed at supporting small and medium-sized farms. It replaces the previous capping, as well as the simplified direct payment scheme for small farmers. In relation to the purpose of the support, only farmers whose eligible area is no more than 1,200 hectares may apply for this form of support.

The rural development subsidies in the Hungarian CAP Strategic Plan are multilateral, coherent with each other, act in one direction, towards the implementation of the new CAP goal system, as well as they have a strong funding base. Rural development subsidies may be divided into several groups. The first group includes interventions aimed at the development of the economy. The focus of these subsidies is the development of the food industry sector.¹²² The second group is green interventions.¹²³ As already mentioned, large-scale environmental aspects are formulated in the Hungarian CAP Strategic Plan. The payments supporting agri-environmental management and ecological management from the previous system will remain. In addition to the agroecological programs, within the framework of Natura 2000, the preservation of forest and grassland areas, the preservation of animal and plant genes, as well as animal welfare support will continue. In rural development, the support of the forestry sector is also emphasised. The third group consists of the interventions concerning the renewable countryside.¹²⁴ In this field, the proven subsidies for rural communities, the subsidies applying for the development of

¹¹⁹ If this form of support is chosen, the farmer shall make an additional commitment of at least two points per category for all land use categories.

¹²⁰ For crop cultivation: sugar beet, rice, industrial vegetables, vegetable cultivation, extensive and intensive fruit, industrial oil crops, grain and fiber protein crop cultivation; animal husbandry: ewes, fattened bulls, heifers, dairy cows (see Decree of the Agrarian Ministry 17/2023 [IV.19.]).

¹²¹ There are 430,000 agricultural producers in Hungary, 30% of whom are over 64 years old (see European Commission s. a.e).

¹²² Compared to the period 2014–2020, the increase in resources is fourfold (planned support: HUF 1,455 billion); see The Hungarian Chamber of Agriculture 2023.

¹²³ The planned support is more than HUF 1,000 billion, which also means an increase in resources compared to the previous period (one and a half times); see as above.

¹²⁴ Increase in resources: 1.26 times, the planned support exceeds HUF 285 billion; see as above.

knowledge transfer and the promotion of innovation in the food industry will continue. The subsidies serve for the development of small settlements, the strengthening of rural development cooperation, the development of Leader, the support of agricultural knowledge and innovation, and education related to the transfer of good practices, such as the operational experience of demonstration farms. Regarding the Hungarian interest, 38% of the rural development budget will be allocated to agri-environmental interventions, 8% to the further development of organic farming, and approximately 5% to the protection of Natura 2000 areas covering almost 162,631 hectares.¹²⁵

Final thought

Looking back on the history of the development of the European Union's Common Agricultural Policy, it is clearly seen that it is a constantly changing, adaptable, flexibly renewing policy, and considering all of this, it is extremely valuable. Looking through the policy change trends, the rise of green elements, the preference for environmentally-friendly and protective farming, the strengthening approach of supporting landscape protection, and the introduction of measures to balance the harmful consequences of climate change on agriculture may be seen. Moreover, the policy seeks to guarantee a safe and affordable food supply, in this context, the preservation and increase of the competitiveness of agriculture, and finally, the support of the producers, young farmers in particular, who represent the personal side of agriculture. The realisation of these objectives is beneficial for all the Member States, including Hungary, and consequently, it is also in Hungary's interest to continue and continuously develop the policy. In the further development of the CAP, it should also be taken into account that the countries with significant agricultural potential that want to join may have a serious impact on the agriculture of the current member states in general and thus on the market status quo of their farmers in particular. The key issue is whether the goals of the CAP may be achieved, considering the objective conditions that appear in Europe and globally. The current new reform package of the CAP gives cause for optimism.

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¹²⁵ For the data see European Commission s. a.e.

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Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009. OJ L 347, 20.12.2013, 608–670.

Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007. OJ L 347, 20.12.2013, 671–854.

Regulation (EU) No 1310/2013 of the European Parliament and of the Council of 17 December 2013 laying down certain transitional provisions on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), amending Regulation (EU) No 1305/2013 of the European Parliament and of the Council as regards resources and their distribution in respect of the year 2014 and amending Council Regulation (EC) No 73/2009 and Regulations (EU) No 1307/2013, (EU) No 1306/2013 and (EU) No 1308/2013 of the European Parliament and of the Council as regards their application in the year 2014. OJ L 347, 20.12.2013, 865–883.

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Global, European and Hungarian Water Policies

The global water crisis is spreading worldwide, driven mainly by climate change and several human activities that have altered the global water cycle. Addressing community water interests is becoming increasingly important and a focus area for cross-sectoral public policy planning. To lay the ground for the water policy pillar of the EU Presidency, we first review the history of the emergence of water as a public policy in the UN, EU and Hungarian dimensions and the current strategic situation of the issue. We will examine the general drivers, challenges and opportunities for water policies and further analyse the barriers and bottlenecks to implementation. What are the foreign policy and diplomatic dimensions of water management in Hungary? In six points, we summarise the proposed priorities for the international engagement of Hungarian water diplomacy.

Introduction: The need for water policies

Water is the basis of life and the determinant of all ecosystems. Through the water cycle, every “drop of water” that humans take out of the cycle returns to it, mostly modified, but in a different way. The main reason for the looming global water crisis is climate change, and many human activities have modified and are still modifying this cycle.

Water and its natural and socio-economic interrelationships are fragmented:¹ spanning space and time, it affects all other sectors, connecting states, municipalities, people and ecosystems. A further, rarely considered water specificity is that the extremely long lifespan of its facilities, which can last for millennia, alters the natural environment over large areas and cannot be fully restored to its original state if dismantled.

All members of society have some form of water management and interest in water relations, which makes water an inherently conflictual medium.² Socio-economic actors have a legitimate need to be aware of the water relations in their area (sphere of influence) and to have some understanding of its stability.

All of these characteristics make water a public good, a public utility and a public interest. Promoting the community’s welfare in water is becoming increasingly important and, therefore, requires long-term planning based on policy.

In a “bird’s eye view” approach, water policy is defined as the strategic planning, management and action that sets the framework for water management, taking into account the needs and opportunities of a particular region, community or economic activity concerning water. To ensure that the result of these often conflicting interests is in the public interest, ‘water management’ as a sector must play a central planning,

¹ OECD 2015.

² SOMLYÓDY 2008: 462–473.

organising, regulating and implementing role. This role must be coordinated with social and economic policies and other policies so that sustainable water management is (also) reflected in the policies of different sectors.³

Historical development of water policy

The emergence of global water policy under the auspices of the UN

In the interrelationship between food, energy and water, water has become one of the most important global issues since the mid-20th century. Our planet's freshwater supply is constant, but the decline is dramatic per capita. Over the last forty years, the global average of 13,000 cubic meters per capita per year has fallen to 5,000. Population trends and climate change threaten a global water crisis. This poses an extraordinary challenge to the relationship between water and humanity, but this realisation has slowly unfolded.

The Club of Rome's 1972 global development model, "The Limits to Growth" did not yet address water as a limited resource. The issue of water as a global dilemma was first raised at the UN Conference in Mar del Plata (1973). Dozens of different organisations are now working on global water management. The cooperation and networks between them are hardly transparent.

Several significant international water agreements can be concluded at the UN, including the Convention on the Protection and Use of Transboundary Watercourses and International Lakes.⁴ The operational management is carried out by the UNECE's Integrated Water Resources Management (IWRM) Working Group of the UNECE, where Hungary is very actively involved. Aquatic ecosystems have emerged as a cardinal recognition in water policies, supported by the Convention on Wetlands of International Importance, particularly as waterbird habitats.⁵ Hungary was one of the co-chairs of the Working Group on the Sustainable Development Goals (SDGs) adopted by the UN General Assembly in 2015, thus making an invaluable contribution to the development of the goals for the subsequent development period and the universally valid UN SDGs. In this context, the three Budapest Water Summits (2013, 2016, 2019) initiated by János Áder, then President of Hungary, played an essential role in including water management in the SDGs.

Water is the sixth of the 17 elements of the UN Sustainable Development Goals. The water-related goals are at the core of the other 16; none can be met without meeting the water targets, and the goals must be achieved through integrated water management. To date, the UN has failed to integrate climate and water policies. The 2015 Paris Climate Agreement barely addressed the adaptation actions needed for water issues.

³ REICH 2011: 289–330.

⁴ Helsinki Convention 1992.

⁵ Ramsar Convention 1971.

However, at the last UN Global Climate Change Conference (COP27 Sharm el Sheikh), the integration of climate and water policies was already addressed, and it is expected that this process will be further deepened at COP28 in Dubai.⁶

The new approach to water policies deserves attention.⁷ Highly reputable organisations such as the Global Water Partnership (Strategy for a Water Secure World 2014–2020), the OECD (Better Policies for Better Lives 2013) and the World Economic Forum – WEF (Global Risk Report 2016) have published analyses of the world's water problems through the concept of water security.

The latest development in global water policy is the UN Water Conference 2023, the first such event in 46 years. Csaba Kőrösi (President of the UN General Assembly) played a significant role in the preparation and historic outcome of the conference. One of the most important lines of action is the integration of climate and water policies and the creation of a global water information and alert system by merging the related databases. An investment of USD 255 billion is planned to implement the action program over the next five years.

Hungarian scientists, diplomats and politicians have played and continue to play a significant role on the global water policy stage, such as János Áder, János Bogárdi, Csaba Kőrösi, Károly Szesztay, András Szöllösi-Nagy, Charles Vörösmarty and many others.

The development of water policy in the European Union

The need for a single policy has also gradually emerged in the EU. Throughout history, water issues have been involved in most major policy events and ideas in Europe and the Danube basin. For example, the issue of declaring the Danube an international waterway can be traced back to the Congress of Vienna in 1814–1815 and was realised in the Belgrade Convention of 1948 with the establishment of the Danube Commission. The treaties that ended the European wars and subsequent events also have many water management implications. For example, the Treaty of Trianon's division of the Carpathian Basin into a single hydrographical formation with borders was followed almost immediately by the conclusion of agreements on border waters. The European Union has been dealing with water issues since its creation based on two realisations:

- the last century and a half has caused severe damage to Europe's waters, especially aquatic life, and there is a need to halt and restore the degradation
- floods across Europe are causing severe damage; if done collectively, flood protection can only be effective on a river basin approach

⁶ REICH 2023: 14–16.

⁷ IJJAS et al. 2017: 423–462.

Water Framework Directive

In June 1995, the Council of Europe and the Environment Committee of the European Parliament initiated a review of the European Communities' water policy, leading to the EU Water Framework Directive⁸ (2000/60/EC) by 2000. The Water Framework Directive (WFD) aims to achieve and maintain good ecological and chemical status or potential of surface waters and good chemical and quantitative status or potential of groundwater. It also sets the following general objectives:

- preventing the deterioration of aquatic and wetland habitats, protecting them and improving their condition
- promoting sustainable water use by protecting exploitable water resources in the long term
- improving water quality by reducing pollution and phasing out hazardous substances
- progressively reducing groundwater pollution and preventing further pollution
- mitigate the negative impacts of floods and droughts

The deadline for meeting the requirements was 2015, which could be extended until 2021 and 2027 if justified. A River Basin Management Plan (RBMP) must be prepared as the primary implementation tool and reviewed every six years. It is of cardinal importance for Hungary that it has made cooperation in river basins a legal obligation, as 95% of our waters originate beyond our borders, and our exposure is extreme.⁹

Other EU water policy regulatory documents

Specific directives, such as groundwater, drinking water, bathing water, nitrates, urban wastewater treatment, environmental quality standards and flood protection directives, play a particular role in developing water policy.

The Floods Directive (FRD, 2007/60/EC) aims to set out a framework for activities to assess and manage flood risks to reduce the adverse impacts on human health, the environment, cultural heritage and economic activity. The separate emergence of the WFD reflects the evolution of EU water policy and a change in approach, namely the recognition that economic and social objectives of water damage prevention should not be rigidly subordinated to water conditions but should be pursued by them. Under the WFD, Member States should conduct a preliminary flood risk assessment and prepare flood hazard maps, flood risk maps and flood risk management plans. A procedure will be developed for the analysis to be used for the assessment of transnational impact measures applicable to international river basins. It is worth mentioning that Hungarian experts have played a leading role in developing the *Guide to Good Practice in Flood Protection*, which is the basis of the Floods Directive, with their experience in flood protection in Hungary.

⁸ Government Decree 221/2004 (VII.21.).

⁹ IJJAS 2019.

Regional cooperation

An important starting point for establishing the WFD was the protection of the world's oceans,¹⁰ thus linking it to global water policy. The problem of micro-plastics demonstrates its timeliness, the vast floating islands of waste and the degradation of aquatic communities. One of the critical concepts of the WFD is 'river basin', which is the term used to describe the estuary, e.g. the Danube estuary, a regionally cooperative river basin plan. In the EU, there are several other regional cooperation activities within the framework of international river basin commissions of (diplomatic) rank: the International Commission for the Protection of the Rhine (ICPR), the International Sava Commission (ISRBC), the International Commission for the Protection of the Oder (ICPO), and the Danube River Basin Commission (ICPDR), the largest and most international river basin.

The ICPDR¹¹ summarises VGTs for the Danube river basin as a whole. An essential strategic document for Hungary and the Danube River Basin countries is the Climate Change Adaptation Strategy, prepared under the coordination of ICPDR, which guides water-dependent sectors in integrating water-related aspects into their climate adaptation strategies. The Strategy is aligned with the new EU Strategy for Adapting to the Impacts of Climate Change.¹²

At several high-level forums, it was said that the cooperation of river basin countries coordinated by the ICPDR is a model for the world in integrated water management. Hungary has been one of the most active participants in this cooperation.

The development of water policy in Hungary

Historical perspective of the national water policy in Hungary

Our hydro-geographical and climatic conditions determine our waters. They are characterised by a pair of “significant advantages – versus severe vulnerability”, rooted in the unparalleled natural conditions of the Carpathian Basin and its division by political borders. Our country has one of the continent's largest per capita water resources, while our surface water resources from rainfall are the smallest. Our surface water network is sparse compared to our needs. It is well observed that socially deprived, poverty-stricken areas tend to coincide with areas where access to water is more complicated. We have high-quality and abundant groundwater for drinking, medicinal and recreational purposes. We have a large area of valuable wetlands, but the ecological status of our waters (especially surface waters) is still below the expected “good status”.

¹⁰ European Commission 2020.

¹¹ Danube River Basin Management Plan Update 2021.

¹² ICPDR 2021.

Due to our basin and climatic conditions, the percentage of areas at risk of flooding is 24%, the highest in Europe. Almost half of our arable land is inland waterlogged, which is not only due to our endowments but also to poor land use.¹³

The beginnings of water regulation – or water management – began to appear in the early 19th century. These seeds are decomposing. The first of these seeds appeared in the development concept of István Széchenyi's Tisza Valley, which, for the first time, defined the role and tasks of water management in a system based on political, cultural, economic and natural factors. Count István Széchenyi (1846): “By the Tisza Valley, I mean not only the bed of the Tisza and the area where the floodwaters of the rushing Tisza spread but also the beds and outlets of all the rivers and waters that flow into the Tisza.”¹⁴

Jenő Kvassay, the founder, leader and scientist of the Hungarian civil water system, developed practical proposals for water planning, irrigation, water power utilisation, river regulation and waterway development for 10–20 years, which were set out in the administrative framework of the Water Law Act of 1885. He is the first to mention water management as a policy “expressis verbis” in the form of our Water Economy Policy, published in 1913, which is probably a world first!

Elemér Sajó, his successor in office, faced the dilemma that the Treaty of Trianon had fragmented the previously unified river basins and that the plans had to be re-aligned accordingly. He published a draft framework document entitled *Memorandum on the Increased Use of Our Waters and the Establishment of a New Water Policy* (Budapest, 1931). This was followed by three more specific and complex National Water Management Master Plans (1954, 1965, 1984).¹⁵

Domestic water policy has been significantly influenced – “set” in a European direction – by the support that preceded the regime change and then our accession. For example, the Phare Programme has provided a significant volume of investment in water facilities, and the EU has also supported the adoption of the *acquis communautaire*.

After the regime change, several strategic documents were adopted, including the first one, the Water Damage Prevention Strategy in 1992, which put the concept of flood and inland water protection on a new footing. The lack of a coherent, integrated policy, however, only became acute in the early 2000s and was partly a response to the disintegration of the water institutions.¹⁶ An outstanding achievement is the comprehensive work edited by László Somlyódy entitled *Magyarország vízgazdálkodása: helyzetkép és stratégiai feladatok. Köztisztületi Stratégiai Programok* [Situation and Strategic Tasks of Water Management in Hungary 2011],¹⁷ which was produced as part of the Public Strategic Programmes of the Hungarian Academy of Sciences and became the origin of all further long-term planning, including the National Water Strategy.

¹³ REICH 1997.

¹⁴ SZÉCHENYI 1846.

¹⁵ ORLÓCI 2009: 1–4.

¹⁶ SOMLYÓDY 2002.

¹⁷ SOMLYÓDY 2011.

Water policy during the 2011 Hungarian EU Presidency

One of the leading themes of the 2011 Hungarian EU Presidency was water policy, the main result of which was the endorsement by the Heads of State and Government in June 2011 of the launch of the European Union's second macro-regional development concept, the Danube Region Strategy (DRS).¹⁸ For the Hungarian side, the principal negotiator of the DRS was Etelka Barsiné Pataky, Government Commissioner. Her personal achievement was that the increasingly urgent issue of drought management was given due weight in the DRS and EU water policy and that Hungary became co-coordinator of both priorities of the Strategy, which set water management objectives. Many water experts supported this work.

The Danube region (essentially the Danube river basin) comprises 14 countries and is home to over 100 million people, one-fifth of the EU's population. Although the countries differ in economic strength, the region's countries are closely interconnected and have further potential for integration and growth. Their policies are interdependent.¹⁹ The DRS identifies four main pillars of intervention. In water management, Hungary has a coordination role:

- with Slovakia in two priority areas: water quality restoration and preservation
- with Romania in environmental risk management, focusing on water damage prevention

An essential consequence of the 2011 Hungarian EU Presidency was the launch in 2014 of the Danube Transnational Programme (DTP), based in Budapest, with a financial framework of around 245 million euros, and its new name for the EU budget period 2021–2027, the Danube Region Programme (DRP). It should be mentioned here that the DRS also supported the establishment of the National Tisza Office in Szolnok.

The current state of water policy

UN water policy

Although the UN has a long history of water policy, no UN agency, fund or program deals exclusively with water issues. In fact, more than 30 UN agencies run water and sanitation programs, as these issues cut across all the main UN focal areas. The overarching implementation framework for UN water policy is UN Water, which is the UN's single integrated water coordination mechanism with the overriding goal of sustainable water and sanitation management. Its specific areas of action are:

¹⁸ *Danube Region Strategy* s. a.; GAZDAG 2011: 72–85.

¹⁹ European Commission 2016.

a) *Support to UN policymaking processes*: over the years, UN Water has contributed to the development of global policy frameworks on disasters, climate change, sustainable development and other issues, such as the 2030 Agenda for Sustainable Development, the development of the SDG 6 Global Acceleration Framework, the launch of the Decade of Action for Water campaign, and the organisation of the UN World Water Conference 2023.

b) *Monitoring and reporting*: UN Water is a monitoring centre that provides coherent and reliable data and information on key water trends and management issues throughout the water cycle. Building on the data collection efforts on the water cycle within and outside the UN system, UN Water has established the Integrated Monitoring Initiative for SDG6 (IMI SDG6) as the central data mechanism for all water-related issues. The main areas of activity are:

- supporting countries in collecting and reporting data on all global indicators of SDG6
- supporting policy and economic decision-makers at all levels in using SDG6 data
- producing the UN World Water Report

c) *Encouraging action*: UN Water coordinates the UN’s global thematic campaigns on freshwater and sanitation (World Water Day and World Toilet Day campaigns).

Table 1: Major UN and international organisations engaged in water management issues

UN organisations	
UNESCO	The Intergovernmental Hydrological Programme (IHP) was established in 1975. Hungarian experts have been very active in its establishment and operation. Hungary is a member of the 2021–2025 Governing Council.
FAO (World Food Organization)	The role of irrigation and water management in food production, with a large number of Hungarian experts participating in FAO projects around the world.
WMO (World Meteorological Organization)	Its main activities are coordinating practical and scientific research in meteorology and atmospheric physics at the global level and water issues related to the Earth’s water cycle.
WHO (World Health Organization)	Healthy water supply and sanitation (2 billion people in the world do not drink healthy water).
UNEP (United Nations Environment Programme)	Coordination of mainly international projects and research along the environmental dimension of water.

International professional organisations	
World Water Council (WWC)	Its main goal is to integrate global efforts on water. Nine high-impact World Water Forums were organised.
Global Water Partnership (GWP)	A key advocate of integrated water management, with significant Hungarian input.
European Water Association (EWA)	Shaping European water policy, with significant Hungarian input.
World Conservation Union (IUCN)	Conservation of aquatic wildlife.
International Council for Irrigation and Water Development (ICID)	It has done a lot to ensure that the Common Agricultural Policy takes account of the new Member States' specificities, with significant Hungarian participation.
International Network of Basin Organizations (INBO)	International network of river basin organisations targeting the development of integrated water management – with significant Hungarian contribution.

Source: Compiled by the authors

Current challenges for EU water policy

First challenge: Assessing and updating the impact of the Water Framework Directive to inform future EU water policy

The final deadline for achieving good status under the WFD is 2027, which requires a thorough analysis of the activities and results performed so far, drawing conclusions and setting new directions accordingly. In doing so, it is necessary to highlight the problem that the Water Framework Directive and river basin management planning have been rooted in the misconception that the umbrella for all plans is “EU water policy itself”. The Water Framework Directive regulates the part of planning concerned with ensuring and maintaining good water status, leaving the rest of the planning to the Member States. In other words, the EU regulates one part of integrated river basin management planning, while Member States regulate the other part – the planning of water management measures to achieve the economic and social objectives set out in EU sectoral policies.

Indirectly, the EU is also supporting the implementation of water management measures by providing substantial support for the development of the necessary improvements to achieve the objectives of sectoral policies (i.e. Climate Change Adaptation Strategy, Common Agricultural Policy, Regional Development Policy, Danube Strategy, etc.).

Second challenge: Integrated and sustainable water management

The WFD defines only the water protection requirements and the status improvement measures for integrated water management development. It does not address specific water management developments and activities or explore the links with the economic

and social spheres. There are currently no integrated water management plans across Europe that consider both socio-economic needs and the opportunities provided by ecosystem services, covering all sectors and factors. There are no policies, directives or standards to address EU-level challenges. The latest river basin management plans and flood risk management plans seek to integrate with each other and with strategies and plans of different sectors. Still, integration is not effective enough and, in many cases, is not implemented in practice.

The Water Framework Directive can be essential in granting and considering integrated water management planning exemptions. Fully integrated water management planning and integrated river basin management planning can only be considered together if both levels are regulated. The Water Framework Directive, related EU Directives and Member State legislation apply to river basin management planning and day-to-day water management activities.

Third challenge: The relationship between EU and global water policy

The first “victim” of climate change is the Earth’s water cycle, which calls for global actions. Progress towards the Paris Agreement’s climate targets is slow and is no longer sufficient to minimise the impacts of climate change on water, so more emphasis must be placed on adaptation. Consequently, the most critical challenge for EU water policy today is to support the strengthening of global water policy and create the conditions for its implementation in a united and leading way.

Fourth Challenge: Climate and water policy priority during the Hungarian EU Presidency

We propose to prepare for COP29 in November 2024 as a priority for the 2024 Hungarian EU Presidency. The strengthening of climate adaptation policies, especially in water-related thematic areas, will also be emphasised in the policies of the V4 countries. The fact that the Eastern European region is hosting COP29 adds an additional diplomatic dimension.

The status of Hungarian water policy and responses to the challenges

National Water Strategy²⁰

To avoid a global water crisis and preserve water for future generations, the Government adopted the National Water Strategy²¹ (Kvassay Jenő Plan) (NVS–KJT) in 2017 after

²⁰ National Water Strategy (Jenő Kvassay Plan) 2017.

²¹ Government Decree 1110/2017 (III.7.).

several years of preparation and social dialogue. The NVS–KJT is the framework strategy for Hungarian water management until 2030 and a medium-term action plan until 2020. It identifies seven systemic task groups:

1. increase water retention and make better use of our waters
2. a shift from emergency-oriented water damage management to prevention-oriented water management
3. progressively improve the status of waters and achieve good status, maintaining the natural condition of watercourses
4. maintaining a quality water utility service that operates at a tolerable consumer load and developing a system of stormwater management
5. improving the relationship between society and water
6. renewing water planning and management
7. the reform of the economic and regulatory framework for water management

The biggest challenge for the future of water management cuts across all seven task groups: how to be preventive and achieve resilient solutions. Its mission is integrated water management, based on science, that regulates water demand and discharge, influences land use, and is based on the “installation” approach of centuries.

In adopting the NVS–KJT, the Government required the development of programs of significant importance. Such programs include the stormwater management program, water level regulation of Lake Balaton, the development of karst water management in the Transdanubian Central Highlands, and last but not least, a status assessment of water utilities to determine the reconstruction tasks and to develop the conditions and financing. To develop the knowledge base of water management, it ordered the establishment of a research network in cooperation with the Hungarian Academy of Sciences.

The implementation of the Strategy is lagging, and a complex review is essential to complement it with responses to new challenges. Water security could be a key focus for further development of the NVS–KJT.²² Another critical condition is developing an integrated institutional framework for integrated water management. The focus areas for development are:

- moving towards integrated water management at the national, municipal and regional levels
- exploring further opportunities for water retention, the means and conditions for achieving water retention in the landscape and soil
- stopping the subsidence (desertification) of the water table in the grasslands
- reservoir storage to compensate for regional groundwater level declines
- the use of water (e.g. tourism, land use) in the context of climate change
- inland water hazard and risk management, differentiated water damage management

The further development of the Strategy should be based on developing a water security approach to planning and the capacity of society and the economy to do so.

²² IJJAS et al. 2017: 423–462.

Implementation instruments for domestic water policy

River Basin Management Planning: The aim of the 2021 River Basin Management Plan of Hungary²³ (hereinafter: VGT3) is to plan the basic and additional measures necessary to ensure good water status and to maintain good status. VGT3 is neither an implementation plan nor a sectoral development program, but a strategic plan to identify the status of waters and provide a basis for achieving good status close to the ideal. The VGT3 is divided into four sub-basin areas (Danube, Tisza, Drava, Balaton) and 42 planning units (smaller river basins). Ecological, chemical and quantitative classifications will be established within the planning units for water bodies (886), standing water bodies and groundwater bodies (185). During the preparation of the VGT3, “significant water management issues” were identified and submitted for public consultation. A total of 31 packages of measures to achieve good status are summarized in VGT3.

Flood risk management planning: The total property risk of floodplains protected by embankments exceeds HUF 159 billion/year, while the full property risk of small watercourses (e.g. flash floods) is about HUF 11.3 billion/year nationally. The largest share of the total property risk is found in the Tisza Valley: 1.2 million people live in the area at risk. Partial flooding is expected at 129 sites nationwide, totaling about 10,000 km² of Natura 2000 areas. Nearly 10,000 potential sources of pollution are at risk from flooding.

The structure of Hungary’s Flood Risk Management Plan 2021²⁴ (FRMP2) and the units of river basin management planning under the WFD are aligned. In contrast to the previous guaranteed safety assigned to a hydrological probability, the change in approach under the WFD is that when using floodplains, society and the economy must also adapt to the area’s estimated risk level. This is based on a risk assessment of the areas at risk of flooding. FRMP2 proposes corresponding improvements in embankment development, water retention and extensive water body management. Water retention is an objective that arises in the study of floodplains and inland areas, hillsides and settlements; therefore, it proposes both inland water retention and stormwater management.

National Water Supply Strategy: The water supply system’s urgent need for reconstruction is illustrated by the fact that the sector spent more than twice as much on troubleshooting as on maintenance in 2018. The percentage of worn-out pipelines in the drinking water network has been above 50% for years. The sector’s current key challenge is creating the technical, financial and human conditions for safe operation. The reconstruction needs of the water utility systems are estimated at an average of HUF 103 billion per year at current prices over the next 15 years. In connection with the National Water Strategy, the *Measures Necessary to Meet the Enabling Conditions of the National Water Utility Strategy 2021*²⁵ was prepared with the following general priorities:

²³ Government Decree 1242/2022 (IV.28.); Hungary’s River Basin Management Plan 2021; Flood Risk Management Plan.

²⁴ Government Decree 1480/2022 (X.13.); Hungary’s Flood Risk Management Plan 2021.

²⁵ Government Decree 1828/2021 (XI.30).

- a shift to the use of regional aquifers
- the elimination of oversized agglomerations
- modernisation, standardisation and digitisation of process control systems
- increasing the energy efficiency of water utility systems
- implementing the principles of circular economy (including using sewage sludge and developing industrial water systems)
- review of the economic conditions, assets, ownership, public management and institutional arrangements of the water utility service

The “weak link” in domestic water policy implementation is municipal water management (including stormwater management and water utility services), which, as a coherent group of activities, is not operational at the level of institutions, regulation, financing or coordinated measures. This is one of the most critical challenges facing water management in Hungary, and the Integrated Municipal Water Management Plan could provide a basis for addressing it.

General drivers, challenges and opportunities for water policies

Fundamental human and social needs are the primary drivers of water policies. Key megatrends such as urbanisation, consumption and production patterns, climate change and degradation of ecosystem services are also important determinants of water policymaking.

Primary driver of water policies: Basic livelihood needs²⁶

Drinking water supply: Ensuring access to safe drinking water for all is the most essential human need. Drinking water must be free of fecal matter and priority chemical contaminants. Better drinking water sources include piped water, protected dug wells, protected springs, rainwater and packaged or transported water.

Food supply (agriculture): Demand for food is overgrowing. Agriculture is the largest consumer of the world’s freshwater resources. Pressure on the relationship is caused by a growing world population, rapid urbanisation, changing diets and economic growth. As water becomes increasingly scarce and stressed, its ability to support progress on many Sustainable Development Goals – particularly poverty, hunger, sustainability and the environment – is diminished.

Health: In low-income countries, huge numbers of people – the vast majority – lack access to safely treated water and sanitation and the opportunity to wash their hands. The health and socio-economic benefits of safely treated water can only be fully realised

²⁶ Below we look at the general global drivers of water policies. Their relevance varies for individual countries and regions.

with safely treated sanitation and good hygiene practices. Without water, sanitation and hygiene (WASH), the well-being, dignity and opportunities of people, especially women and girls, are severely compromised. Investing in WASH generates positive returns through reduced health burdens and increased productivity, removes barriers to social participation for marginalised groups, and creates long-term jobs.

Disaster-proof homes: Most disasters are water-related. Floods, landslides, storms, heat waves, wildfires, extreme colds, droughts and water-borne diseases are becoming more frequent and intense, mainly due to climate change. The effects of disasters are exacerbated by urbanisation and the degradation of the natural environment. The impacts of disasters include loss of life and water and sanitation infrastructure damage. Outbreaks of communicable diseases are common following disasters, caused by the spread of sewage, the collapse of water and sanitation services and the reduction or lack of good hygiene practices. The increasing economic costs and casualties of disasters force governments and humanitarian organisations to pay greater attention to preparedness, prevention and addressing the root causes of vulnerability.

Urbanisation

In the coming decades, urban areas are expected to ‘absorb’ the world’s total population growth and provide the space for rural-to-urban migration.²⁷ Urban centers are concentrations of deprivation, and slums pose a broader health risk. Urban areas are often more vulnerable to natural hazards such as flooding, rising sea levels, landslides, etc.²⁸ Rapid urbanisation covers large areas, driving run-off too quickly into stormwater drainage channels, often overloading the system and leading to catastrophic flooding of streets and underpasses. Urbanisation leads to an increase in wastewater flows from households, services and industrial economic activities. Treatment can be at the source (e.g. at the household or industrial site) or through centralised treatment plants.

- *Public health and safety in urban areas should be a high priority.* Urban water and sanitation interventions, including safe wastewater treatment, positively impact public and environmental health. Protection and preparedness against floods and flooding are also essential responses to the challenges of urbanisation.
- *Urban water policies should also accelerate the circular economy.* Climate targets and service delivery commitments can only be met if governments adopt technology that provides sustainable water and sanitation services and wastewater treatment for all urban residents. The New Urban Agenda, adopted by world leaders in 2016, is a roadmap for building cities that can serve as engines of prosperity and centers of cultural and social well-being while protecting the environment.

²⁷ KÁRMÁN-TAMUS–PÁLVÖLGYI 2022: 324–341.

²⁸ BUZÁSI et al. 2021.

Climate change

Climate change is primarily a water crisis with a wide range of impacts: worsening floods, rising sea levels, shrinking ice sheets, forest fires and droughts. Water and climate change are inextricably linked. Extreme weather events are making water scarcer, more unpredictable and more polluted. These impacts threaten sustainable development, biodiversity and people's access to water and sanitation throughout the water cycle. Floods and rising sea levels can contaminate land and water resources and damage water supply and sanitation infrastructure. Droughts and forest fires destabilise communities and trigger famine, civil unrest and migration in many areas. Vegetation and forest destruction exacerbate soil erosion and reduce groundwater recharge, increasing water scarcity and food insecurity.

Sustainable water management helps society adapt to climate change by increasing resilience, protecting health and saving lives.²⁹ It also mitigates climate change by protecting ecosystems and reducing carbon emissions from water transport and treatment. They are climate-proof, sustainable, affordable and scalable water solutions:

- improving carbon sequestration by vegetation through semi-natural solutions
- protecting natural buffers
- rainwater harvesting
- the introduction of water-conscious agriculture
- reuse of wastewater

Degradation of ecosystem services

Freshwater ecosystems, such as wetlands, rivers, mangroves and aquifers, are critical to the global water cycle – supplying, purifying and protecting freshwater resources. Inadequate water management and climate change adversely affect many ecosystems, undermining their ability to provide freshwater ecosystem services. Riparian vegetated ecosystems mitigate the effects of floods and droughts and protect soils from erosion. Wetlands regulate water flow, and aquifers can act as buffers during droughts. The biodiversity of freshwater ecosystems is under threat, with freshwater species dying out faster than terrestrial or marine species. Surface water areas are changing rapidly, with flooding and increased rainfall in some areas increasing the water surface. In other areas, lakes, wetlands and floodplains are drying up due to reduced precipitation and/or unsustainable management.

Nature-based solutions are essential for the climate adaptation of freshwater ecosystems. Protecting, restoring, enhancing and sometimes creating new wetlands and riparian vegetation can protect life and livelihoods from extreme weather events. Ecosystem services can contribute to wastewater management by providing wetlands as an alternative or complement to traditional water treatment systems.

²⁹ PÁLVÖLGYI–KOVÁCS 2023: 135–149.

Challenges and opportunities for implementing water policies

Transition to sustainability

Sustainable Development Goal 6 is to ensure that by 2030, everyone has access to sustainable water and sanitation management. SDG6 cannot be achieved through business as usual. The Global Acceleration Framework, launched in 2020, mobilises stakeholders around five overarching and interdependent ‘accelerators’:

- *Funding*: optimal funding is essential to back up national plans with resources.
- *Data and information*: data and information are used to target resources and measure progress.
- *Capacity building*: a better-skilled workforce will improve service levels and increase job creation and job retention in the water sector.
- *Innovation*: new, smart practices and technologies will improve the management of water and wastewater resources and service delivery.
- *Governance*: SDG 6 will become everyone’s business by working across borders and sectors.

Circular water management

The amount of wastewater generated and the resulting environmental pressures are increasing worldwide. Industry and agriculture are often major water polluters. The increased use of fertilizers and pesticides pollutes groundwater and surface water. Circular, sustainable patterns of production and consumption mean reducing pressures on ecosystems and improving the treatment and reuse of wastewater as a source of water, energy and nutrients. The positive impacts on water quality and supply through increased safe wastewater reuse also represent a step forward in public health, environmental sustainability and economic development, creating new business opportunities and more green jobs. Wastewater is a valuable source of water and nutrients for plants, contributing to water and food security and improving livelihoods. Wastewater can also be used in industrial symbiosis.

Integrated water management

The anthropogenic pressures on water resources are increasing unsustainably, while the impacts of climate change are intensifying in the aquatic environment. Unfortunately, the world cannot achieve the 2030 Sustainable Water and Sanitation Goal (SDG 6). Water demand is increasing to feed a growing population, meet growing energy needs, serve expanding urban areas and meet industrial demands. These challenges are exacerbated by climate change, which increases the variability of water flows, causing more frequent and extreme floods and droughts. Improving water use and management is urgently needed to sustain our development.

Integrated Water Resources Management (IWRM) is an approach that helps balance the competing water needs of society and the economy without compromising the sustainability of vital ecosystems. This is achieved through coordinated policy and regulatory frameworks, management measures and financing. It will consider the different users and uses of water and aim to promote positive social, economic and environmental impacts at all levels, including, where appropriate, at the transboundary level. Coordination across sectors and borders is essential. Effective coordination of ecosystem protection and restoration means that plans must be integrated across sectors and governments.

Human rights and equity issues

Inadequate water and sanitation are serious causes of death: access to water and sanitation is a fundamental human right. Billions of people worldwide lack access to safely treated water, further increasing inequality. Disseminating hygiene knowledge and implementing sanitation facilities can be seen as life-saving, highly cost-effective health interventions.

Most disasters are water-related, and climate change is increasing their frequency and severity. Underdeveloped communities are more vulnerable to the impacts of disasters, which increases inequalities and undermines sustainable development. Adaptation of water supply and sanitation infrastructure is vital to make societies and the natural environment resilient to increasing disasters.

Women, girls, older people and people with disabilities are the most vulnerable groups in society. In some countries, especially developing countries, communities without safely managed water sources are usually far from home, and women and girls typically bear the brunt of the time and energy spent on water collection.

Foreign policy and diplomatic dimensions of water management in Hungary

Hungary has been an active participant in shaping global and European water policies for decades. Our commitment makes it possible, and our diplomatic and foreign economic interests make it necessary for us to continue participating in these processes. Our country is interested in the future development of water policy in many respects. Water is also strategically important from a foreign policy perspective, particularly for sustainable development, poverty reduction, food and nutrition security, human development, climate change mitigation, environmental protection and the conservation of biodiversity and ecosystems, as well as for humanitarian action, peace and stability.

Water plays a crucial role in maintaining international peace and security, and international diplomacy should seek to ensure that conflicts over water supply do not become a new security threat to the world. The world has 280 rivers and 600 aquifers that cross national borders, with 40% of the world's population living in such areas. Localised water crises can, therefore, easily become sources of conflict that lead to the eruption of larger-scale tensions.

Hungary has prioritised water diplomacy, and its performance within the UN framework is clearly recognised, especially in transboundary water cooperation and water security. The starting point for Hungarian water diplomacy is that water is fundamental to environmental, social, cultural and economic systems at global, regional and local levels, while at the same time, human activities are putting increasing pressure on the quality and quantity of water resources worldwide. The impacts of climate change are mainly felt in the water sector.

*Proposed priorities for the international engagement
of Hungarian water diplomacy*

1. Water issues should be addressed as integral to conflict prevention, conflict resolution, stabilisation and migration prevention. When analysing conflict in fragile states and conflict-affected areas, it is important to consider water risks. Priority should be given to regions/countries affected by water migration in expanding our water-industry exports.
2. Cooperation on water issues is also an opportunity to take measures to promote peace. Such cooperation should ensure complementarity between humanitarian, development and peace operations and prevent the emergence of humanitarian crises related to water and sanitation. Training, knowledge transfer and awareness-raising can play a crucial role in this area, where Hungary has considerable experience and capacity.
3. Strengthen the visibility and integration of water security in global and EU strategies and policies. In this context, water security should be addressed in conjunction with food and energy security and improving social well-being and ecosystem services. Integration of water and climate policies at international, national and local levels should also be promoted. Water-related measures should be more strongly integrated into national climate strategies and plans, and greater emphasis should be placed on transboundary and regional cooperation on the water–climate nexus.
4. Bearing in mind that the implementation of Sustainable Development Goal 6 (SDG6) is still seriously lagging, the water dimension and dialogue in the external policies of the EU and its Member States, as well as in the activities and institutional capacities of the UN, should be strengthened. Support the establishment of an integrated water management organisation within the UN framework.
5. Actively shape EU water policy post-2027 by revising the Water Framework Directive. Advocate for the EU to support the development of country and regional integrated water strategies, the need to streamline the planning system (WFD, RIS).
6. We urge the countries of the Carpathian Basin and the V4 to take united action on water issues.

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Establishment, Implementation and Current Challenges of the EU Strategy for the Danube Region

After the fall of the Iron Curtain, redefining the relationship of the European Economic Community with its neighbours and expanding eastward was essential in order to ensure economic growth and European stability. The adoption of the EU Strategy for the Danube Region in 2011 – which took place during the Hungarian EU presidency – also acted in this direction. Since then, in this European growth space, moving towards the realisation of the goals defined in the joint Action Plan of the 14 countries, the strategy has helped to strengthen political cooperation, adopt European standards, share experiences between the EU and accessing countries, contributed to an improved connectivity in the region and to the management of transnational challenges. In the absence of own funds, it is necessary to embed the strategy into existing EU funding schemes. In the current geopolitical situation, European stability and expansion are of particular importance, for which the Danube Strategy can provide important support as a matured development framework.

The historical development of macro-regional cooperation in the Danube region

The Danube as a space-organising force and economic resource, a defence line, or even a transport corridor has determined the lives and relationships of the ethnic groups living there for thousands of years. Throughout history, many empires have tried to expand their borders in the area of the river's watershed. Starting with the Roman Empire only nine states were able to do this to a significant extent. However, in most cases the Danube region was in a marginal position with the exception of the Pannonian Avar Empire, the Kingdom of Hungary and the Habsburg Empire, also called the only Danube monarchy. The start of steam shipping and the establishment of the conditions for free navigation through the Paris Peace Treaty of 1856 and the resulting increased trade relations acted into the direction of a unified Danubian identity, mostly in the settlements along the river. At the same time, the political fragmentation of the region began, which can be observed even in recent decades. All of this resulted a Danube being the most international river in the world today, with 19 countries sharing its catchment area.¹ The 44.7% ratio of border areas (territories located closer than 30 km to at least one state border) in the region is also very high in European terms.² In this situation, the European Union and the countries of the region need to channel different political intentions and national interests into a unified channel and strengthen the cohesion of the region.

¹ ERDŐSI et al. 2002: 55–70; HARDI 2012: 35–44.

² CESCOI 2019: 4.

One of the first examples of the strengthening of international cooperation in the Danube region was the creation of the European Danube Commission and the River Commission in 1856 as a result of the aforementioned Paris Peace Treaty. The jurisdiction of the former extended to the Danube Delta and was supervised by the great powers victorious in the Crimean War to ensure uninterrupted navigation in the estuary region. The latter could not fulfil its function on the river section and suspended its activities two years later. After the First World War, within the framework of the Treaty of Versailles and the Paris Conference (1919–1920) the victorious powers created uniform regulations for shipping from Ulm to the estuary. To control this, the International Danube Commission was established in 1920. This organisation operated until 1938, then it ceased due to the war (German occupation). After World War II, the Danube Commission was established (having its headquarters in Budapest since 1954) with the adoption of the Belgrade Convention in 1948 in order to create new international shipping conditions.³ In the scientific field, regional cooperation dates back to 1956 when the International Association for Danube Research (IAD) was created and registered in Austria. In 1983, thanks to the universities of Ulm, Vienna, Linz and Budapest, the cooperation between teachers and researchers was further strengthened by the establishment of the Danube Rectors' Conference, which now has 64 universities from 15 countries as members.⁴ The Working Community of the Danube Regions has been trying to promote the connections of local communities along the Danube since 1982. It was established at the initiative of Lower Austria and all together 41 member provinces have joined it so far.⁵

At the fall of the Iron Curtain, the European Economic Community faced new challenges, thanks to the change in the geopolitical situation, the currents of globalisation and the liberalisation of trade. Redefining the relationship with its neighbours and expanding eastward was essential in order to ensure European stability. After the Cold War, in addition to military and security policy issues, environmental, humanitarian and economic and financial threats also intensified. In addition to the common foreign and security policy established by the Maastricht Treaty, it was also necessary to provide other answers to the new challenges that arose at the regional level. In order to stabilise the continent, strengthen cooperation and support economic growth, the creation of growth spaces was seen as crucial. The 1990s were the period of the creation of multilateral euroregions. The Danube–Körös/Crișul–Maros/Mureș–Tisza/Tisa, Vág/Vah–Danube–Ipoly/Ipel, Danube–Drava–Sava Euroregions were also created in the region at that time, helping to eliminate the peripheral situation of the border regions and prepare for their EU integration.⁶

The next milestone was the agreement signed in Sofia on 29 June 1994 in order to ensure the sustainable management and use of the surface and groundwater resources of the Danube region. As a result, the International Commission for the Protection of the Danube River (ICPDR) was established in 1998 with its seat in Vienna, to which the

³ GYURCSÍK 2019: 18–22.

⁴ MÄRZ 2003: 11–14.

⁵ ARGE Donauländer 2023.

⁶ CZIMRE 2004: 125–131; WASSENBERG et al. 2015: 42–47.

European Union later joined as a contracting party. International Danube Day is celebrated in 14 Danube countries every year on 29 June at the day of adoption of the convention. The beginning of the environmental and nature conservation civil cooperation covering the whole Danube region can also be dated back to this time with the foundation of the green NGO network of the Danube Environmental Forum in 1999.

Thus, macro-regional professional cooperation had institutionalised aspects at various levels until the turn of the millennium, when, as a forerunner of the EU Strategy for the Danube Region (EUSDR), Austrian experts prepared the first development concept for the Danube region on behalf of the European Commission under the name Danube Space Study. Its basis was Austria's accession to the EU in 1995, as well as the preparation for the further expansion of the Union and the definition of the related development goals.⁷ A significant part of the Danube region formed a unified economic and political area first, owing to the accession of Hungary, the Czech Republic, Slovakia and Slovenia to the EU in 2004 first, and later with the enlargement of Romania and Bulgaria in 2007. This provided the opportunity for further macro-regional ideas. Parallel to the process of EU expansion, in Budapest in March 2006, the countries along the Danube declared their intention to cooperate in harmonising the region's development plans and territorial policies. In 2008 Austria and Romania proposed the EU support for the Danube macro-regional initiative.⁸ Even this year, the Committee of Regions (CoR) has expressed its support for this approach and created three interregional groups including the Danube Region, whose secretariat was provided by Baden-Württemberg thanks to Peter Straub founding chairman. As an initial step in the Ulm process the CoR interregional group consisting of Bulgarian, Hungarian, German, Austrian, Romanian and Slovak regional representatives, as well as Croatian and Serbian guest members urged the preparation of a European Union macro-regional strategy dealing with the Danube basin. Subsequently, on 6 May 2009, at the initiative of the state of Baden-Württemberg and Danuta Hübner, the EU Commissioner for Regional Policy, a summit meeting of the Danube countries took place in Ulm and the participants adopted the Ulm Declaration. One of the main goals of the declaration was to prepare a strategy to strengthen the territorial, cultural and economic cohesion of the region. Based on that, in the new EU multiannual financing framework starting from 2014, the Danube region could be designated as a common development and research area.⁹

Another important element of the multi-threaded events was that the fourth conference of the Danube Cities and Regions was held in Budapest on 11 June 2009. As a consolidation of the cooperation dating back to 1998, the Council of the Danube Cities and Regions was established at the event.¹⁰ Just a few days later, the European Council asked the European Commission to prepare a strategy for the Danube region until the end of 2010.¹¹ Meanwhile, in 2009 the EU Strategy for the Baltic Sea Region (EUSBSR) was established as the first macro-regional strategy of the EU.

⁷ HARDI 2012: 248–253.

⁸ SZABÓ 2011: 13–15.

⁹ HARDI 2012: 248–261.

¹⁰ Council of Danube Regions and Cities 2023.

¹¹ Council of the European Union 2009.

In response to the Council's decision, experts from 13 countries and international organisations, including the ICPDR met in Vienna in February 2010 to facilitate compliance with environmental criteria during the creation of the Strategy.¹² Not long after, the Budapest Declaration was adopted, to which all six non-EU countries joined in addition to the eight EU member states at the time. It was stated that the strategy should be based on a common approach, synergies and the more effective use of existing EU financial instruments. At the same time the main pillars of the strategy were also indicated.

As the first step in the creation of the strategy, the European Commission held an extensive consultation involving the stakeholders of the countries concerned. The comments from the region were finally received by the European Commission by June 2010.¹³ From the civilian side, the tight schedule was met with criticism, leaving not enough time for the development of civil sector proposals in all countries. They voiced this in their February resolution, and then started to build a civil network supporting self-organisation.¹⁴

In connection with the consultation, the Hungarian National Danube Conference took place in January 2010 including four thematic panel discussions: in the field of institutional development, socio-economic development, sustainable development – environmental protection and Danube culture-identity. Even this consultation confirmed that the territorial demarcation should not only affect the area along the Danube in a narrower sense, but should extend to the entire watershed of the river.¹⁵ However, this is not clear to many people to this day, because it can be interpreted on two territorial levels, and it is interpreted in this way. Some of the investments focus on the river itself and the river valley (e.g. waterways, ports, flood protection, etc.). At the same time, the strategy envisages the integration of a macro-region, typically with “soft” and not necessarily with infrastructural development goals. It also integrates areas that have little to do with historical “Danubeness”. The watershed is less a part of the mental map of the people living here than the river itself. Thus, the territorial aspect of the strategy is truly ambiguous, in contrast to the natural geographical foundations of other macro-regions (Alps, Baltic Sea).

The appearance of the EUSDR among the priorities of the 2011 Hungarian EU Presidency

One of the central elements of the 2011 Hungarian EU Presidency that enjoyed political consensus was the topic of water. The Danube Strategy thus had an important added value also in connection with the exchange of ideas between member states on the European Commission's comprehensive water policy proposals scheduled for 2012.¹⁶

¹² PAVISA–KULCSÁR 2010: 122–137.

¹³ SZABÓ 2011: 13–15.

¹⁴ LÜTGENAU 2011: 134–135.

¹⁵ PAVISA–KULCSÁR 2010: 172–179.

¹⁶ GORDOS 2011: 125.

With Government Resolution 1150/2010 (VII.9), the Hungarian Government approved the third Hungarian contribution, incorporating the valuable elements of the first two entries made by the previous government.¹⁷ In it, the most important national priorities were summarised. Project proposals were also formulated somewhat ahead of schedule,¹⁸ considering that the negotiations with the twenty-sevens will be in focus during the 2011 Council Presidency. The Hungarian contribution dealt primarily with the issue of water governance and integrated water management, and the protection of the significant domestic groundwater resources. In case of social consensus, the improvement of shipping conditions along the Danube was formulated as a goal while simultaneously taking into account the aspects of environmental and nature protection. It was declared that due to the continuous costs of maintaining the waterway – which burdens our country disproportionately – demonstrable benefits must be ensured. The document emphasises that green economic development and investments should be one of the promising ways of regional economic growth. The improvement of energy security, strengthened market competition, increased use of renewable energy sources and the energy efficiency of buildings were taken into consideration as priority tasks in connection with the climate change adaptation and mitigation. It also indicates that the Hungarian Government holding the consecutive presidency of the EU will play a key coordinating role in the adoption of the EUSDR. The implementation of the Strategy was proposed to be divided into two stages according to the available financial framework. First, for the planning phase until 2013, then for the implementation phase of the EU financial period starting after 2014.

The EUSDR and its Action Plan was published by the European Commission on 8 December 2010 involving 14 countries (Figure 1).¹⁹ The EUSDR was previously discussed only among the 14 countries involved. In January 2011, during the Hungarian EU Council Presidency it had to be introduced to the other member states of the European Union informally involving also the non-EU countries of the Danube region. According to the first ideas priority areas could only be coordinated by EU countries, since it is an EU policy.²⁰ However, this proposal changed by the time the Strategy was launched, as Croatia, Moldova and Serbia also performed the tasks of priority area coordinators from the beginning. Regarding the management of the EUSDR environmental risks priority area, an agreement was reached with Romania at the ministerial level (especially with reference to the actualities of the Tisza cyanide pollution in 2000 and the red mud disaster in October 2010). The Strategy was finally adopted as planned by the General Affairs Council at its meeting on 13 April 2011. Thereafter, workshops preparing for the actual launch of the EUSDR were planned in the presidency program until the June meeting of the European Council.²¹

¹⁷ FEJES 2011: 5–12; PAVISA–KULCSÁR 2010: 76–93.

¹⁸ PAVISA–KULCSÁR 2010: 154–165.

¹⁹ European Commission 2010.

²⁰ FEJES 2011: 5–12.

²¹ Council of the European Union 2011; FEJES 2011: 5–12.



Figure 1: Map of the area covered by the EUSDR

Source: Land Baden-Württemberg s. a.

Enhancing institutional cooperation and involving the civil society are among the goals of the 10th priority area of the Strategy. Related to that, the Danube Civil Society Forum (DCSF) was established at the end of the Hungarian EU Presidency.

The EUSDR's impact on economic and social development

Monitoring the implementation of macro-regional strategies²² and evaluating their impact is a complex issue. Some of their added value is easier to measure, while evaluating less tangible results and defining their measurable indicators is a significant challenge. In connection with the Action Plan created in 2010, the definition of the targets of priority areas (a total of 57 targets) for the actions took place already in the first year of implementation and then in 2016 they were already reviewed. In 2018, the countries decided to update the Action Plan together with the planning of the European Union's 2021–2027 multiannual financial framework and in response to the newly emerging challenges and trends. Finally, it was adopted in 2020 containing only 85 actions instead of the previous 137 to have a more focused strategy.

²² European Commission s. a.

Together with the EU Strategy for the Adriatic–Ionian Region (EUSAIR) adopted in 2014 and the EU Strategy for the Alpine Region (EUSALP) launched a year later, the countries of the four macro-regions and the priority area coordinators prepare a report on their activities for the European Commission every two years. Based on these, the Commission compiles its staff working document on the implementation of the macro-regional strategies and biannually Council conclusions are adopted. In its latest conclusion of June 2023, the Council emphasised on the one hand the need for robust data on the impact of the Strategies, including mobilised EU funding for their implementation. On the other hand, the need to improve the monitoring and evaluation and to increase the visibility of the results of the Strategies has been acknowledged.²³

The first attempt to evaluate macro-regional governance was the European Commission's 2013 report. Five years after the adoption of the EUSDR, at the initiative of the Commission, a dialogue on evaluation began with the involvement of stakeholders. Recently, the formulated targets are very diverse and in many cases are not very ambitious (they are aimed at organising an event) or are just too general (e.g. strengthening the common fight against corruption). The deadlines assigned to the goals are missing in many cases, leaving the question open, or assuming continuous cooperation. In other cases, targets were determined in the short term (some only until 2021), but in case of the biodiversity priority area, they uniformly extend to 2030, and in other cases the end of the EU budget period was marked in accordance with the financial framework. All of this was greatly influenced by the so-called “three non-principles”.²⁴ According to this, the creation of macro-regional strategies does not require new EU funds, but emphasises the better use of existing ones, does not create new institutions and does not require amendments to EU legislation.²⁵ The amount of available funds has remained open ever since. Thus, the formulation of the targets and their associated workplan is still made difficult by the uncertainty of the funds available for projects and investments for the actors involved in the implementation of the EUSDR.

The examination of the added value of macro-regional strategies from the point of view of EU funding programs and projects was published in 2017 by Interact.²⁶ From the point of view of the programs, Strategies help coordinate resources, develop better projects and implement them efficiently from the program budget, increase the visibility of the programs and help involve new stakeholders. Macro-regional strategies serve as a strategic framework and reference for projects. They help to place the project idea in a broader political context, to find partners and the networking among institutions, to achieve a more significant political impact and the capitalisation on project results.

²³ Council of the European Union 2023.

²⁴ CHILLA–SIELKER 2016.

²⁵ European Commission 2010.

²⁶ TOPTSIDOU et al. 2017.

Simultaneously with the development of the new Action Plan, METIS prepared the operational evaluation of the EUSDR.²⁷ According to this, one of the main results of the strategy is the creation of cooperation structures and new partnerships (such as the cooperation of authorities and volunteer organisations in the framework of the disaster management working group). Cooperation between EUSDR 12 priority areas²⁸ is less intensive. A good example is the joint working group of the “Waterways mobility” and “Security” priority areas to simplify administrative obstacles of navigation. The Strategy’s relationship with the directorates general of the European Commission is changing and the utilisation of centrally managed EU funds also needs improvement. Over a decade chains of interlinked projects have been built up drawing on multiple funding sources (e.g. in the fields of shipping, sediment management, disaster management, national park cooperation). Co-operation with the pre-accession countries and thus strengthening regional integration is also an important added value of the Strategy.

One of the main criticisms was aimed at ensuring the participation of those capable people who have enough capacities, expertise, a clear mandate and able to influence the political decision-making in their country. In this way, the decisions made in the framework of the Strategy and the results achieved there can be communicated more effectively to the decision-makers and operational programs providing funding at the national level. Participation in the Steering Group meetings of priority areas varies by country and area (Figure 2). The activity of the Hungarian experts was the highest, while in case of countries outside the EU ensuring the participation costs related to EUSDR meetings is also problematic. It is true that this is somewhat overridden by the experience of participating in online meetings since the Covid pandemic. Staff fluctuation has been significant in recent years, which also makes capacity building impossible. All of this highlights the importance of the shared institutional memory provided by the Danube Strategy Point (DSP) – the secretariat supporting the implementation of EUSDR – which was established first in Brussels and has been operated from Vienna and Bucharest since 2018. In addition, the DSP should facilitate the external communication of the strategy, the promotion of success stories and stimulate the cooperation among the priority areas.

The EUSDR’s policy impact assessment was completed for the first time in 2022. Accordingly, the implementation of the new Action Plan progressed well and in the absence of own financial resources, the embedding of the EUSDR into the EU funding framework was comprehensively implemented during the programming of the 2021–2027 period.²⁹ In order to share experiences and identify synergies, the three regional networks of the ESF, then the ERDF/CF, and finally the IPA/NDICI Managing Authorities were established. Every priority area defined 3 strategic topics out of the 85 actions included

²⁷ METIS 2019.

²⁸ Danube Strategy Point s. a.

²⁹ OROSZI–JENEI 2016: 1–10; SPULE et al. 2022.

in the Action Plan to facilitate easier financing. An embedding tool was developed which includes good practices (e.g. project evaluation, coordinated calls for tenders, targeted calls) for the program managers.

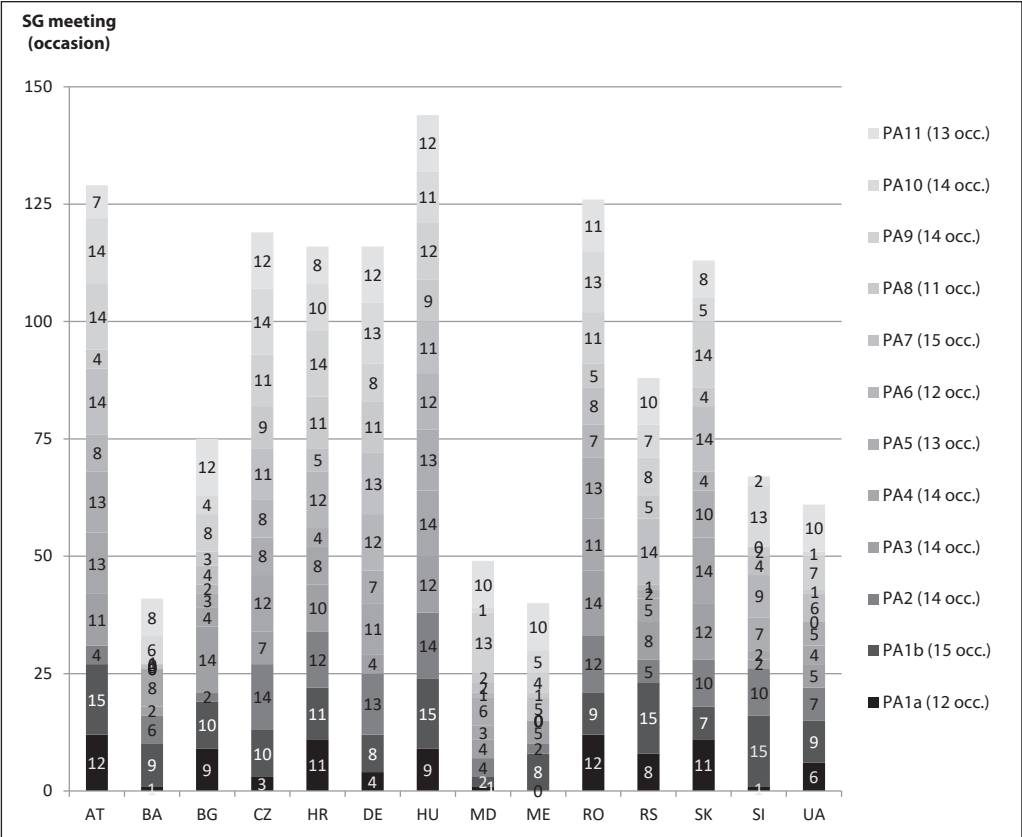


Figure 2: Participation on EUSDR Steering Group meetings by country and priority area in 2015–2021
 Source: Compiled by the authors based on DSP data

Former EU Commissioner for Regional Development Pawel Samecki formulated it already in 2009, and before the establishment of the EUSDR, Government Commissioner Etelka Barsiné Pataky also emphasised that the success of macro-regional strategies will be determined to a large extent by projects and initiatives that provide tangible results and added value for the regions, thereby helping to bring them closer to the citizens.³⁰ In connection with the involvement of civil society, as we have seen, a civil forum (DCSF) has been operating since 2011 and the Participation Day is organised annually together with preparatory national hearings. The Danube Youth Council was established in 2022 with the involvement of two young people per country, helping to involve the younger generation in decision-making with an advisory role.

³⁰ FEJES 2011: 5–12; KAISER 2011: 55–74.

The political support of the EUSDR has declined compared to the years around its adoption. The number of ministers and EU commissioners who appear at the ministerial meetings held annually on the sidelines of the Annual Forum, as well as the forced transition from the voluntary presidency to the chairmanship following the English ABC in 2024, is a good indication of this. In its latest conclusions, the European Council specifically underlined the importance of the continuous political commitment and ownership of the countries participating in the implementation of the EUSDR.³¹ Along with this, the first conference of Danube parliamentarians was organised in 2013. Since then, it has taken place twice in Budapest (in 2014 and 2018). During the latter, the participants decided to ensure continuity and hereinafter the country holding the EUSDR Presidency should organise the conference. Despite this, it was not possible to convene the parliamentarians of the Danube countries during 2021–2023. Reaching high-level decision-makers is achieved only in the case of some priority areas. Regarding the fairway rehabilitation and maintenance masterplan of the Danube, the transport ministers of the region adopt conclusions at their meeting every two years (from which the Hungarian side regularly stays away). In the area of Security, the ministers meet every three years, the latest in 2023 for the third time. Furthermore, the Integrated Tisza River Basin Management Plan – renewed in the framework of the JOINTISZA project – was approved by the ministers of the five Tisza countries and the Secretary of the ICPDR in Budapest in September 2019. In terms of national coordination and advocacy, the Hungarian national coordinator's role has shifted to an operational level in the last decade (the tasks of government commissioner dedicated to the EUSDR were first taken over by a ministerial commissioner, then it was appointed to a head of department and finally a head of section under the political supervision of a deputy state secretary who has much broader responsibilities). Since the adoption of the Strategy, an intergovernmental working group has been operating with the participation of Hungarian experts delegated to the Steering Groups of the priority areas, Managing Authorities, Office of the National Assembly Directorate for Foreign Affairs, Danube Commission, the ICPDR and since 2022 the Hungarian members of the Danube Youth Council.

The Hungarian EUSDR Presidency in 2017 can be evaluated as another significant moment in the implementation of the strategy after 2011. On the one hand, it facilitated to start a European political and expert dialogue about the role of macro-regional strategies after 2020 and their main financing directions and needs. The Hungarian Presidency emphasised the importance of EU enlargement from the point of view of the Danube region and fostered the involvement of non-EU countries. In terms of policy, the presidency programme focused on regional energy security and the diversification of energy sources, as well as the future of green transport and the development of regional transport linkages. The timeliness of these priorities is also corroborated by the energy crisis that arose in connection with the Russian–Ukrainian war, the establishment of solidarity

³¹ Council of the European Union 2023.

lanes and the European Green Deal adopted later. The Hungarian Presidency also tried to direct the attention of citizens to the Danube and its watershed by organising the *One Day of the Danube* photo contest and the Annual Forum, which attracted more than 1,200 participants from 35 countries. The implementation of the “70 marathons for the Danube” project helped the involvement of local decision-makers and people living along the Danube from its source to its mouth.

On the occasion of the Strategy’s jubilee in 2021, the major results of ten years were summarised by the Hungarian coordination.³² Simply to mention some added value of the EUSDR it can be highlighted that Danube Navigation Standard Forms (DAVID) were developed to harmonise border control procedures along the Danube, the master plan for the maintenance of the Danube waterway was completed, and countless transnational projects were implemented to modernise ports, support multimodality, improve the marking of shipping routes and thus increase the safety of navigation. In connection with the development of the regional TEN-T network, new bridges were built on the Danube (e.g. at Komárom, Novi Sad, Belgrade and also on the Romanian–Bulgarian Danube section), new highway connections were built (e.g. the M4 and A5, and the M43 and A3 between Hungary and Romania) and electrification of railway lines also took place. In 2012, the region’s gas market model was completed, followed by an analysis of the gas storage capacities a year later, helping gas market integration. A comprehensive evaluation of untapped geothermal resources was completed in 2014 and its sustainable utilisation for heating purposes was put into practice in a project covering six countries. In 2021, the Iron Age Danube Route was registered as a new cultural route in Europe. The Danube Urban Brand was created in cooperation with several municipalities to strengthen the Danube cultural identity. The sediment transport of the Danube, the methodologies used to measure it and the shortcomings of sediment measurements were mapped for the first time from the source to the river mouth. Sediment management can greatly affect navigation, hydropower production, flood protection and drinking water supply. The measures requiring international cooperation in the field of flood protection were identified and as a first step the exchange of hydrometeorological data between countries was coordinated in relation to flood forecasts. In connection with disaster prevention, a regional network of voluntary and professional bodies was established in 2019, in order to build capacity, transfer knowledge and establish minimum standards for participants in cross-border disaster preparedness. The network of national parks along the Danube has been developed and many projects are being implemented to protect biodiversity (e.g. LIFE Wildisland). The Danube Sturgeon Task Force was created to protect migratory fish (primarily sturgeon, as the flagship species³³ of the Danube). Its activity helps to

³² EUSDR 2021.

³³ PARK 2012. Flagship species are endangered species that are well-known and attract public interest, thus have demonstrative importance (e.g. giant panda, tiger), which also appear as ambassadors of nature conservation campaigns for nature conservation purposes, such as the protection of their valuable habitat and other species at risk.

improve the longitudinal connectivity of the river, the mapping of potential habitats and the coordination of species protection. Within the framework of EUREKA, a program for the support of innovative small and medium-sized enterprises, three Danube region calls were launched in 2015–2018 with the participation of 11 countries, from which 18 Hungarian enterprises received 650 million HUF funding. The organisation of several regional cluster conferences on Hungarian initiative, the formation of the Danube Chambers of Commerce Federation, or the Artificial Intelligence Working Group also help to improve the competitiveness and internationalise the region's businesses. To stop the emigration of skilled work force from the region, a governance model supporting practice-oriented higher education was developed within the EDU-LAB project and 50 organisations committed themselves to the long-term management of the issue by signing the "Danubian Charter for Young Talents". In order to achieve a higher level of employment, the EUSDR priority area of "People and Skills" helped to establish competence centers in the region. The EuroAccess project support database was created as an online information point in 2016, bringing together information related to project financing opportunities for stakeholders. The EUSDR's priority area of "Institutional Capacities and Cooperation" provided small project fund from European Parliament sources and launched 6 calls from 2014–2018 to support the preparation of larger international projects related to the actions of the EUSDR priority areas. On the Danube River, crime is more prevalent in freight transport. The greatest risk is in the smuggling of excise goods. In the field of law enforcement, it is important to highlight the coordinated police operations of the Danube River Forum (DARIF). It has been organised ten times since 2013 with the participation of ten Danube countries, Europol, Frontex and the Southeast European Law Enforcement Center (SELEC) and the temporary coordination center was set up regularly in Mohács. DARIF allows the rapid exchange of information between law enforcement agencies and increases its efficiency to combat organised crime.³⁴

The current situation, opportunities and challenges of the EUSDR

The governance architecture of the strategy has been consolidated, and there were no significant changes in it during the 2020 renewal of the Action Plan. At the same time, the tasks of the actors participating in the EUSDR implementation were also formally defined. After the creation of the Danube Strategy Point, the involvement of young people (Danube Youth Council) from 2022 appeared as a new element in the Strategy's life. It helps to address the young generation and facilitate their participation in decision-making with advisory role (Figure 3).

³⁴ KALMÁR 2023: 69–88.

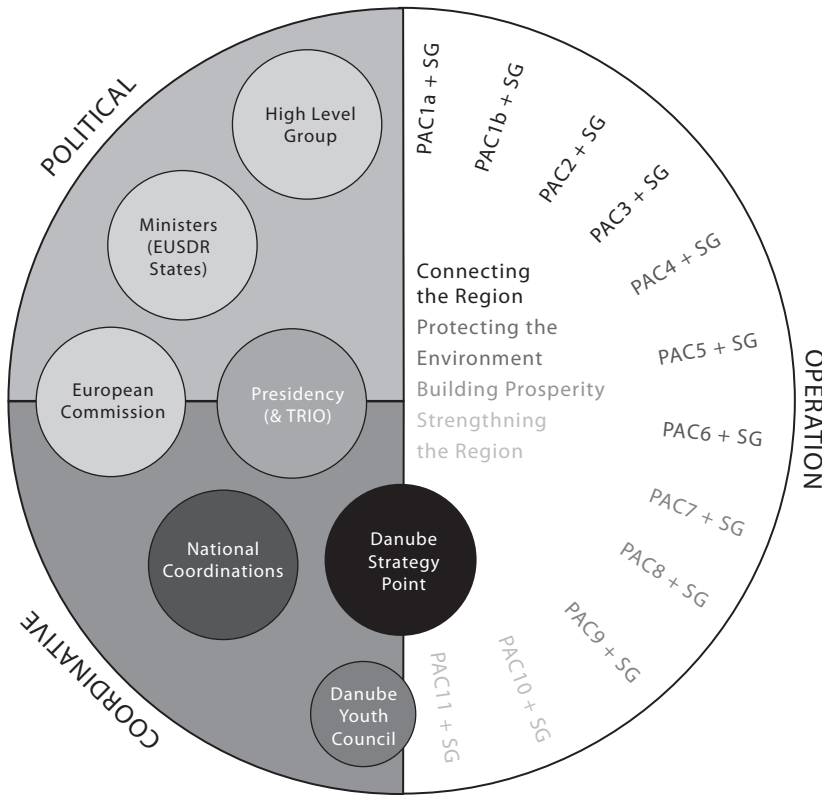


Figure 3: Core governance model of the EUSDR

Source: Danube Strategy Point 2023

The significant economic differences that existed at the time of the establishment of the EUSDR have not diminished in the last decade, which is well illustrated by the regional distribution of GDP per capita values. Taking into account the economic situation of the countries that are about to join the EU, the regional differences in the EUSDR area are significantly larger than in the EU itself. This characteristic distinguishes it from other large regions. In addition, internal migration is significant in the region, primarily to the northwest direction and from the countryside to the urban environment (Figure 4). Some shrinking areas (e.g. Slavonia, the Romanian Plain) are gradually becoming empty. Brain drain and an ageing society threaten the basis of economic regeneration. The border density of the region is much higher than the European average and the density of border crossings is low.³⁵

Intensifying the permeability of borders (e.g. on the Hungarian–Croatian border section), removal of legal obstacles and the establishment of cross-border public services (e.g. in the field of healthcare) would prove to be a significant step forward in order to

³⁵ CESC 2019: 4.

improve the living conditions in the border area. On the other hand, Austria's current obstruction of Romania and Bulgaria's accession to the Schengen zone generates another internal Connecting the region. Through the expansion of the Schengen area, economic and cultural relations could be further strengthened.

The Russian–Ukrainian war had many consequences. The role of the Danube Delta and the solidarity lanes increased in value. The diversification of energy sources and the reduction of Russian gas dependence became a challenge to a different degree in each country, for which the priority area of sustainable energy prepared a study in 2022. All this also accelerates the use of renewable energy sources. In connection with the reconstruction of Ukraine, there is an opportunity for repositioning the EUSDR. This is clearly indicated by the fact that the calls of the Interreg Danube Region Program included not only the four Ukrainian counties (oblasts) belonging to the Danube region, but now the entire territory of the country according to the decision of the countries.

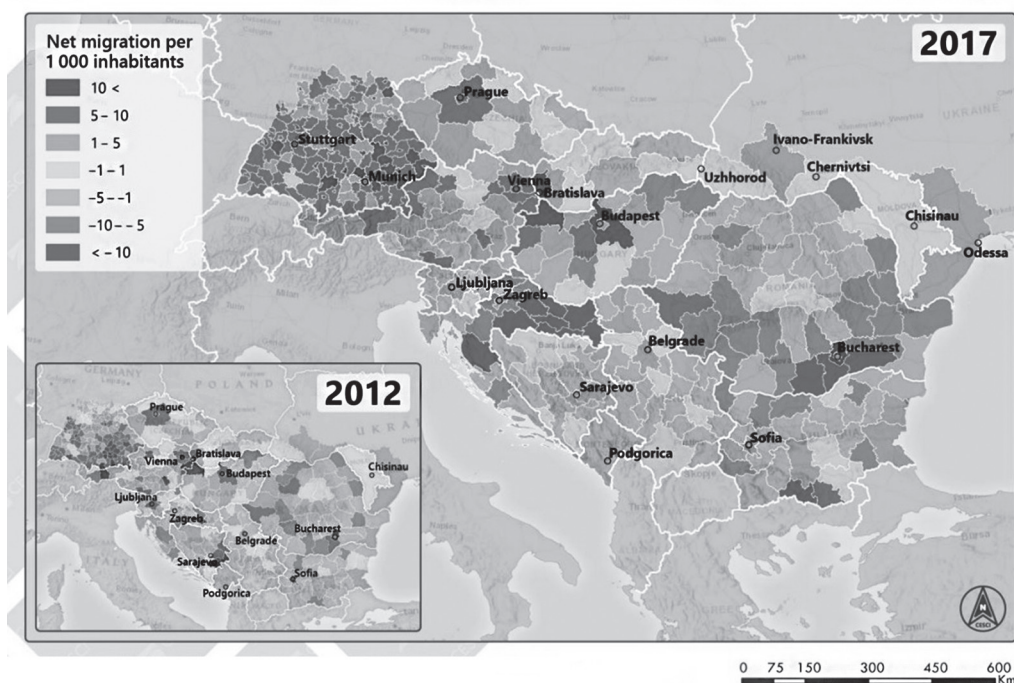


Figure 4: Spatial distribution of net migration in the Danube Region 2012 and 2017

Source: CESC 2019

The macro-regional strategies and especially the Danube or the Adriatic and Ionian strategies serve as important instruments of the neighbourhood and enlargement policy. Since the creation of the EUSDR, Croatia became an EU member state, while since 2023 all five countries outside the EU now have candidate member status. However, the rapid acceptance of the EU candidate status of Ukraine and Moldova in 2022 and the

protracted, stuttering enlargement process of the Western Balkans may cause resentment among many actors. In addition to the strengthening of EU skepticism, it can open space to other (e.g. Chinese) geopolitical aspirations. Since the outbreak of the war, the Three Seas Initiative, which was established in 2016 and is also supported by the U.S., aims to improve north–south connections along the border zone of the Russian sphere of interest. Meanwhile, the EUSDR has gradually lost political support in recent years. Multi-stakeholder collaborations and common projects resolve potentially rigid bilateral relations of interest, help the use of EU funds and speed up the accession of candidate countries to the EU through the harmonisation of EU law. Through their essential role in strengthening the economic and cultural relations between the countries, they can also deepen the common regional identity.³⁶

The future role of the Danube as a transport corridor is questionable, considering the effects of climate change and seeing the variable freight traffic data of recent years, which in Austria has halved in 15 years.³⁷ The expected increase in the frequency of low water periods, the costs and environmental effects of maintaining the fairway require the application of a complex approach. All of this also highlights the importance of fleet modernisation and the establishment of multimodal connections.

The Covid pandemic and the Russian–Ukrainian war resulted in the breakdown of traditional supply chains. In terms of the competitiveness and green transformation of the economy, there are significant opportunities for their reorganisation and the strengthening of small and medium-sized enterprises in the region, or even stopping emigration.

Hungary's interests with regard to the future development of the Danube macro-regional cooperation

Hungary actively participated in the creation and subsequent implementation of the Danube Strategy. In order to maintain her decisive role, it is advisable to strengthen the domestic political commitment to the Strategy as a first step. Furthermore, it is necessary to ensure the conditions for stronger support of the activities of domestic organisations that significantly contribute to the implementation of the strategy (e.g. leaders of working groups, thematic associations, transnational project chains).

During the 2024 Hungarian EU Presidency, the mid-term review of cohesion programs and the finalisation of the ninth Cohesion Report may determine the future of cohesion policy – and thus of the EUSDR. It can help refocus attention on the EUSDR ahead of the 2025 negotiations on the Multiannual Financial Perspective.

The operation of the Interreg Danube Region Program with its headquarters in Budapest is also of prime importance in the period after 2027, together with the national support for the preparation of strategically important EUSDR projects under Hungarian

³⁶ GORDOS 2011: 121; KOLLER 2011: 75–90; TÖRÖK–LENDVAI 2011: 33–43.

³⁷ CASPAR et al. 2023: 16–17.

leadership. Embedding the goals of the EUSDR during the implementation of national operational programs is essential, but from 2021 it is already necessary to go beyond the ex-post-labeling of projects.³⁸

In line with the Hungarian global water diplomacy and water industry aspirations, it is important to maintain and further strengthen our role at the Danube region level in the field of water management both in the priority areas of the Strategy and in the ICPDR expert groups. In connection with adaptation to climate change, it is advisable to direct the discourse in the direction of water resource management and water sharing issues. Enhancing cooperation in the Tisza basin should be given a priority role, further strengthening the national Tisza Office established in 2014 in Szolnok. It is necessary to support the development of Transcarpathia's water utility systems and municipal waste management with the tools of the Strategy in order to improve water quality of the Tisza basin and the living conditions of the Hungarian minority across the border. All of this requires a pool of well-prepared water and environmental management specialists that can prevail in an international environment.

With regard to the development of waterway transportation along the Danube, the statements made in the third Hungarian contribution compiled in 2010 regarding the consideration of costs, benefits and environmental aspects are still valid. Since then, we must pay even more special attention to the effects of climate change.

In addition to the Budapest-based EU Agency for Law Enforcement Training (CEPOL), the creation of a permanent Danube coordination centre for law enforcement would eliminate the security deficit, even in relation to the security aspects of external migration pressure affecting the Danube region.

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³⁸ OROSZI–JENEI 2016: 1–10.

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Cooperation in the Fields of Justice and Home Affairs

Justice and home affairs cooperation between the Member States has been integrated by the Maastricht Treaty, the Amsterdam Treaty has significantly changed its regulatory framework, and the Lisbon Treaty has made it uniform by abolishing the pillars. Achieving an area of freedom, security and justice is an important objective of the European Union. The results in the area of judicial cooperation in civil matters have been extremely positive, with the European Union's rules of private international law effectively helping to resolve cross-border disputes in a large number of areas. Since the entry into force of the Treaty of Lisbon, the European Union has also had a real success in the area of cooperation in criminal matters, and there have also been many good results in the field of customs and police cooperation. However, there are major differences of opinion between Member States on policies relating to border control, asylum and immigration. The new Asylum Pact is on the agenda and many other challenges of the 21st century need to be resolved.

Historical development of the policy

The normative framework for cooperation in justice and home affairs was established by the Treaty establishing the European Union¹ (hereinafter: TEU), so until the Maastricht Treaty, cooperation between Member States could only be considered a precursor to this policy area. The primary aim of European integration was to establish economic cooperation and the internal market between Member States. Justice and home affairs did not appear in the policies, nor were they originally covered by the founding treaties,² but the four freedoms³ did however feature in the rules.⁴ At first, the practical implementation of these rules was only facilitated by the procedural rules of Member States. A single judicial organisation was not established within the EEC, which would have dealt with disputes involving cross-border elements the same way in all the Member States, and

¹ The 1992 Maastricht Treaty on European Union, which entered into force on 1 November 1993.

² The founding treaties are usually considered to be those treaties that have played a decisive role in the development of the European Economic Community, the European Communities and the European Union, including the Treaty of Paris (the founding treaty of the European Coal and Steel Community, ECSC), adopted in 1951 and signed in 1952. The two international treaties signed in Rome in 1957 (the Treaty of Rome establishing the European Economic Community, EEC [hereinafter referred to as the "EEC Treaty" or "TEC"] and the Treaty of Rome establishing the European Atomic Energy Community [hereinafter referred to as the "Euratom Treaty"]), which entered into force on 1 January 1958.

³ Article 3(c) of the TEC provides for the abolition of obstacles to the free movement of goods, persons, services and capital between Member States.

⁴ Article 2 of the TEC provided for the creation of a common market, and to this end Article 3 set out the activities in which Member States were to cooperate.

there were no rules on home affairs which would have led to integration. Until the Treaty of Maastricht establishing the European Union, cooperation in the fields of justice and home affairs was almost entirely outside the integration framework.⁵

Initial steps

The first organisational forms of cooperation in the fields of justice and home affairs emerged in the field of criminal law. This was the so-called TREVI⁶ cooperation, established in the mid-1970s. This cooperation has an inspirational value for the future development of institutions, and its importance is based on the realisation that the cross-border spread of terrorism and other forms of behaviour that threaten internal security can only be countered by coordination between Member States, the exchange of information and experience, and the development of organised and institutionalised forms of cooperation.⁷

The Single European Act set the objective of creating the internal market, an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured. The free movement of persons and the abolition of controls at internal borders is a very sensitive issue, entailing serious security risks for the Member States. To counterbalance this increased security risk, Member States have therefore called for closer cooperation in the fields of justice and home affairs. Institutional cooperation, which had already begun at the institutional level, mainly in criminal matters, was extended in the 1980s to include the fight against irregular migration and organised crime,⁸ and organisational progress was made with the creation of the Unit for the Coordination of Fraud Prevention (UCLAF)⁹ in 1988 and the setting up of the Schengen system.¹⁰ To implement these tasks, Member States set up working groups, which continued to operate outside the EC at intergovernmental level.

⁵ GOMBOS et al. 2005.

⁶ TREVI is an acronym, short for Terrorism, Radicalism, Extremism, Violence Internationale – International Terrorism, Radicalism, Extremism and Violence. It was an intergovernmental cooperation outside the EC framework in the field of justice and home affairs.

⁷ See in more detail KENGYEL 2016: 391.

⁸ FEJES 2008: 68.

⁹ PAYRICH 2019: 195–205.

¹⁰ The Schengen Agreement was signed on 14 June 1985 by Belgium, France, Germany, Luxembourg and the Netherlands (Agreement between the Governments of the States of the Benelux Economic Union, the Federal Republic of Germany and the French Republic on the gradual abolition of checks at their common borders). The Agreement is supplemented by the Convention implementing the Schengen Agreement of 14 June 1985 between the Governments of the States of the Benelux Economic Union, the Federal Republic of Germany and the French Republic on the gradual abolition of checks at their common borders, signed on 19 June 1990 by the same States and which entered into force in 1995. These and related agreements and rules are collectively referred to as the “Schengen acquis”.

The Treaty of Maastricht

The 1992 Treaty on European Union (hereinafter referred to as the TEU)¹¹ established the European Union in three pillars. In addition to the first pillar, which had previously comprised the European Communities, the integration framework introduced a new element of the common foreign and security policy, the second pillar and a third pillar, cooperation in the fields of justice and home affairs. From that moment judicial and judicial cooperation in justice and home affairs is also explicitly mentioned as a form of cooperation within the European Union. The Treaty of Maastricht did not define the concept of cooperation in the fields of justice and home affairs, but in Article K1 of Title VI of the Treaty, the areas which the Member States considered to be of common interest outside the competence of the European Communities (First Pillar) in order to achieve the objectives of the European Union have been listed.¹²

Cooperation in the fields of justice and home affairs was a third pillar matter, but rules on some of its areas could be found elsewhere. For example, the crossing of the external borders of the Member States and the fight against drugs were covered by the third pillar, while the Treaty establishing the European Community (hereinafter referred to as the TEEC), which was part of the first pillar, also contained provisions on visa policy and the fight against drugs. The drawing of borders led to considerable controversy. Another problem was the role of the Community institutions. Despite the inclusion of cooperation in the fields of justice and home affairs in the institutional structure of the European Union, the role of the Community institutions under the Treaty of Maastricht remained very limited and they did not have sufficient influence on the decisions of the Member States. The Court of Justice's¹³ power to scrutinise Community legislation in this area therefore remained minimal. The European Parliament, which was granted consultation powers by the Treaty, was only informed of decisions afterwards and had no influence on the process. The European Commission's power of legislative initiative covered only six areas and was shared with the Member States. In the areas of judicial cooperation in criminal matters, police cooperation and cooperation between customs authorities, only the Member States had the power of initiative. All decisions in the Council required unanimity, which often paralysed decision-making.

¹¹ The Treaty on European Union, which was signed on 7 February 1992 and entered into force on 1 November 1993, is also known as the Maastricht Treaty, referring to the place where it was signed.

¹² This included the following areas: refugee policy; control of the crossing of the external borders of the Member States; immigration policy, policy on third country nationals; fight against drug addiction; fight against international fraud; judicial cooperation in civil matters; judicial cooperation in criminal matters; customs cooperation; police cooperation in the fight against terrorism, drug trafficking and organised crime.

¹³ Formerly known as the Court of Justice of the European Communities. Its successor, renamed at a later date, is the Court of Justice of the European Union (Court of Justice).

The Treaty of Amsterdam

The Amsterdam Treaty¹⁴ has significantly restructured the third pillar. As a result, the name of the third pillar (Title VI TEU) was changed to judicial and police cooperation in criminal matters. With this amendment, the intergovernmental nature of the third pillar was now more narrowly interpreted to cover only the areas of police and judicial cooperation in criminal matters. The other elements of justice and home affairs (asylum and immigration policy, external and internal border controls, judicial cooperation in civil matters) were transferred to the first pillar, bringing them under the competence of the Community institutions. Following the Treaty of Amsterdam, when justice and home affairs issues were split between the two pillars, the European Union has adopted the concept of an area of freedom, security and justice as one of its fundamental objectives.

One of the main objectives of the Treaty of Amsterdam, which deepened integration, was the creation of an area of freedom, security and justice based on the free movement of persons, to be pursued by means of coordinated measures under the first and third pillars. Achieving an area of freedom, security and justice¹⁵ means the following: freedom means not only the free movement of persons, but also the protection of their fundamental rights and the fight against all forms of discrimination. Security is essentially the fight against crime and its reduction. Justice in this context includes equal access to justice.¹⁶

The changes made by the Treaty of Amsterdam were based on three main elements. Certain areas of the former third pillar cooperation have been upgraded to Community level. The effectiveness of cooperation in the areas remaining under the EU's third pillar has been increased and the Schengen *acquis* has been incorporated¹⁷ into the Union framework. The area of "visas, asylum, immigration and other policies related to free movement of persons" has been created as a separate title in the EEAS. The change was of major importance, as it brought visa policy, external border controls, asylum policy, immigration policy and other policies related to the free movement of persons (mainly judicial cooperation in civil matters) under Community (supranational) competence. In these areas, the Community institutions, the European Commission, the Council, the European Parliament and the Court of Justice, have a key role in the formulation, implementation and monitoring of the common EU policy. After the amendments adopted in the Amsterdam Treaty, the areas listed under the Title on Police and Judicial Cooperation in Criminal Matters continued to be governed by the provisions of the TEU relating to third pillar cooperation. The remaining third pillar cooperation covered police, customs and criminal justice cooperation, the fight against international fraud and joint action against racism and xenophobia.¹⁸

¹⁴ The Treaty of Amsterdam Amending the Treaty on European Union, the Treaties Establishing the European Communities and Certain Related Acts was signed on 2 October 1997 and entered into force on 1 May 1999.

¹⁵ For a comprehensive answer to this question see FLETCHER et al. 2016.

¹⁶ WALKER 2004.

¹⁷ The Protocol annexed to the Treaty of Amsterdam made it possible to strengthen the Schengen *acquis*.

¹⁸ GOMBOS 2020: 45–47; GOMBOS 2014: 27–28.

The Treaty of Amsterdam has enabled the European Community institutions to legislate in this area of law in the first pillar. The general legal basis for the creation of secondary legislation was Article 95 TEC, which provided for the obligation to approximate legislation. The legal basis for secondary legislation was Article 61(c) and, subject to Article 67, Article 65 TEC. The exclusive jurisdiction of the Court of Justice to interpret secondary legislation in this field was a major step forward. However, compared with the general rule of Article 234 TEC, Article 68 TEC was a special provision which created the possibility for the Court of Justice to give preliminary rulings in cases falling under Title IV TEC. A highly problematic rule, however, was the existence of special procedural rules in this area of law compared with the classical system of preliminary rulings under Article 234 TEC. In fact, not all courts were entitled to refer a question to the Court of Justice in cases pending before a court or tribunal of a Member State concerning the interpretation of this Title or the validity or interpretation of acts of the Community institutions based on this Title.¹⁹ The rule was that only courts against whose decisions there was no judicial remedy under national law were entitled to refer questions under this Title for a preliminary ruling. The Court of Justice also accepted referrals from this area of law in cases where there was a doctrinal dispute under national law as to whether there was a judicial remedy²⁰ against the decision of the referring court in the particular case.²¹

In the third pillar, the jurisdiction of the Court of Justice to give preliminary rulings was regulated by Article 35 TEU. This power was limited in that, for these cases, each Member State had to make a separate declaration of acceptance of the jurisdiction of the Court of Justice.²²

In addition to the above criticism, the revision of the Treaty of Amsterdam also introduced a number of changes which foresaw an improvement in the quality of the subsequent legislation. After the Treaty of Amsterdam, justice and home affairs issues were split into two pillars, and the European Union adopted the concept of an area of freedom, security and justice as one of its fundamental objectives.

The Tampere and Hague Programmes and the Treaty of Nice

After the Treaty of Amsterdam, the overall objective was the establishment of an area of freedom, security and justice. This included tasks in both the communitarised and third pillar areas. The Council's action plan on this subject gave substance to this objective

¹⁹ The solution to this problem has had to wait until 1 December 2009, after which date this provision of the TEC will no longer apply.

²⁰ Judgment of 7 December 2010 in Joined Cases C-585/08 and C-144/09 *Peter Pammer v. Reederei Karl Schlüter GmbH & Co KG* (C-585/08) and *Hotel Alpenhof GesmbH v. Oliver Heller* (C-144/09), paragraph 33.

²¹ Judgment of the Court of Justice of the European Union of 25 June 2009 in Case C-14/08 *Roda Golf & Beach Resort SL*, paragraphs 24–30; GOMBOS 2014: 39.

²² Hungary has made this declaration, so that the jurisdiction of the Court of Justice to give preliminary rulings in third pillar matters is maintained.

and set out a timetable and a list of priorities for the next five years in the areas of asylum, immigration, visa policy, police and judicial cooperation in criminal and civil matters. The priority given to justice and home affairs and the importance of the objective of an area of freedom, security and justice were confirmed by the fact that the extraordinary Tampere European Council in autumn 1999 was entirely devoted to this subject. At the Tampere Summit, the Heads of State and Government decided on a package of measures known as the Tampere Programme and on the establishment of Eurojust, a unit to promote cooperation and exchange of information between the law enforcement authorities of the Member States, modelled on Europol and institutionalised by the Treaty of Nice.²³

The Treaty of Nice, which entered into force in 2003, added a number of provisions to the policies regarding the cooperation in the fields of justice and home affairs, both in the first and in the third pillar. In the area of the first pillar, the Treaty of Nice brought about a change in the decision-making system by extending qualified majority voting and the co-decision procedure to some extent. In the third pillar, it amended the conditions for enhanced cooperation.

The next multiannual package of measures was agreed at the EU Heads of State and Government meeting in November 2004, which focused on justice and home affairs. The document, called the Hague Programme, set out ten priorities for five years (2005–2010) to strengthen the area of freedom, security and justice. In order to implement the Hague Programme, the Commission and the Council adopted an Action Plan setting out the concrete measures needed to implement the priorities, including the creation of a European area²⁴ of justice.²⁵

The Treaty of Lisbon

The amendments to the Treaty of Lisbon²⁶ have removed the pillar structure of the European Union and created a legal personality for the European Union itself. As a result, cooperation in the field of justice and home affairs is now also regulated at supranational level, with the possibility of regulating this area of law without distinction, through the same secondary sources of law of the same normative force and the same name, and the European Union is also entitled to conclude international conventions and to accede to existing conventions. The Union is an area of freedom, security and justice,²⁷ where fundamental rights and the different legal systems and traditions of the Member States²⁸ are respected.²⁹ Regulation in this area is a policy of shared competence,³⁰ which means

²³ GOMBOS 2020: 48–49; GOMBOS 2014: 28.

²⁴ FAZEKAS 2012: 26–48.

²⁵ GOMBOS 2020: 48–49; GOMBOS 2014: 28.

²⁶ The Treaty of Lisbon, which was signed on 13 December 2007 and entered into force on 1 December 2009, amended the Treaty on European Union and the TEC.

²⁷ The rules are set out in Article 3(2) TEU, Articles 67–89 TFEU and Article 276 TFEU.

²⁸ Article 3(2) TEU.

²⁹ Article 67 TFEU.

³⁰ Article 4(2)(j) TFEU.

that both the Union and the Member States have regulatory powers in this area, with a specific division of labour. The provisions relating to the area of freedom, security and justice concern border control, asylum and immigration policies, judicial cooperation in civil matters, judicial cooperation in criminal matters³¹ and police cooperation.³²

The Treaty of Lisbon abolished the three-pillar structure, allowed for the adoption of regulations, directives and decisions in former third pillar matters (direct applicability, direct effect, applicability of the principle of primacy over national law), changed the unanimity rule and extended the jurisdiction of the Court of Justice to cover more former third pillar justice and home affairs matters. The entry into force of the Treaty of Lisbon completes the homogenisation of cooperation in the fields of justice and home affairs within the European Union. The different source of law regimes of the third pillar have been abolished and the number of former types of source of law has been significantly reduced. The sources of law are grouped according to whether they are legislative, delegated or implementing acts, rather than according to the pillar under which they were adopted.³³

In an area of freedom, security and justice, persons can move freely. The Union shall ensure that persons are exempt from checks at internal borders and shall develop a common policy based on solidarity between Member States in the areas of asylum, immigration and external border controls,³⁴ ensuring fair treatment of third country nationals and stateless persons.³⁵ The Union shall seek to guarantee a high level of security. This is achieved through the adoption of measures to prevent and combat crime, racism and xenophobia, coordination between police, judicial and other competent authorities, mutual recognition of judicial decisions in criminal matters and approximation of criminal legislation.³⁶ It also aims to facilitate access to justice, in particular through the principle of mutual recognition of judicial and extrajudicial decisions in civil matters.³⁷

The European Council has a specific task: to define strategic guidelines for the planning of legislative and operational programmes in the area of freedom, security and justice.³⁸ National Parliaments are responsible for ensuring that legislative proposals and initiatives in the fields of police and judicial cooperation in criminal matters are in accordance with the Protocol on the application of the principles of subsidiarity and proportionality.³⁹

Major decisions in the area of freedom, security and justice have previously been taken with the unanimous approval of the Council. The Treaty of Lisbon has made

³¹ See more details in BOGENSBERGER 2019: 870–874; IGLESIAS SÁNCHEZ – GONZÁLEZ PASCUAL 2021: 251–370; KARSAT 2023.

³² See more details in HOLZHACKER–LUIF 2014: 1–11.

³³ GOMBOS 2020: 50.

³⁴ Nowadays, 23 of the 27 EU Member States (Bulgaria, Ireland, Cyprus and Romania are EU countries, except for Bulgaria and Romania) and the 4 countries of the European Free Trade Association, EFTA (Iceland, Liechtenstein, Norway and Switzerland) are members of the Schengen area.

³⁵ Article 67(2) TFEU.

³⁶ Article 67(3) TFEU.

³⁷ Article 67(4) TFEU; GOMBOS 2014: 30.

³⁸ Article 68 TFEU.

³⁹ Article 69 TFEU; GOMBOS 2020: 50–51.

decision-making more democratic and transparent, requiring the participation of the Parliament for certain acts and significantly extending the areas where qualified majority voting is sufficient for Council voting. The Union can adopt measures under the ordinary legislative procedure to approximate the laws, regulations and administrative provisions of the Member States in the fields of border control, asylum and immigration, judicial cooperation in civil and criminal matters and police cooperation. In the area of the former third pillar criminal justice and police cooperation, the Commission has been given the right of initiative by at least a quarter of the Member States, in addition to the Commission.⁴⁰ The Member States are free to organise, among themselves and within their own sphere of competence, the forms of cooperation and coordination between the competent departments of their administrations responsible for the protection of national security in the Member States, in the way they consider most appropriate.⁴¹

The Treaty on the Functioning of the European Union (TFEU) extended the jurisdiction of the Court of Justice of the European Union to former third pillar justice and home affairs matters. However, the Court of Justice of the European Union does not have jurisdiction to review the validity or proportionality of measures taken by the police or other law enforcement services of a Member State or to review the exercise of powers by Member States relating to the maintenance of law and order and the safeguarding of internal security.⁴²

The Stockholm Programme

In December 2009, the European Council adopted the Stockholm Programme, which set out a comprehensive plan for the EU's law enforcement and security policies for the period 2010–2014. In total, this programme contained 170 initiatives. Grouped around four broad priorities, the programme contained concrete proposals on how to make the positive benefits of cooperation in the fields of justice and home affairs more effective and tangible for citizens. Thus, priority was given to enhanced legal protection for EU citizens, making life easier for citizens, protecting citizens and promoting an inclusive society. The aim of enhanced protection is to make the European Union a single area of protection of fundamental rights, including respect for the individual and human dignity and other rights enshrined in the Charter of Fundamental Rights, and protection of privacy (in particular personal data). Making life easier for citizens means, in particular, putting in place mechanisms to facilitate their access to justice and the exercise of their rights anywhere in the Union. Improving cooperation between professionals working in the field of justice is also an important objective. The right legal instruments must also be put in place in the field of trade in order to better exploit the benefits of the internal market. A strategy on internal security has also been decided to further improve security

⁴⁰ Article 76 TFEU.

⁴¹ Article 73 TFEU; GOMBOS 2014: 30–31.

⁴² Article 276 TFEU; GOMBOS 2014: 31.

in the European Union to protect citizens. This action strategy implies strengthening cooperation in police and criminal matters and making access to European territory even more secure. More concrete and coordinated action is needed in the fight against organised crime and terrorism. An important priority is to consolidate and effectively implement an immigration and asylum policy that ensures solidarity between Member States and creates partnerships with third countries, ensures a clear and common status for legal immigrants, develops stronger links between immigration and the needs of the European labour market and a targeted integration and education policy, and improves the tools available to fight irregular migration. The European Union must also move towards a common asylum system and ensure shared responsibility and solidarity between Member States in this area.⁴³

The Europe of Rights is an area in which EU citizens can exercise their right to free movement. It respects diversity and protects the most vulnerable groups of people (children, minorities, victims of violence), while fighting racism and xenophobia. It safeguards the fundamental values of due process and the guarantee of procedural rights by legal means. The Europe of Rights promotes citizens' participation in transparent decision-making, access to documents and the right to good administration, and ensures citizens' right to consular protection outside the EU, by broadening the concept of EU citizenship.

A European area of justice means proper access to justice, better cooperation between judicial authorities and the free movement of judicial decisions within the EU. To this end, EU Member States should use e-Justice, adopt common minimum standards and strengthen mutual trust. The EU should also strive to achieve coherence with the international legal order in order to create a secure legal environment for dialogue with countries outside the EU.⁴⁴

The Post-Stockholm Programme

In order to define the future of the area of freedom, security and justice, the European Council adopted the guidelines for the Post-Stockholm Programme⁴⁵ in June 2014. This programme slowed down the momentum that had been built up to date and could be described as a decision to deepen existing cooperation rather than to regulate new areas, based on the principle of less is sometimes more. It set out as strategic guidelines the need for consistent and effective implementation of agreed measures, closer cooperation, a greater role for EU agencies and the exploration of the potential of new technologies. In the area of justice, the main objective was to ensure that European citizens were properly informed, had access to information and were more aware of the issues at stake. European justice legislation also had to be put at the service of growth (justice for growth),

⁴³ See more on these issues in HANKISS 2012: 58–63.

⁴⁴ GOMBOS 2014: 32–33.

⁴⁵ Council of the European Union 2014.

which means both a generational review of existing sources of law (some had already undergone their second or third generation of review) and their adaptation to new 21st century challenges. The latter also includes the strengthening of the data protection approach and the general shift towards a fundamental rights approach and fundamental rights jurisprudence.

During this period, the EU *acquis* in the area of civil judicial cooperation has been a set of legal instruments that have both created direct EU enforcement possibilities for legal entities and ensured direct cooperation between courts and competent authorities of the Member States, sometimes with the creation of an institutional network.

The EU decided to establish the Justice programme⁴⁶ by Regulation (EU) No 1382/2013⁴⁷ and the Rights, Equality and Citizenship programme by Regulation (EU) No 1381/2013.⁴⁸ Both programmes were designed to promote the creation of a single area of justice in the European Union. The programme has also made use of new tools for electronic dissemination (e.g. the European e-Justice portal⁴⁹) and has also aimed to improve the legal knowledge of European citizens and businesses and the exercise of their rights by setting up a number of advisory bodies (e.g. SOLVIT⁵⁰) and taking steps to improve access to justice. The Rights, Equality and Citizenship 2014–2020 programme⁵¹ focused on ensuring non-discrimination, equal opportunities and human rights. Particular emphasis has been given to instruments to combat racism, xenophobia, homophobia and other forms of intolerance, measures to protect vulnerable groups such as children, young people, women (Daphne), and legal action to protect children's rights in general. Data protection, the protection of European civil rights and the protection of consumer rights have been given much more prominence than in the past.⁵²

How did the policy issue feature among the priorities of the 2011 Hungarian Presidency and what were the results?

Hungary took over the rotating presidency of the European Union from Belgium in January 2011 and handed it over to Poland in the second half of 2011.⁵³ The combined programme of the three successive presidencies (Spain, Belgium and Hungary) from 1 January 2010 to 30 June 2011, covering the period January 2010 to June 2011, included

⁴⁶ European Commission s. a.a.

⁴⁷ Regulation (EU) No 1382/2013 of the European Parliament and of the Council of 17 December 2013 establishing a Justice Programme for the period 2014 to 2020. Text with EEA relevance.

⁴⁸ Regulation (EU) No 1381/2013 of the European Parliament and of the Council of 17 December 2013 establishing a Rights, Equality and Citizenship Programme for the period 2014 to 2020. Text with EEA relevance.

⁴⁹ Further details at <https://e-justice.europa.eu/home.do>

⁵⁰ Further details at <https://ec.europa.eu/solvit/>

⁵¹ European Commission s. a.b.

⁵² GOMBOS 2020: 53–57.

⁵³ In line with the Council's revised rules of procedure, the incoming Polish, Danish and Cypriot presidencies have also been consulted on strategically important issues.

objectives regarding the cooperation in the fields of justice and home affairs.⁵⁴ The first part of the programme set out longer-term strategic objectives, and the second part contained an operational programme setting out the issues expected to be addressed during the 18-month period. The themes covered in the area of justice and home affairs were:

1. In the home affairs area
 - asylum and immigration
 - legal immigration
 - integration of third country nationals
 - irregular migration
 - visa policy
 - Schengen area
 - international protection
 - cooperation with third countries under the EU Global Approach
 - Internal Security Strategy
 - fight against terrorism
 - fight against trafficking in human beings
 - fight against drugs
 - police and customs cooperation
 - prevention of and fight against serious and organised crime
 - exchange of information
 - civil protection
2. In the field of judicial cooperation
 - practical cooperation in judicial matters
 - judicial cooperation in criminal matters
 - judicial cooperation in civil matters
 - external relations in the area of freedom, security and justice

The first version of the programme of the 2011 Hungarian Presidency of the Council of the European Union was first discussed by the government in summer 2010 and the final programme, which was adopted in December 2010 under the slogan “Strong Europe”, was published on 10 January 2011. The third of the four main themes of the planned programme (growth and jobs for preserving the European social model; a stronger Europe; a citizen friendly Union; enlargement and neighbourhood policy), entitled “Citizen Friendly Europe”, dealt with justice and home affairs. The presidency programme originally included the continuation of the implementation of the Stockholm Programme to strengthen cooperation in justice and home affairs, but this element was dropped from the final programme. During the Hungarian Presidency, the classic areas of justice and home affairs were given less emphasis, mainly in the fight against organised crime and Schengen borders. On 20 January 2011, at an informal meeting of EU home

⁵⁴ A note on the 18-month programme of the Spanish, Belgian and Hungarian presidencies is available in Council of the European Union 2009.

affairs ministers, the strengthening of the fight against organised crime, integrated border management and the EU's multiannual budget for home affairs after 2014 were discussed. No legislative needs were identified on the issues discussed at the meeting, but the Hungarian position in this area was that the strengthening of the fight against organised crime should be kept on the agenda, in line with the central place of this issue in the Hungarian Presidency's home affairs programme. In February 2011, Council conclusions on the Internal Security Strategy⁵⁵ were adopted, followed by Council conclusions⁵⁶ setting out the EU's priorities for the fight against organised crime for the period 2011–2013. The presidency has developed a handbook to assist in the fight against organised crime.⁵⁷ A draft directive on the exchange of data on road safety offenders was also prepared, with a view to facilitating the establishment of liability even where the traffic offence was committed in a member state other than that of the driver's nationality.⁵⁸

The other important topic discussed was border security and integrated border management, which on the one hand concerned the issue of exploiting the opportunities offered by modern technologies, on the other hand the modernisation of the Schengen system, including the reform of the Schengen evaluation mechanism, and the possibility of extending the Schengen system.

During the Presidency, unexpected events occurred, requiring a rapid response to the uprisings known as the "Arab Spring",⁵⁹ which generated significant changes in international relations and required a reaction from the European Union as an organisation. In the area of justice, it is worth mentioning that the EU sanctions package against Libya, based on the 1970 UN Security Council Resolution, but in many respects going beyond it, was drafted by the RELEX working group under the Hungarian Presidency, and the Council decided to impose sanctions on the basis of this package.⁶⁰

Under the Hungarian Presidency, important progress was made in the broader area of justice and home affairs, in terms of justice for European citizens. On 23 May 2011, the General Affairs Council adopted Presidency conclusions which reaffirmed the reference to national minority rights⁶¹ and the importance of cultural and linguistic diversity in the context of the Charter of Fundamental Rights. Alternative responses to migration include

⁵⁵ The European Union adopted the European Security Strategy in December 2003, which was complemented by the adoption of the Internal Security Strategy by the Council in February 2010, during the six-month Spanish Presidency. The Strategy was endorsed by the European Council on 25–26 March 2010 (European Commission 2010).

⁵⁶ Council Conclusions of 24–25 February 2011 on the Commission Communication on the Implementation of the Internal Security Strategy for the European Union.

⁵⁷ In June 2011, a handbook of good practices from EU Member States was published entitled "Complementary Approaches and Measures to Prevent and Combat Organised Crime".

⁵⁸ On 25 October 2011, the EU legislators adopted Directive 2011/82/EU on the basis of the draft, but it was annulled by the Court of Justice of the European Union in its judgment C-43/12 of 6 May 2014.

⁵⁹ There have been popular rebellions in Tunisia, Egypt, Libya, Yemen, Bahrain and Syria.

⁶⁰ GAZDAG 2011: 72–85.

⁶¹ On the enforcement of minority rights see CZIKA 2011: 98–118.

the adoption by the Employment, Social Affairs, Health and Consumer Affairs Council (EPSCO) during the Hungarian Presidency of a Council Conclusion on “The impact of reconciling work and family life on demographic trends” at its meeting in June 2011.⁶²

The current state of the policy issue, opportunities and challenges

Today, cooperation in the fields of justice and home affairs can be structured according to criteria other than the classical separation of justice and home affairs. Based on the concept introduced by the Treaty of Amsterdam, the area of freedom, security and justice, which is the objective to be achieved, can be considered a separate area with three strands (freedom, security and justice). The Charter of Fundamental Rights, which was elevated to the status of a founding treaty by the Treaty of Lisbon, has significantly transformed the case law, and a strong fundamental rights approach is therefore applied regarding justice and home affairs policy (manifested in the political expression of fundamental values and the rule of law argumentation⁶³). A global approach to the challenges of the 21st century is needed (in particular in the areas of migration and asylum,⁶⁴ the fight against terrorism and the protection of personal data) and cooperation between Member States should be deepened (e.g. in the effective and correct application of the European Arrest Warrant). Effective and consistent implementation of existing legislative achievements (e.g. mutual recognition of decisions and judgments can be enhanced) is necessary, as it is strategically paramount that Member States implement the measures adopted consistently and effectively, especially in the current problematic area of cooperation in the fields of justice and home affairs. This recognition is reflected in the fact that, since the Stockholm Programme, in practice, no new regulatory objectives have been set, but rather existing achievements have been deepened (e.g. several regulations in this policy area have been and are being revised and modernised).

In the area of judicial cooperation, the objective of creating a genuine area of justice, where access to justice is guaranteed, the principle of mutual trust is applied and different legal and judicial systems are respected, remains unchanged. To achieve this, rules on simplifying access to justice and on Alternative Dispute Resolution (ADR) can also be of great importance.⁶⁵ A challenge in the area of justice is to ensure conditions of access to justice, even in specific areas of law (see e.g. “Climate justice”⁶⁶). The challenge is also to create the technical and human (even combined with AI systems) conditions for e-Justice.

⁶² Compare FÜRÉSZ–MOLNÁR 2023: 35.

⁶³ See more details in GOMBOS 2022: 4–21.

⁶⁴ See FERNÁNDEZ-ROJO 2021.

⁶⁵ See more details in SELNICEAN 2020: 2125–2144.

⁶⁶ SZEGEDI 2023: 41–54.

In terms of migration, asylum and border protection, there is a great opportunity for the EU to take advantage of the benefits that legal migration brings. The ageing of Europe's population can be addressed in this way, in addition to the means of influencing demographic change in a positive way. On the other side of this issue, one of the major challenges facing the EU is tackling the problem of irregular migration. Those in need must be given protection on a humanitarian basis, in accordance with the principles of solidarity and fair sharing of responsibility, and in accordance with the principles of international law, and this requires a consistent application of European asylum policy. In the field of justice, this implies that asylum seekers enjoy the same procedural guarantees and protection in all EU countries. The issue cannot be effectively addressed without strengthening and extending regional protection programmes. It also requires more decisive action by the EU and its Member States to properly address the problem of smuggling and trafficking of human beings, and to reflect on the development of an effective common return policy.

One of the challenges in the area of border control and visa issues is that, in the absence of internal border controls, the effective protection of the EU's common external borders can only be achieved by strengthening them and modernising border management.⁶⁷ The existing institutional framework should be given a greater role (Frontex,⁶⁸ Eurosur⁶⁹), and the existing instruments could be complemented by a new structure, a European Border Guard system.⁷⁰ The modernisation of the common visa policy will also significantly reduce security risks.

To protect the security of European citizens, there is a need for a coherent internal security strategy that responds well to 21st century challenges (e.g. cybercrime), and to prevent radicalisation and the spread of extremist ideas, the fight against terrorism and

⁶⁷ See more details in HAUZINGER–TÖTTÖS 2022: 315–316.

⁶⁸ Frontex, established by Council Regulation (EC) No 2007/2004, has undergone a major overhaul since the start of the migration crisis in 2015, with Regulation (EU) 2019/1896 establishing the European Border and Coast Guard, which is composed of the national authorities responsible for border management in the Member States, the national authorities responsible for return and the European Border and Coast Guard Agency. The main tasks to be carried out within this organisational framework are: implementing the multi-annual strategy for European integrated border management; surveillance of the external borders; carrying out risk and vulnerability assessments; rapid border intervention; responding to situations requiring urgent intervention at the external borders; providing technical and operational assistance to persons in distress at sea; and organising, coordinating and conducting return operations and interventions.

⁶⁹ The European Border Surveillance System was established in 2013 to improve integrated border management and prevent cross-border crime and irregular migration [legal basis: European Parliament and Council Regulation (EU) No 1052/2013 of 22 October 2013 on the establishment of a European Border Surveillance System (EUBCS)]. Eurosur has been integrated into the operation of the European Border and Coast Guard since 4 December 2019 [see also: Commission Implementing Regulation (EU) 2021/581 of 9 April 2021 on the status report on the European Border Surveillance System (EUROSUR)].

⁷⁰ COMAN-KUND 2020.

organised crime should continue to be a priority.⁷¹ Eurojust,⁷² Europol,⁷³ OLAF⁷⁴ and the recently established European Public Prosecutor's Office could be of particular importance⁷⁵ in the context of crimes affecting the EU budget.⁷⁶

Strategic agenda until 2024

Most of the opportunities and challenges are well outlined in the Strategic Agenda for the Area of Freedom, Security and Justice 2019–2024, adopted by the European Council in June 2019,⁷⁷ which has four building blocks: respect for values and the rule of law, mutual trust and protection of our common European area, and the mastery of new technologies and the use of artificial intelligence. Since the adoption of the Treaty of Lisbon, the European Union has focused its attention on developing legislation that provides a solid legal framework in the area of cooperation in the fields of justice and home affairs. The focus is now on implementing and consolidating the legal instruments and policies already in place. The objective is to achieve greater coherence between the Union's internal and external policies, particularly in areas with a global dimension (data protection, AI regulation).

⁷¹ For the institutional context of cooperation see FARKAS 2017: 282–283; KÜHL–SPITZER 2014: 235–236; LIGETI 2004: 138–139; KERTÉSZ 2014: 1; COVOLO 2012: 83–84.

⁷² The decision to set up Eurojust (Judicial Cooperation Unit), which was taken by Decision 2002/187/JHA, was a fundamental decision on criminal cooperation taken at the Tampere Summit. From 2019, Eurojust is the European Union's Agency for Judicial Cooperation in Criminal Matters, which coordinates the work of the national authorities of EU Member States and third countries involved in the investigation and prosecution of international crime, under Regulation 2018/1727. The tasks of Eurojust have recently been amended [by Regulation (EU) 2022/838].

⁷³ Europol was set up as the European Police Office and has now become the European Union Agency for Law Enforcement Cooperation. Its mission is to assist Member States' law enforcement authorities in combating serious transnational crime and terrorism. Europol is a modern information platform and an EU centre of expertise in law enforcement. It provides on-the-spot support for law enforcement operations when needed and provides criminal analysts to assist national law enforcement authorities (see more details in KÖNIG 2022).

⁷⁴ The OLAF [the successor entity to the former UCLAF, which after 1999 was given investigative powers, in cooperation with other law enforcement agencies and networks (see for example Europol, European Judicial Network in Criminal Matters)] investigates fraud against the EU budget, corruption and serious misconduct in the EU institutions, and uses administrative means to combat illegal activities affecting the EU's financial interests (see more in BRÜNER–SPITZER 2014: 775; FARKAS 2005: 19–20; for its organisation and tasks see FARKAS 2001: 121; PAYRICH 2019: 195–205).

⁷⁵ On the relationship between OLAF and the EPPO see UDVARHELYI 2022: 5–23.

⁷⁶ The European Public Prosecutor's Office (EPPO) was established by Regulation 2017/1939. The EPPO is an independent prosecution service of the European Union, competent to investigate, prosecute and bring to justice offences affecting the financial interests of the Union. It will start its tasks from 1 June 2021. 22 EU Member States participate in the enhanced cooperation establishing the EPPO. Ireland, Hungary, Poland and Sweden have an occasional opt-out, which means that they can make an opt-in declaration for accession at a later stage. Denmark has a permanent opt-out right in this cooperation.

⁷⁷ Further details at www.consilium.europa.eu/media/39917/a-new-strategic-agenda-2019-2024-hu.pdf

The Commission's six priorities for 2019–2024 also include, under the heading “Promoting a European Way of Life”, the development of judicial cooperation as a step towards protecting citizens and our values. In the field of judicial cooperation, this means in particular building mutual trust and a genuine European judicial area by interconnecting the legal systems of the Member States. The implementation of the objectives set out under the priority of fundamental rights is intended to protect the rule of law, fundamental rights, consumers and to increase consumer awareness of goods, services and foodstuffs. The objective is also to create a legislative environment that works towards increasing consumer awareness, ensuring that consumer protection provisions⁷⁸ are effectively enforced, and that legislation is fit for the digital age. A major challenge for a Europe ready for the digital age is to reform data protection legislation, to increase the role of internet-based networking, in particular in terms of cooperation in the fields of justice and home affairs, and to consider the use of digitalisation and artificial intelligence in judicial administration.

Impact of the policy issue on economic and social development

Cooperation in the fields of justice and home affairs has a direct impact on social development. Until recently, Europe was a place where people felt free and safe.⁷⁹ The intersection of justice and home affairs with the preservation of freedom and security is the shaping of migration policy and the protection of common external borders. Effective external border control is essential to guarantee security, maintain public order and ensure the proper functioning of European policies. To this end, a comprehensive migration and asylum policy must be developed to ensure that the European Union has real control over who enters its territory. The new draft Pact on Migration and Asylum, published on 23 September 2020, aims to achieve this goal. Legislative progress has already been made, but several proposals in the Pact are still under negotiation. The creation of a new EU Asylum Agency⁸⁰ is an operational element of the scheme. Other elements of the scheme include: a new Regulation on asylum and migration management;⁸¹ the introduction of common rules on asylum applications;⁸² new rules on migration and asylum crisis situations and force majeure;⁸³ better reception conditions; the adoption of a new Regulation on pre-screening; the further development of the EU fingerprint database; and the creation of a new EU resettlement framework. The adoption of the whole package is expected in April 2024.

⁷⁸ FAZEKAS 2018: 304–308.

⁷⁹ On its links with other policies see VARGA 2023: 21–33.

⁸⁰ As a result, the European Asylum Support Office (EASO) was replaced on 19 January 2022 by the European Union Asylum Agency (EUAA) as a “whole EU agency”.

⁸¹ Legislative proposal to amend the Dublin rules, supported by the Council on 13 July 2023 (Council of the European Union 2023a).

⁸² Council of the European Union 2023b.

⁸³ Council of the European Union 2023c.

This issue is closely linked, because of the security risks, to the fight against irregular migration and trafficking in human beings, as well as to the fight against terrorism and cross-border crime, which can serve social development if combined with appropriate cooperation and active solidarity between Member States.

Justice benefits primarily from judicial cooperation in civil and commercial matters, and also indirectly affects economic development, in particular through the focus on consumer rights regulation, because of the impact on economic life, private law, commercial law and competition law. In this context, consumer protection has become one of the leading areas of justice and home affairs regulations. The main purpose of consumer protection is to redress the imbalance between businesses and consumers by means of its own system of instruments, by establishing substantive and procedural rules. In order to overcome the disadvantage caused by economic asymmetry, it establishes rules to support and assist consumers, requires the provision of information necessary to make informed consumer choices and prohibits unfair consumer influence and unfair terms. The European Union has been at the forefront of legislation to protect consumer rights.⁸⁴ There are also a number of new challenges for the 21st century because of the widespread use of new technologies, the shift of some retailing to the online space⁸⁵ and the emergence of new types of digital services. There has been a significant shift in EU legislation away from the minimum harmonisation found in previous directives towards a higher level of protection of consumer rights. At the same time, the *acquis* has not lost its scope for national autonomy, while respecting the principle of subsidiarity, as the reformed regulatory framework gives Member States the flexibility to maintain or adopt national rules to further enhance consumer rights.

Legislation in general, and civil procedural rules in particular, facilitate enforcement at both EU and Member State level, and because of their exemplary nature, sources of law can also have indirect effects on non-EU legal systems by way of indirect regulation, and in the case of many EU rules of universal application, the scope of the legislation can also directly apply to legal relations with third countries. This is why the EU civil procedural *acquis* can be put at the service of social development objectives.⁸⁶ These objectives promote the effective and highly efficient administration of justice and fundamental rights through procedural instruments such as increasing party autonomy, decision-making and freedom of choice,⁸⁷ procedural tools to eradicate poverty, equal access to justice,⁸⁸ procedural assistance and support mechanisms, alternative dispute resolution techniques, simplification of the recognition of judgments⁸⁹ and more effective enforcement.⁹⁰

⁸⁴ See more on consumer policy in KOZÁK 2022: 217–230.

⁸⁵ See more details in STRIHÓ 2020a; STRIHÓ 2020b: 1829–1837.

⁸⁶ GOMBOS 2021: 13–25.

⁸⁷ KIRÁLY 2018: 509–515.

⁸⁸ SZABÓ 2015: 307–325.

⁸⁹ MÁDL–VÉKÁS 2018: 555.

⁹⁰ BURIÁN 2012: 177–185.

Hungary's interests in the future development of the policy issue

At the meeting of the General Affairs Council on 27 June 2023, the competent ministers of Spain, Belgium and Hungary presented the programme of the Trio.⁹¹ One of the priorities of the Spanish–Belgian–Hungarian trio – in line with Hungarian interests – is to address the European challenges of migration, as a European response to this issue is justified, rather than a Member State-by-Member State one. Therefore, the objective is to continue the reform of the Common European Asylum System and the Pact on Migration and Asylum. The Commission's legislative package on the Pact on Migration and Asylum, consisting of ten proposals and legislative acts, is based on two main pillars. Its primary objective is to improve the efficiency of asylum procedures. Second, the legislative package aims to harmonise solidarity based on the principle of fair sharing of responsibilities and flexible solidarity. Based on the evaluations that have been published, the Hungarian Government cannot accept the package of proposals. According to the Hungarian position, border protection, assistance to third countries and stopping migration outside the EU's external borders remain priorities.⁹² The trio's programme is also clear that the proper functioning of the Schengen area (Schengen 2.0 concepts, strengthening of the Eurodac system⁹³) must remain on the agenda and that particular attention should be paid to strengthening external borders.⁹⁴

In the area of police and judicial cooperation in criminal matters, the fight against cross-border organised crime and terrorism could be a priority. In particular, the fight against sexual abuse of children, violence against women, hate crimes, racism, anti-Semitism and xenophobia should be given particular attention. The promotion of EU values and human rights has an inescapable role to play in this. This is closely linked to the issue of addressing the demographic challenges facing the European Union. The terms “Old Continent” or “Old Lady” are now not only a reference to Europe's 2,000 years of shared history, but also a descriptive name for the process of finding answers to the problems of the European Union's increasingly older average age societies. Social and family support measures must be a key element in addressing these demographic challenges.⁹⁵

The trio's programme focuses on judicial cooperation in civil and commercial matters and in criminal matters. Further steps to digitise justice and facilitate access to justice and to improve the efficiency and flexibility of judicial systems are appropriate and necessary, in particular in the area of horizontal cooperation. Strengthening the effectiveness of cooperation on these issues is also in Hungary's interest.

⁹¹ Council of the European Union 2023d.

⁹² TÁRNOK 2020.

⁹³ The Commission presented on 4 May 2016 a package of proposals to amend the Eurodac Regulation, which – accepting the Hungarian initiative on the use of additional biometric identifiers – now already includes the Hungarian proposal (see more in HEGYALJAI 2016: 101–114).

⁹⁴ For evaluation see HEGYALJAI 2023: 213–218.

⁹⁵ FÜRÉSZ–MOLNÁR 2023: 37.

Among the priorities of the trio is the need to review the EU Customs Code in the framework of customs cooperation to ensure that it is fit for the future to achieve a more harmonised performance. Another important objective in this area of cooperation is to strengthen cooperation with market surveillance and law enforcement authorities to protect the digital single market.

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The Challenges of EU Social Policy in the Clutter of Human Rights – What Will the (Bio)technological Singularity of the 21st Century Bring by 2030?

The EU has to meet three requirements simultaneously under the Treaties: 1. the protection of individual liberties (i.e. the European humanist heritage and the Enlightenment ideal); 2. the protection of traditions, culture and national identities (which means the heritage of ancient culture and Judeo-Christian traditions based on the continuity of rights and traditions); and 3. the protection of fundamental rights in the context of ever-accelerating technological developments, such as the protection of society in the face of the challenges posed by digitalisation or biotechnology. While the EU as an institution and regional organisation was awarded the Nobel Peace Prize in 2012 for its efforts for peace in Europe, the same year saw two revolutionary breakthroughs in the use of artificial intelligence and biotechnology, which pose fundamental challenges both in the field of social and employment policy and in the field of human rights. The significance of this is that equality of opportunity itself, and thus social mobility, sustainability and stability – and the future of the EU as a whole – may be called into question when (self-serving – see trans rights) biotechnological interventions, robotisation and AI, migration and family policy goals and practices are not placed in a coherent framework, especially when it comes to long-term strategic goals and instruments in the light of the (bio)technological singularity of the 21st century.

“Those who do not remember the past are condemned to repeat it.”¹

George Santayana, American–Spanish philosopher (1863–1952)

Introduction

The European Union leadership seems to be unwilling to acknowledge the close links among certain contexts such as demographic challenges as well as certain aspects of technological development and their consequences, or only very slowly and ex post, as you can observe by European Parliament reports (for example, begin by the 2015 migration crisis, the European Parliament’s Employment and Social Affairs (EMPL) Committee has systematically refused to vote on amendments that would have initiated scrutinising the possible effects of mass (irregular) migration and robotisation. Moreover, the first comprehensive report on artificial intelligence and robotics (*Report on a Comprehensive European Industrial Policy on Artificial Intelligence and Robotics*), adopted in 2018, even though it contains more than 12,000 words, mentions migration only once, and only in the

¹ SANTAYANA 1905.

context of prohibiting the manipulation of the subject by algorithms in media and public debates. The refusal to engage in a substantive and straightforward debate will therefore prove to be a fundamental mistake in areas such as migration management, family policy as well as social and labour rights and human rights in the light of technology.

Given the limitations of both the scope and the title of this paper, it will only partially present the legal development as well as the present of EU social policy since the aim of the author is to focus on the technological singularity and its human rights and social policy (employment policy) dimensions and perspectives. The author's intention is not to offer a detailed, descriptive study of EU social policy, but to present issues that are either taboo or currently under-discussed due to lack of a holistic approach, and which are probably under-discussed in the literature. The title may be misleading at first reading, however, due to the specificities of EU law – referring to the speciality of the so-called *acquis Communautaire* – the sides of socio-political as well as that of the singularity of technological development touch upon social and employment policy, although it is precisely in these areas that policy-makers are less concerned with these challenges and risks, in contrast to, say, industry, the internal market or defence. In addition, biotechnology is essentially a health competence for the time being, whilst robotisation is a competitiveness and investment-related issue, as well as an economic policy one, both in the EU and in the Member States. To put it very simply: conferences are now being held across the EU on killer military robots, but officially no one is talking about the risks of biotechnology, however, it is in the interests of disabled and ill people – rightly so! – implants developed for the good reasons, and the potential for modification of the human genome could also be advantageous, not to mention how these technologies could rewrite the social fabric and structures of societies.

EU social policy is not only largely a national competence, but at EU level – although the European Social Fund was the first European financial tool and dedicated fund set up by the Community in 1957 – it remains of limited importance and, for our purposes, is more concerned with equal opportunities (discrimination) – see the relevant important directives adopted in 2000 as a starting point.² More importantly, the structure and functioning of the European Commission and the case law of the Court of Justice of the European Union tend to place aspects of social and employment policy under the theme of equal opportunities, from Roma strategy to disability issues, from work–life balance to improving women's employment. And the technological singularity – whether we look at robotisation or biotechnology – will revolutionise both disability (ability) and gender relations – which is why I approach these issues from here in this paper. Why? Before I answer that, let us look at the framework first!

Preamble (sentences) 2, 4 and 5 of the EU Charter of Fundamental Rights, signed in December 2000, reads: “The Union is founded on the indivisible, universal values of

² Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin; Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation.

human dignity, freedom, equality and solidarity; it is based on the principles of democracy and the rule of law. [...] while respecting the diversity of the cultures and traditions of the peoples of Europe as well as the national identities of the Member States.

[...] in the light of changes in society, social progress and scientific and technological developments by making those rights more visible in a Charter [...]”.

This means that the EU must meet three requirements simultaneously: the protection of individual liberties (i.e. the protection of the European humanist heritage as well as the Enlightenment ideal), the protection of traditions, culture and national identities (which means the heritage of the traditions of ancient culture and Judeo-Christianity based on the continuity of rights and traditions), and the protection of fundamental rights in the face of ever-accelerating technological progress, such as the protection of society when dealing with the challenges posed by digitalisation or biotechnology.

To sum up, these issues – such as the management of migration, family policy, social and labour rights, automation and robotics, and the links between human rights and the technological singularity – and their interconnections can only be understood in their broader context and by taking a big step back.

(Bio)technology and law – more challenges ahead for human rights?

I bring attention to an entirely new and previously unanticipated realm, which is set to unfold through the development of information technology and modern science, a process that is still underrated or misconceived as “natural”. That development is going to go down in flames with the current established axioms, assumptions and good practices, as well as the resulting, widely accepted policies and human rights narratives. Innumerable analyses and declarations have attested that the community of what is now the EU had once identified itself solely as an economic entity in the 1970s. That self-perception has changed, however, as the EU has also claimed authority in the realm of social policy and human rights. (Political institutions in Europe with primarily strategic, political and, to a smaller extent, cultural and social mandate had existed before, including the Western European Union [disbanded in 2010] and the enduring Council of Europe, founded in London, and currently struggling to position itself in the shadow of EU institutions.) The principal novelty came with the emergence of EU-level discourse on social policy and human rights, which gained momentum after the transition of the countries of East Europe to democracy, when the European Union shifted its focus first on social, and then, on human rights through the Maastricht Treaty of 1993, which added a distinctly political dimension to the European project, originally and primarily formed to foster economic cooperation (with a clear emphasis on common issues rather than disparities).

The year 2024 will be symbolic in the history of the European Union not only because a multitude of events over the past 30 years have reshaped the European Union to a degree that renders it hardly recognisable for observers from the past (and, similarly, it may not be recognisable for our current selves as early as in 2030) as well as 2024 will mark the 20th anniversary of Hungary’s EU accession. Upon joining in 2004, Hungary could scarcely

have foreseen the profound and paradigm-shifting effect of long-lasting demographic changes, coupled with the migration crisis and the immigration waves that erupted in 2015. Similarly, Hungary could not have predicted the perspectives that the unfolding healthcare revolution (from cancer research to managing the effects of aging) or the singularity of automation and artificial intelligence (digitalisation) would open up by 2024. Moreover, the turning point in these trends may well have occurred as early as in 2012, when the EU (currently one of the greatest champions of rearmament of Europe in the light of the war between Russia and Ukraine) was then recognised by the Nobel Peace Prize for its decades of efforts at cooperation, mutual respect, and peace in Europe.

All of that came to pass at a time when artificial intelligence appeared in the fastest smartphones (Apple's iPhone 4s), and advances in biotechnology (partly attributable to world-famous and now a recent Nobel Prize winner [2023] Hungarian scientist Katalin Karikó) and genetic modification patents (CRISPR-Cas9) reached new milestones which will, individually and collectively, alter the future of the world and the EU fundamentally by giving humanity the power to reshape its physical and economic (industrial and agricultural) environment (industrial revolutions altogether), and, practically, the capacity to transform our human selves ('biosocial revolution'), as – perhaps most glaringly – indicated by the proliferation and strengthening of what are known as “trans rights” in America and Western Europe. The latter raises numerous questions of ethics and bioethics, which now poisons the relations between western and eastern EU member states.

The discourse about trans rights goes beyond challenging the much-touted freedom of sexual and personal identity and self-determination, as it raises *de jure* questions about the very essence of the human race itself. If an individual's gender may be legally altered, increasingly available technology will also impart the right to modify human genes, which is as yet prohibited. This could be the last step toward an 'enhanced human'. With human genome modification becoming *de facto* possible during Covid-19, and no international law or United Nations treaty providing a definition of the human species, we are left to ponder what modifications might entail the creation of a new species. A large number of leading biotech nations (including, but not limited to the USA, China and the U.K.) are not signatories to the relevant and key international treaties on bioethics. This question is valid as it could put Central and East European countries at a (competitive) disadvantage and could also create legal chaos, particularly in the light of the 1997 Oviedo Convention (Convention on Human Rights and Biomedicine)³ for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine, since the countries of our region ratified the Convention before their accession to the EU in order to comply with human rights and democratic values. However, several other states, including the Benelux countries, Germany and Sweden as

³ The Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine, otherwise known as the European Convention on Bioethics or the European Bioethics Convention (Oviedo Convention) and Additional Protocol to the Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine, on the Prohibition of Cloning Human Beings.

well as major powers like Russia or the United Kingdom have not adopted it.⁴ Moreover, the United Kingdom decided in November 2017 to withdraw from the EU's Fundamental Rights Charter which, *inter alia*, prohibits eugenics. That ban had served as a major (in-principle) legal barrier to experiments and developments of that nature.⁵ According to a report published in *The Wall Street Journal*, China had announced a five-year plan and relaxed administrative regulations for an ambitious CRISPR technology program back in 2016. As a result of that 'regulatory asymmetry' and lower security requirements compared to the Western world, China claims to have made progress in preventing or treating several illnesses and disabilities.⁶ This is significant because the Ovideo Convention gives precedence to "human beings" over "persons" (the latter being the notion that pro-abortionists emphasise). This distinction applies across various domains, including insurance, gains derived from the human body or organs, the 'right to not know', genetic heritage, or the necessity to obtain the consent for experimental therapies. In addition, the expressed and legal protection of genetic characteristics is specifically mentioned in Article 21 of the Charter of Fundamental Rights of the European Union: "(1) Any discrimination based on any ground such as sex, race, colour, ethnic or social origin, genetic feature [...] shall be prohibited." If the Western countries mentioned, as well as China and Russia, cross this line, the consequences could be very similar to certain aspects of eugenics, a theory of Anglo-Saxon origin that was popular in the 1910s and served as a direct precursor to Nazi racist theories.⁷ The promise of modern eugenics (semi-legal/illegal biotechnology) may turn out to be as mirageous and eventually tragic as its predecessor in the last century, as we have seen the consequences of irresponsible and uncontrolled interference in nature: for example, how an aggressive and vigorous bulldog, originally a herder of bulls, became a deformed creature, unable to fight on its own, almost suffocating on a small hike, seriously deformed in comparison to other dogs. (More on the dangers of eugenics, which originated in the United States, later.)

The fundamental question is therefore whether the issue of the human race can or will be the most important political issue in the 21st century, since the question that will soon be decided is whether our fellow citizens, ourselves, are merely biological factors in society that can be shaped without limits, or whether there is a concept, a value or a condition that goes beyond the human being. The main question, therefore, will be whether the right to their genetic property is an opportunity or a limitation. Will anyone have the right to make changes to their own genome at will, not only to protect life and to protect against disease, but also, for example, in connection with biological processes unrelated to it (e.g. sex change), as is possible today with implants in the beauty industry, or even as is permitted by law in connection with abortion when it comes to women's "control of their body"? On the other hand, the other side of the coin is also whether our existing genetic make-up and heritage preserves what makes us human from birth and what sex

⁴ Council of Europe 2023. (Promulgated by Act VI of 2002.)

⁵ COWBURN 2017.

⁶ RANA et al. 2018.

⁷ LOVÁSZY 2018a.

we are, and whether, in addition to the prohibition of human genetic modification, the core of conservative values in the field of human rights, and especially in the protection of children, is that, in accordance with the UN Convention on the Rights of the Child, the raising of children is primarily the freedom, duty and, not least, responsibility of parents?

We have always known there is a crisis, but no one took it seriously

In 2005, well before the onset of the financial crisis in 2008–2009, the Organisation for Economic Co-operation and Development (OECD) estimated that economic growth in the developed West in the decades ahead would shrink to a fraction of the levels observed between 1970 and 2000.⁸ Moreover, a high-level task force led by former Dutch Prime Minister *Wim Kok* warned in November 2004, almost 30 years ago, that feeble economic expansion in Europe would pose another major challenge alongside the ascendance of Asia. Drawing from the tendencies seen in 2000, their prediction suggested that per capita GDP in the EU would plummet by 20% in 2040, while Asia's economic growth would outpace that of Europe by a factor of two, albeit from a substantially lower basis. A few years later, in 2011, the European Commission projected that the European Union's share of the global GDP would crumble from 29% in 2010 (or from 22% according to World Bank data) to 15–17%.⁹ World Bank statistics suggest that these projections have materialised as of 2022, with the European Union accounting for only 16.5% of the world's total economic output. Back in 2011, the EU was still ahead of the USA and China in that regard.¹⁰ But the tides have since shifted as both the United States and China boast larger economies than the EU whether measured at purchasing power parity or in actual USD value. Notably, only the GDP of the EU showed a decline in 2022 at current USD value.¹¹ The alarm raised by the Kok report 20 years ago reverberates: "In the mid- and long term, what is at stake is no less than the sustainability of the society built by Europe."¹² This trend persisted as revealed in a volume published by the European Commission in late October 2011, shortly after Viktor Orbán's newly formed second government called for a demographic turnaround. The publication, which was based on updated figures, projected that the European Union's share of the world's GDP could be halved over the following four decades, while the EU's population would shrink by twice the current population of Hungary, even with the ostensibly liberal immigration policies at the time (2012).¹³ As early as on 30 April 2014, the *Financial Times* claimed that China would potentially eclipse the USA within that year as the world's leader in economic output, a status held since 1872. While the question of economic leadership remains arguable to this date, China is definitely recognised as the only country capable

⁸ OECD 2005.

⁹ European Commission 2012; World Bank 2022.

¹⁰ The EU, the US and China account for more than half of global GDP.

¹¹ World Bank 2022.

¹² Kok 2004: 13, 19.

¹³ European Commission 2012: 62–63.

of realistically rivalling or surpassing the size of the American economy.¹⁴ (It is worth noting that the interplay between competitiveness, economic growth and social provisions is also complicated: China, a country that claims to have a Communist system, has never established a comprehensive and unified social insurance network resembling the one we have in Europe.)¹⁵

The above-mentioned tendencies should also be evaluated in accordance with automation, robotics, and other scientific and technological developments. But this perspective is almost entirely neglected by the decision-makers and politicians of EU institutions. This claim is based on my experiences between 2009 and 2018, when I worked as an adviser dealing with dossiers of the Employment and Social Committee of the European Parliament in Brussels, where I was responsible for the Committee's reports. Most EP members systematically refused to endorse amendments proposed by Committee members that raised questions about the extent to which European politics were prepared to face a more complex landscape – one that challenged the prevailing orthodoxy on the imperative of massive irregular migration.

Are we in the midst of a demographic “counterrevolution” and competitiveness crisis?

The global demographic explosion of the past 50 years coincided with the gradual decline of the population of developed countries. As George Friedman puts in his popular book *The Next 100 Years* (2010), this phenomenon may be considered “natural” due to improving health care, more complex services and industrial output requiring additional qualifications, higher-level education which costs more for families, as well as post-industrial (public) social and security systems that are no longer related to families. The overall fertility rate has dropped below 2 in the EU, marking a lasting and irreversible trend, at least in the short term: the value of this indicator was halved between 1950 and 2013 in the world. And women in most of the world, apart from Africa, have fewer than two children on average. The situation is particularly pronounced in Europe, as the fertility rate does not reach 2 in any EU country. A modest uptick in the first decade of the 2000s (to 1.57 in 2010) was followed by stagnation and a continued decline (to 1.53 in 2021). (It is noteworthy that China relaxed its one-child policy in the 2010s, when the fertility rate was around 1.6, but this did not prove sufficient as the value is now around 1 – specifically, 1.16 in 2021¹⁶ – even lower than Japan's 1.30 value.) Consequently, increasing fertility rate (to 2.1) is a legitimate goal for Hungary. As I pointed out in 2018, a more sustainable society needs more attention on and better opportunities for women to have their first child at a younger age than the current average child bearing age of

¹⁴ MALATINSZKY 2023.

¹⁵ BRANIGAN 2013.

¹⁶ United Nations 2022.

30 because young people are simply running out of time and, even if suitable support is available, they will not, or even if they wanted to, will not be able to have three or more children.¹⁷

This is only one problem, the other is that mass childbearing by people over 35 also carries the risk that – according to the latest findings of eminent Hungarian scientists’ (Ádám Sturm, Tibor Vellai et al.) research published in August 2023 in *Nature*¹⁸ – the birth of more and more offspring whose genetic heritage will be more and more severely affected by the higher age of the mothers will also have a profound impact on Western civilisation due to the increasing infertility of the indigenous population and the growing number and proportion of genetically more affected offspring,¹⁹ especially in view of increasing immigration. (Older fathers, while capable of bearing children up to 80 years of age, may produce offspring with autism at rates up to 3–4 times higher than their younger counterparts.)²⁰ And on top of this, the promise of irresponsible and self-serving and uncontrolled genetic modification for the purpose of “improved man”, without knowing today what these modifications will entail. Perhaps it is worth looking back at Hungarian history in this respect! The great figure of Hungarian criminal law, the academic Pál Angyal, in the heyday of eugenics, which was popular worldwide at the time, put it this way in his work entitled *The Criminal Law Aspects of the Negative Eugenic Trend* in 1936: “We, Hungarians at least must be extremely cautious about the means of negative eugenics, because we can hardly afford the luxury of cutting our ranks in exchange for the dubious and uncertain advantage which promises the alleged ennoblement of the Hungarians, who are dwindling in number.”²¹

Based on the previously mentioned causes, people live and remain active longer as our quality of life improves, however, the dramatic deterioration of fertility should also be taken into account in the developed world, including Hungary, where factors such as (early) menopause coupled with insufficient sperm quality and quantity are blamed for the high incidence of infertility among couples (who have been trying to conceive naturally for at least one year), which is currently at 150,000.²² That is why it should be essential for the EU to support more effective artificial fertilisation programs for couples above 30 years of age, a move recognised by Hungary’s government in 2018.²³ New developments, which straddle a legal “grey area”, and innovations such as the potential development of artificial wombs (as yet only for animals) or the creation of embryos without gametes could fundamentally reshape child-bearing habits and trends in the coming decades. Consequently, previous long-term demographic projections may also have to be revised, with highlighted focus on human rights and religious ethics because it is not the EU, with its 5–6% of the population, that will determine this development, but Asia and the U.S.

¹⁷ LOVÁSZY 2018b.

¹⁸ STURM et al. 2023: 1–3.

¹⁹ STURM et al. 2023: 1–3.

²⁰ RUDY 2023.

²¹ ANGAL 1936.

²² Government of Hungary 2021.

²³ BOROMISZA 2018.

And if we step back a little for a broader perspective, we see that Europe may be almost the only continent where population will at best remain on a plateau or will only decline slightly, with the number of residents diminishing in Eastern and Southern Europe, and growing in the North and West. As another facet of demography, the ageing of the population will speed up to an extent never seen in history, bringing forth new dilemmas and requiring a paradigm shift in social policies. According to European Commission estimates, the number of individuals over 65 will rise by almost 60 million by 2050, alongside a decrease (by 48 million) in the active workforce.²⁴ Health issues and disabilities arising from advanced age will be increasingly prevalent among the elderly. The number of people aged 100 years or older will jump by almost 1,000% by 2050, with the cohort above 65 years of age expanding by 188%. Contrary to popular belief, performance-impairing conditions affecting the elderly, such as dementia and Alzheimer's disease, will not primarily impact the residents of developed countries, because individuals in the West tend to live healthier lives due to higher living standards, better work conditions, and more effective health care (resulting in a higher average age compared to East Europe). That is why it is imperative to address this issue in Eastern Europe.²⁵

Meanwhile, as the third demographic facet, the EU's population grew by almost 100 million from the 1960s due to immigration. But according to the European Commission,²⁶ close to 70% of that growth was attributable to immigration to Western European countries, mostly from their former colonies. At the same time, dramatic tendencies evolved especially in Central and Eastern Europe, but also in Germany, the powerhouse of Europe, and specifically in the former East Germany. For example, Thüringen's population may drop by as much as 40% by 2060.²⁷ (When running for her second chancellorship, Angela Merkel announced major family tax cuts and other financial family supports in her 2013 election campaign,²⁸ partly inspired by Hungary's example, even though few of those measures were realised during her coalition government.)²⁹ Nevertheless, the overall data indicate that boosting fertility remains an impossible challenge for citizens and the indigenous peoples of the EU. Even in Germany, the fertility rate had only risen by 0.8% (from 1.50 to 1.58)³⁰ by 2021 despite the great opening, known as the infamous *Willkommenskultur*, eight years earlier, and the masses of new immigrants it attracted. Actually, the meaning of the word itself shows a symbolic change, as the original concept was designed to attract well-trained workers to Germany, portrayed as a helpful and hospitable country suffering from an increasing labour shortage. But even according to the correspondent of *The Guardian*, a periodical considered left-wing, the primary and more current meaning of the word is now associated with assisting immigrant

²⁴ European Commission 2012: 84.

²⁵ WHO–NIH 2011: 8, 15.

²⁶ European Commission 2012.

²⁷ STEVENS 2011.

²⁸ MTI 2013.

²⁹ Sozialpolitik 2022.

³⁰ German Federal Statistical Office 2023a.

groups from remote war-torn countries.³¹ Statistics show a drastic surge of homelessness after 2015 with 440,000 registered refugees reported as homeless in that year, and an official figure of 170,000 seven years after the *Willkommenskultur* (on 31 January 2022).³² And immigrants' employment prospects have not improved much with almost 800,000 working-age Syrian and Afghan immigrants residing in Germany for at least five years and only one third employed according to the official statistics.³³ Eurostat's data show that the unemployment rate among people from third countries exceeded 8% in 2022; in fact almost one third are long-term unemployed.³⁴ These data should signal to Germany the need to alter their course and to devise a new strategy or else they will be "left with" better trained East European workers and professionals. If the latter are drained away for good, the EU will ultimately cannibalise its own workforce and sacrifice itself on the altar of competitiveness, thereby generating another social policy crisis in an ageing EU.

Productivity is one if not the most important aspect of competitiveness. Unlike demographic and especially fertility indicators, productivity has been improving steadily in the developed world. During the industrial revolution, the productivity of the weaving industry rocketed fifteen-fold in England between 1770 and 1850. This progress was reflected by people's income. Per capita GDP jumped by almost 150% between 1850 and 1950 even in less developed Germany and Italy. In turn, the output of the processing industry surged fifteen-fold between 1950 and 2010, despite employing only one third of the previous workforce to manufacture the products. However, the productivity of the workforce of more affluent EU countries has been continuously decreasing relative to the USA and Japan since 1995. In addition, the difference between the per capita GDP of the EU and the USA has risen by as much as 50% to the benefit of Americans since the 1990s according to a report issued by the European Investment Bank in 2016. Also, the number of patents registered in the EU in 2015 was 30% lower than in the USA; and in the previous year, more patents were registered in China than in the USA and Japan combined. These figures highlight the global relocation of research and development centres. Europe's development seems to lose momentum; less developed regions had still been converging towards the EU's average in 2008, but the pace of that convergence has slowed down significantly by 2023. Germany has slipped behind France to position 10 in the EU productivity ranking. The gaps between EU members have not narrowed: the difference between Ireland, the leader, and Bulgaria, Hungary and several of its neighbours is seven to ninefold according to the European Commission.³⁵

In view of the above, it should be noted that robotics will progress significantly and generate further immense changes according to a comprehensive projection published by the think tank Bain Company in 2018. In terms of the average hourly wage, China's workforce is still more competitive than collaborative robots (cobots), but the gap in Germany and France is tenfold. Even in – still considered as a developing country – China, where

³¹ CONNOLLY 2015.

³² German Federal Statistical Office 2023b.

³³ FAIRLESS 2022.

³⁴ Eurostat 2023a; Eurostat 2023b.

³⁵ European Commission 2023.

it is still more lucrative economically to employ humans than cobots, the return period of investments in industrial robots has been rapidly shortening (from 5.3 to 1.5 years). In the American economy, advancing technology will allow for a 30% average increase in labour productivity between 2015 and 2030. This ratio could reach 55% in industry, and up to 18% in health care and social services. Consequently, Bain's experts predict that global economy will come under dual pressures. Due to the ageing population, 55 million people will exit the labour market between 2015 and 2030, a challenge that could theoretically be offset by boosting the productivity level recorded for 1955–2015 by 54%. The analysts described the scale of the transformation by comparing their projections with the overhaul of the U.S. agriculture between 1900 and 1940, when the sector shed close to 40% of its jobs. In the 10–20 years following 2020, 20–25% of all jobs will be transformed fundamentally or terminated. Strictly for the sake of comparison, “only” 13% of the jobs were transformed between 1970 and 1990.³⁶

Even though advances in robotics in Europe could unleash the next “industrial revolution” in productivity,³⁷ this will hardly resolve the problems of the unskilled masses that have flooded our continent. What is more, the sanctions levied in response to the war between Russia and Ukraine have clearly harmed the competitiveness of Europe's economy due to rocketing energy prices and the resulting surge of inflation. Lower wages are a key to the competitiveness of East European countries, and war-induced inflation (and rising energy prices) endanger people's livelihood. It follows therefore that the heart of the matter is the price economic operators and especially households pay for public utilities. For that reason, even though Hungary's support policy known as “utility protection” may appear to be a matter for domestic politics and social policy, it is an important factor in a complex (even part of important economy policy-related) issue and must not be something that European politics toys with, including in particular any players that support state intervention and call for a unified EU-wide social policy. The policy of sanctions has recently become a political matter rather than one of competitiveness, where member state action was replaced by EU interventions into market processes and supply safety that lead to measurably deteriorating the EU's competitiveness.

Finally, advances in robotics and automation deserve attention because they have speeded up spectacularly in Asia recently. (We shall return to this issue briefly below.)

New era of healthcare revolution to rewrite social policies?

In addition to our increased life expectancy, we generally experience nowadays, future health risks (other than smoking, alcohol and drug consumption) should also be examined, since several countries have already introduced programs and preventive measures which are, however, not yet sufficient so far. A previous report³⁸ from 2017 by the International

³⁶ LOVÁSZY 2020: 1–12.

³⁷ Inforadió/MTI 2014.

³⁸ ISCA 2015.

Sport and Culture Association (ISCA) revealed that physical inactivity causing obesity and illnesses has become a graver health risk in the EU than smoking, as this sedentary lifestyle claims the lives of many Europeans, with 500,000 dying early every year. In a similar vein, Yuval Noah Harari's popular book *Homo Deus* points out a new and striking development in the history of mankind: at the end of the 20th century more people were dying in the world due to nourishment-related issues (specifically diabetes and its complications) than in armed conflicts. Science may have found a cure for obesity: researchers of Washington University announced in September 2017³⁹ that they had prevented obesity in mice. Another recent medical breakthrough in this area occurred when the staff of the San Antonio Health Centre of the University of Texas cooperated with researchers of the University of Pennsylvania and Cornell University to prevent obesity in mice subjected to a high-sugar and high-fat diet.⁴⁰

Another direction of innovations in the 2010s drove the proliferation of wearable medical devices and services (algorithms) facilitated by smartphones, smart wristbands and smartwatches. In addition to the wide spread use of surgical and medical robots (e.g. in surgery), the massive digitalisation of healthcare data has helped artificial intelligence-based algorithms to play an increasing role in diagnostics. Robots and algorithms are used in revolutionary new ways, including nano-sized devices and even smaller, DNA-based robots that move in the human body and promote or correct physiological functions with increasingly intelligent programs.⁴¹ Also, mind-controlled devices could proliferate in a few years;⁴² since the first major breakthrough in a direct brain–internet (“brainternet”) connection occurred already in 2017, when three individuals managed to interpret each other's brain signals.⁴³ This could open immense prospects and it is merely a question of time, that is why no wonder Elon Musk, one of the richest persons on Earth, is planning to use brainternet to build a dedicated, obviously profitable, billion-dollar business primarily for rehabilitation purposes. He was rumoured to have received a preliminary permit for human experiments from the U.S. authority (FDA) in the summer of 2023,⁴⁴ in September Neuralink said it has received approval from an independent review board to begin recruitment for the first human trial of its brain implant for paralysis patients.⁴⁵

Based on these developments, all this suggests that a specific direction can be noted calling the renaissance of medical rehabilitation, which opens new perspectives to people with disabilities, representing 5% of the population. Prosthetic limbs controlled with mobile phones or even with the user's mind are now a reality; with recent developments allowing users to actually perceive sensations in their prosthetic arms or legs. This promises to revolutionise attitudes towards disability already in the mid-term and may

³⁹ DRYDEN 2017.

⁴⁰ SANSOM 2023.

⁴¹ Delveinsight 2022.

⁴² COLUCCI et al. 2022: 747–756.

⁴³ JIANG et al. 2018.

⁴⁴ SNIDER 2023.

⁴⁵ Reuters 2023.

even lead to better replacements. New devices replacing prosthetic parts could in fact render the user/wearer even more competitive. As a result, the artificial body parts industry, like the beauty industry, could be as big as the breast implant business, which was already worth more than US\$2 billion by 2020.⁴⁶ WHO predictions and an analysis of trends in terms of disabilities clearly suggest that the most frequent and critically prevalent disabilities after 2030 will be old-age hearing loss and its severe complications, including dementia and cerebral disorders.⁴⁷

That is why it is in the basic interest of a nation (and its economy) to invest in the health and lifestyle of active elderly individuals (with a better body mass index [BMI]), with increased focus on prevention. Hungary's National Brain Research Program 2.0 highlights that cerebral disorders, responsible for about one third of the diseases in developed countries, now require higher state health care expenditures and budget allocations than cardiovascular diseases, cancer and diabetes combined.⁴⁸ The good news is that a protein potentially capable of slowing down the process of ageing may have been found in 2023. Scientists still have a long way to go yet as ageing is a very complex phenomenon. But some view it as a disease that could ultimately become curable,⁴⁹ and even life expectancy can be extended up to 120 years, so that we will still be in much better health at 80–90 years of age than our parents are today. It is therefore important, for example, to study even the seemingly unusual Japanese examples and practice, and to adopt good practices in areas ranging from education and healthy lifestyles to active ageing⁵⁰ as well as strict authorisation of the participation of foreign workers in targeted areas.

It may not be far-fetched to talk about “enhanced humans”, biological specimen with enhanced skills, as a new phenomenon to which society, politicians and especially the European Union have yet to formulate a response. Over a longer term, this could challenge all established human rights aspects related to disabilities, such as determining who qualifies as disabled and eligible for aid. Additionally, limited or no access to state-of-the-art, albeit expensive, medical technology could exacerbate the risk of poverty among individuals with disabilities. The risk of hacking attacks (when it comes to implants) should also be reckoned with, as I repeatedly pointed out as a contributing expert at UNCRPD meetings in Geneva, and in my writings between 2012 and 2022. The problem is complex because purely scientific responses are no longer possible as they involve values and legal doctrines, akin to the discussion about euthanasia, abortion, or the legal capacity of persons with mental disabilities with impaired power of judgement. These values and doctrinal questions are inextricably linked to our beliefs about humanity, too. Furthermore, if people live much longer healthy lives, the imperative of massive immigration will diminish, especially in case we prevent or drastically reduce old-age-related disabilities. Hence, safeguarding people's hearing becomes a significant priority.

⁴⁶ Grand View Report 2023.

⁴⁷ LOVÁSZY 2021a: 220–238.

⁴⁸ NAP 2.0 s. a.

⁴⁹ KINGSLAND 2023.

⁵⁰ LOVÁSZY 2023: 48–64.

These results, coupled with the explosive growth of biotechnology fuelled by coronavirus vaccine research, which eventually introduced genetic modification technologies, could also trigger a fundamental paradigm shift in the area of ageing. That, in turn, will once again question the paradigm of massive immigration, and especially irregular migration which the EU has so far supported or at least tolerated.

The symbiosis between the labour market and artificial intelligence: The digital revolution

Recognising that its demographic crisis continues and deepens despite abandoning its one-child policy, China also is planning to scale up the use of robots in its manufacturing and processing sectors. The oriental giant is already the largest market for industrial robots, accounting for over half of the global demand. According to the International Federation of Robotics (2021),⁵¹ China has already surpassed the United States in automation and is now ranked fifth globally, boasting 322 industrial robots per 10,000 workers. (South Korea, where the fertility rate is also around 1.0, still outpaces China in terms of automation.) Current projections indicate that new robots could enhance the productivity of certain industries by up to 30% by 2025, thereby reducing labour costs by some 20% primarily in the USA, China and Germany. It is worth noting that the leading Asian countries (China, Korea and Japan) have so far manufactured five times more robots than the leading EU member states (Germany, Italy and France) combined. According to data from 2023, the number of robots installed in the top five EU countries (Germany, Italy, France, Spain and Poland) rose by 6% in 2022. These states commissioned about 70% of all industrial robots in the EU.⁵²

Naturally, however, technological progress will not only terminate jobs, it will also create new ones, leaving us with the ultimate dilemma, namely relative ratio of jobs lost and created. The National Intelligence Council, a recognised futurology think tank advising the presidents of the United States, raises questions about a labour market for human workforce after 2030, when significance of growth perspectives will be less important and growth itself will be less relevant.⁵³

These developments unfold as the EU, after almost eight years, should finally acknowledge now that the *Willkommenskultur* policy in response to the immigration crisis of 2015 had become untenable by 2017.⁵⁴ Few heeded Aydan Özoğuz, Germany's minister responsible for immigration at the time, who conceded in an interview with the *Financial Times* that only 45% of recently arrived Syrian refugees could produce any evidence of their education level, and three quarters of them were projected to be inactive and dependent on aid up to five (but probably 10) years due to insufficient language skills

⁵¹ IFR 2022.

⁵² IFR 2023.

⁵³ LOVÁSZY 2022: 269–302.

⁵⁴ LOVÁSZY 2017a.

and qualifications. The reputable Ifo Institute also reminds us that only 8% of all employed refugees and immigrants have been hired as trained workers.⁵⁵ Western member states of the EU understandably pushed for obligatory immigration quotas recognising the correlation between a massive influx of refugees (immigrants) and France's economic vulnerability, as President Macron happened to admit later in an interview.⁵⁶ The general sentiment has changed fundamentally since the autumn of 2015, when Dieter Zetsche, head of Daimler (Mercedes-Benz) happened to forecast that refugees would start a new economic miracle in Germany.⁵⁷

Looking to the near future, the reputable analysis firm McKinsey points out⁵⁸ that productivity rose by 0.3% annually between 1850 and 1910, while it is expected to increase by up to 1.5% between 2015 and 2060, including the sector of services where 70–80% of the labour force is employed. This might put the rate of growth at 300–400% compared to the first industrial revolution. Thus the impacts of full or partial automation on the services sector remains unpredictable. According to U.S. federal labour statistics, demand for less skilled or even unskilled workers (in personal care) will increase the most in the future. The EU also anticipates growing demand for labour primarily in health care and education, where language proficiency and shared cultural background become crucial due to the need for communication and personal interactions. (Japan, on the other hand, is planning to use robots to replace a growing number of such jobs, according to a strategy developed in 2016.) Also in 2016, a comprehensive analysis by Oxford University and Citi concluded that it was demand for routine cognitive/routine manual workers with medium level qualifications that had declined the most in the USA between 1984 and 2014, which had harshly adverse consequences in the services sector as well. The productivity of conventional services and production sectors has declined sharply since 2008. According to the OECD, the most productive and innovative services improved by 50% in that regard between 2001 and 2010, while their traditional competitors failed to achieve productivity improvements and could only match the figures (rate of growth) seen before 2000.⁵⁹ Based on McKinsey's analysis, Báger believes that the automation potential in Hungary, by following Japan and South Korea, may now be higher than in Germany, Austria or even the United States.⁶⁰

All that points toward an impending unemployment paradox. As increasingly intelligent machines and robots gain prominence, an increasing number of experts raise concerns about the threat of massive global unemployment hitting humanity. Meanwhile, others predict that the number of people out of work will not increase (excluding unskilled immigrant populations); in fact, a raging shortage of labour has hit us and is here to stay, albeit differently than expected. Both sides may be right in a sense, but the future we are heading for will be markedly different. It is also clear that the EU will require a new

⁵⁵ CHAZAN 2017.

⁵⁶ ROBERT–STUPP 2017.

⁵⁷ Euronews 2015.

⁵⁸ McKinsey 2017.

⁵⁹ LOVÁSZY 2022: 269–302.

⁶⁰ BÁGER 2023: 30–41.

paradigm shift to address the financing of the pension system and youth unemployment. Revolutionary – even contrary – changes are expected due to the explosive development of artificial intelligence, especially in menial jobs that do not require modern skills; the Roma Strategy, as an achievement of the 2011 Hungarian EU Presidency, was a good starting point in that regard. Moreover, the positions of relatively less skilled workers can also be improved indirectly, as the economy expands, where significant results can be achieved through targeted state intervention. This is supported by the improving employment indicators of Roma people in Hungary. According to statistics,⁶¹ the ratio of Roma individuals aged 18–59, sharing households with no employed members declined by 15% between 2014 and 2021. This shift followed the introduction of a large-scale public work program previously criticised by the EU, and was primarily targeted at Roma people who were unqualified or held only basic qualifications. An increasing number of Roma found their way into the primary labour market, many securing jobs where productivity gains were increasingly attributed to artificial intelligence, especially in the service sectors, logistics, catering and construction. And ageing may offer the prospect of the less skilled being able to meet a growing need for carers, if the number of people dropping out of primary education is also reduced, as it is the health sector that will face one of the greatest labour shortages, especially for nurses.⁶² Therefore, it would be essential to improve the positions of Roma people across Europe before EU policymakers contemplate further immigration from third countries. (In addition, the robotisation and digitalisation of the healthcare is also revolutionising in Asia, especially in Japan, but that could be the subject of another study.)

In addition, the labour market is influenced by a relatively unforeseen development arising from artificial intelligence, which also has long-term political ramifications. At present, young people face a disadvantage when seeking highly qualified jobs, where personal experience, practice, and a network of connections carry significant added value. Data suggest that the employment of highly qualified people above 60 years of age is increasing steadily, along with their income and quality of life. At the same time, since the mid-2000s, fewer young people, especially in Western Europe, can anticipate only the same standard of living improvements enjoyed by previous generations of their parents and grandparents.⁶³

Finally, there is a little known aspect of digitisation which is also worth mentioning: as our world becomes a digital copy (metaverse),⁶⁴ the role of culture is being valued, as more and more programmers need to provide a culture-based response to modelling the situations and preferences to be decided in advance, in order to make increasingly complex systems coherent. In other words, the worldview and values of the programmers behind the empowering algorithms and their clients who write them – somewhat like the monastic scribes in the Middle Ages – may inevitably become the determinant in

⁶¹ Kiss 2023.

⁶² Kiss 2023.

⁶³ McKinsey 2016.

⁶⁴ Lovászy 2021b.

the face of accelerating and widespread digitisation. As György Matolcsy put it in 2021: “Underlying the emergence of the human – artificial human, the real–virtual world or the new dual world system is the dichotomy of the 0-1 digital code. The new society will be twofold in everything, so it will be a more diverse and colourful decade than today, a decade of contrasts, stronger competition and stronger cooperation.”⁶⁵ Matolcsy also points to a new model of sustainability: the knowledge revolution will connect human communities, where the human–human relationship, defined by culture (civilisation), will become crucial, rather than the previous living–things world connection. Thus, sustainability will also be about human civilisation, and therefore human relationships will be at the heart of sustainable economics in societies powered by artificial intelligence and robotisation.⁶⁶

How will the future be very different – The solution

All of the above played out against a backdrop of several recently reported scientific breakthroughs, partly in the treatment of disabilities and injuries and the subsequent rehabilitation, which allow for improving and enhancing “healthy” people. These innovations could pave the way for ‘enhanced humans’ in the foreseeable future, leading to countless human rights dilemmas and implications for social policies and (bio)ethics (see legalising biological sex change). For example, research suggests that it may be possible to eliminate menopause through a better understanding of brain functions⁶⁷ and the adoption of methods such as artificial wombs, egg cryopreservation, and stem cell therapies when it comes to fertility. This could usher in another paradigm shift, primarily in the USA and Asia, triggering another demographic revolution after 2030 leading to unprecedented consequences.⁶⁸ In terms of age, ‘50 or older’ could replace ‘40’ as the new ‘30’; with individuals in their 50s becoming increasingly vital to European societies from a political perspective and by reason of election mathematics. As they age, they may become more receptive to biotechnological solutions, which are currently used primarily to prevent disabilities.

Both Hungary and the EU need to reassess the coming decades from a social, societal, demographic perspective, and (in the light of the war between Russia and Ukraine) also in terms of organising the economy and reindustrialisation as French President Macron suggested in May in a *Financial Times* article entitled “Europe Needs More Factories and Fewer Dependencies”.⁶⁹ “Made in Europe” should be our motto, he suggested. It should be noted that influential experts and reputable university scientists initially dismissed Hungary’s Prime Minister after 2012 when he expressed similar views. Critics, including

⁶⁵ MATOLCSY 2021.

⁶⁶ MATOLCSY 2022: 9–20.

⁶⁷ GRIFFIN 2023.

⁶⁸ REDDY 2023.

⁶⁹ MACRON 2023.

Ákos Valentinyi, member of the Shadow Monetary Policy Committee and Professor of Economics at Cardiff University argued that countries wealthier than Hungary had a higher share of services and a lower proportion of industry, calling re-industrialisation an inappropriate strategy. Consequently, Hungary's new economic model announced by Viktor Orbán based on Minister of Economy György Matolcsy's 2011 Hungarian Growth Plan, which calls for re-industrialisation, i.e. significantly increasing the share of industrial output within GDP, appeared misguided.⁷⁰ However, time has disproved these critics. It was apparent as early as 2013 that the EU lagged behind its main competitors, namely the USA and Japan, in almost all areas, from information technology to optical devices, except the pharmaceutical industry.⁷¹ (It might also be worth studying Japanese examples in this area, in particular to understand – including even the disruptive – aspects of the unprecedented and astonishingly rapid historic catching-up success in industrialisation and technology transfer of Japan [1946–1970] and the model of the incentive state that created national flagship industrial companies, “national champions” [*zaibacu* in Japanese]).

These issues are important to the EU because the union should seek balanced European development to prevent working-age people from migrating away from new (Eastern European) member states. Such migration trends would cannibalise the EU's own competitiveness and undermine social cohesion, a core EU value, namely social cohesion in a broader sense, as it aims to promote the well-being of the peoples of Europe to fulfil “the objective of promoting economic, social and territorial cohesion and solidarity between Member States” [Article 3 of the Treaty on European Union (TEU)].

Addressing this challenge is a fundamental responsibility for social policies because millions of Eastern Europeans have already migrated to wealthier Western EU member states, a trend that could pose a major risk and threat to European integration in the future, despite a recent reversed trend of people returning to Eastern Europe and especially Hungary.⁷² For seven years now, starting in 2016, more Hungarian citizens have returned home than left; in fact, Hungary's emigration rate is the lowest among the countries of Eastern Europe. As this is a discussion of migration inside the EU, an interesting related development should be noted: the number of German pensioners residing in Hungary has increased by about 25% in recent years. According to a German public service TV channel,⁷³ many Germans choose Hungary for political reasons (secure borders, strong public safety, no threat of irregular migration), in addition to the appeal of lower prices. And then the potential of employing the less skilled in the health sector can come to the fore again, achieving the goals of even higher level of employment (“work-based society”) and that of GDP growth, which may also be attractive to Western Europeans moving to Hungary (“where it is good to live”). Moreover, it is not only expatriates who need to be taken into account, as the data show that the number of Hungarian younger people (aged

⁷⁰ VALENTINYI 2014; MADÁR 2014; Index 2011.

⁷¹ European Commission 2013: 21.

⁷² Hungarian Central Statistical Office 2023.

⁷³ MDR 2023.

20–44) living in the EU has fallen significantly over the last few years, with fluctuations but overall, while the number of people aged 45–59 has risen and the number of people aged 60–64 has remained virtually stagnant, meaning that people aged 45 and over are stable in their chosen destination country.⁷⁴ The latter are still active but will have to think about their retirement after 2030, especially for those whose children are even more mobile than they are and may leave their country of current residence. All in all, taking Eurostat mirror statistics⁷⁵ as a basis, we are talking about almost 100,000 (96,000) Hungarian citizens who will come home and spend their retirement years in Hungary, which could increase demand and have an impact on the property market, as they will be able to return and presumably enjoy higher benefits than in their home country.

The challenge at hand is far from minor. Tackling it requires the European Union's willingness to acknowledge certain demographic challenges, as well as the obvious connection between certain less-explored facets of technological development, along with their potential risks, especially in areas such as immigration management, family policies, competitiveness, or social and human rights amidst a biotechnological revolution that raises questions about the very essence of humanity. These questions and problems were evident back in 2016 as highlighted in my articles about the topic entitled "A migráció vagy a robotok mentik meg Európát?" [Will Europe Be Saved by Immigration or Robots?] (Portfolio, 26 October 2016) and "A népesedési katasztrófa ellenszere: okos családpolitika és robotok" [Smart Family Policy and Robots as Antidotes to Demographic Catastrophe] (Portfolio, 29 April 2018). However, the leadership of the EU ignored seeking an answer to the triplet of questions whether the EU should rely on the influx of unskilled immigrants, rapidly advancing robots, or neglected families grappling with low fertility⁷⁶ in an EU where its ageing and increasingly sick societies become more and more inactive, while responding to the positive potential of biotechnology and robotisation to transform society (e.g. to mitigate the severe disabilities that increasingly affect ageing and to ensure higher productivity) and their potential risks of destroying social mobility, e.g. due to barriers to access to technologies.

In conclusion, it can be said that humans themselves will become the most important political issue, since the question to be decided will be whether our fellows, ourselves (and our children) are merely biological factors in society that can be freely shaped, or whether there is a value and a conception that goes beyond humanity, based on which there is an inalienable, unchangeable dignity of human beings, which cannot be touched under any circumstances, either for individual or for state interests and purposes. Which preserves what makes us human from birth and what gender we have. This is precisely the essence of the conservative value in the field of human rights, and particularly in the

⁷⁴ Note: A detailed study on international migration in the 2018 Demographic Portrait of the Population Research Institute of the Hungarian Central Statistical Office finds, among other things, that the rate of emigration growth slowed in 2013, then stopped in 2014–2015, and by 2016 it had already started to decline. This decline is reflected in both domestic data and mirror statistics (see also GÖDRI 2015: 187–211; many thanks to Ágnes Grábics, statistician, for her help in interpreting the data).

⁷⁵ Eurostat 2023c.

⁷⁶ LOVÁSZY 2016.

field of child protection, which states that child-rearing is primarily the freedom, duty and, not least, responsibility of parents, and does not support the self-serving genetic modification of people for the purpose of improving their genetics beyond disability with rehabilitation based biotechnology, including the risky ‘enhancement’ of offspring, for the scientific and social reasons explained above. And it is precisely here that the irreconcilable contradiction and issue of child protection and trans rights are linked.

But it is also easy to imagine that these ‘complex’ issues will not be addressed by EU policy-makers, who would think that these issues will ‘sort themselves out’, creating even more problems for both human rights and social and employment policies. The explanation is that equal opportunities themselves are being undermined at a time when self-serving biotechnological interventions and robotisation, as well as migration and family policy practices, are also likely to redraw the prospects for mobility in European societies, which may well run counter to the core values of the EU, namely the values with which we enthusiastically joined the European Union 20 years ago in 2004, namely the obligation to “promote prosperity”. These values are the objectives set out in Article 3 of the TEU: The Union’s aim is to promote the well-being of its peoples. “It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance.” Well, it is precisely these values that may be at risk in the not-too-distant future, and this will be the case even if economic growth and development is otherwise sustainable, but only if the well-being of peoples as well as the EU’s territorial and social cohesion are at stake.

We have not a minute to waste. The world, including the EU and the European Parliament, should have taken action five years ago.⁷⁷

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EU Sanctions at the Beginning and Today: Restrictive Measures from the Perspective of the EU Presidency

The EU's restrictive measures have evolved considerably over the past 45 years, of which the present study aims to paint a comprehensive picture. During the 2011 Hungarian Presidency, various restrictive measures were adopted against several countries, including Iran and Syria. The chapter describes the sanctions introduced under the Hungarian Presidency and then considers the current situation. The effectiveness and success of EU sanctions depend on several factors, but most often, they do not achieve the foreign policy objective for which they were designed, yet the EU increasingly uses them. Thus, in most cases, the measures imposed are primarily indicative, but they seem to have a paradoxical effect rather than encouraging compliance with international norms and laws. The paper tries to assess the impact of the most recently introduced restrictive measures on economic and social development and finally tries to identify Hungary's interests in this field.

Introduction

"We rely on others because we have already put in place several sanctions against Iran [...] in other words, we don't have much leverage with the Iranians at the moment", said George W. Bush, the former President of the United States of America in 2004. In those years, the U.S. considered Iran to be the most active state sponsor of terrorism. The U.S. has accused Iranian state actors of blowing up a U.S. military barracks in Saudi Arabia in 1996, funding anti-Israeli terrorist groups, and harbouring al-Qaeda operatives. In addition, many experts believed that the launch of the uranium enrichment program was aimed at producing nuclear weapons, which also posed a serious security threat to the European Union. Moreover, Iran had missiles capable of delivering such weapons to Iraq, Israel and even parts of the European Union.¹ In this context, it is not surprising that there was widespread concern that the world's number one military and economic power felt powerless against Iran, whose leadership and operations it considered at the time to be a national security risk.

After two years of wrangling,² the UN Security Council finally adopted the first resolution against Iran in July 2006,³ and the second in December 2006, followed by

¹ RICE 2004.

² GAZDIK 2010.

³ UNSC Resolution S/RES/1696 (2006).



several other Security Council resolutions.⁴ A broad international coalition and diplomatic effort,⁵ in which the European Union played an important role, leading to many countries around the world imposing various sanctions against Iran. Thus, in 2015, Iran yielded to international pressure in many respects and signed the Comprehensive Joint Plan of Action agreement, under which Iran committed to using its nuclear program exclusively for peaceful purposes. Two years later, Iran appeared to be in non-compliance, and President Trump suspended the agreement and imposed a series of restrictive measures against Iran.⁶ At the same time, the Council also decided to maintain restrictive measures against UNSC-designated persons and entities, as well as sectoral and specific measures under the EU sanctions regime: nuclear proliferation measures and arms and missile embargoes.⁷ Thus, in February 2022, Iran was the most sanctioned country. It is, therefore, doubtful how effective the restrictive measures have been. What is more, almost 20 years after the U.S. President's words, the European Union has been forced to impose new restrictive measures against Iran because of its *military support for* Russia in the war against Ukraine.⁸

Indeed, a political regime change followed international action against the former Yugoslavia. But it is not at all clear what role sanctions played in this. In the first instance, in 1992, the UN placed Yugoslavia under an embargo because of the war in Bosnia and Croatia, which lasted until the end of the conflict three years later.⁹ The European Community and the United States implemented the measure, and additional measures were introduced at their own initiative. The resulting sanctions were the most severe and comprehensive ever imposed, with dire economic consequences. However, they failed to achieve their political objective: instead of leading to a more critical electorate, they made people more receptive to authoritarian and totalitarian regimes by increasing poverty.¹⁰ Nevertheless, the Dayton Agreement was later reached and is seen by many as a shining example of the success of sanctions. However, some analysts, such as Mack and Khan, argue that military intervention led to the peace agreement and that sanctions were unnecessary.¹¹ The latter explanation is more likely, since war broke out again in the region in 1998, and the UN, the EU and the U.S. again imposed sanctions on Yugoslavia.¹² The situation finally changed with the victory of Slobodan Milošević's political opponent – although the takeover was far from smooth. In other words, the sanctions did not result in a change in the behaviour of political leaders.

⁴ UNSCR S/RES/2231 (2015), the legal history of which can be found at UNSCR S/RES/1737 (2006), UNSCR S/RES/1747 (2007), UNSCR S/RES/1803 (2008), UNSCR S/RES/1835 (2008), UNSCR S/RES/1929 (2010).

⁵ GAZDIK 2010.

⁶ White House Archives 2018.

⁷ EU External Action Service 2021.

⁸ Council Regulation 2023/1529.

⁹ UNSC Resolution S/RES/757 (1992).

¹⁰ DELEVIĆ 1998: 1–94.

¹¹ MACK–KHAN 2004: 109–121.

¹² UNSC Resolution S/RES/1160 (1998).

In other words, the policy objectives of the restrictive measures in case of Iran and Yugoslavia are also highly controversial. Several empirical studies have examined the economic and political effectiveness of restrictive measures. They show that, in most cases, the measures do not achieve their objective of changing the behaviour of the target country's political leaders, which violates international norms.¹³ Nevertheless, the UN Security Council is increasingly imposing restrictive measures. The European Union has imposed similar measures against some countries, both through implementing UN Security Council resolutions and under its powers, decided within the framework of its Common Foreign and Security Policy (CFSP).

The imposition of various restrictive measures is expected to continue to be an important foreign and security policy tool for the European Union. The first part of this chapter will briefly review the restrictive measures introduced by the European Union. It then seeks to explore how the policy has emerged as a priority of the 2011 Hungarian Presidency and then looks at the current state of sanctions policies, highlighting the opportunities and challenges, particularly the economic and social impacts.

Historical development of sanctions policy

The history of European restrictive measures dates back to 1978 when the European Economic Community imposed financial measures (suspended financial aid) against the regime led by Equatorial Guinea's first Prime Minister, Francisco Macías Nguema.¹⁴ An alleged coup attempt was attempted against the leader of the newly independent state in March 1969, to which Macías responded with a brutal reprisal. He banned journalists, blocked roads, and burned fishing boats to prevent people from fleeing the country, thus closing it to the outside world. He imprisoned and brutally murdered hundreds of his political opponents, whether real or imagined, including intellectuals, representatives and members of the Christian churches. A few months later, on Christmas Day, he led 150 people to a stadium where he murdered them with 36 men dressed as Santa Claus while playing a famous American hit song.¹⁵ The real terror was yet to come: in 1971, he repealed several sections of the previous constitution and gave himself virtually unlimited power over the government and other institutions. Under his leadership, the country's economy and ninety percent of public services – including electricity, postal services and transport – shut down. The cocoa and fishing industries that sustained the economy have ceased to exist. Macías has banned the use of Western medicine and drugs, claiming they are “not African”. Two-thirds of his government disappeared or committed

¹³ HUFBAUER et al. 1990; NOSSAL 1999: 125–137; FRIMAN 2015.

¹⁴ University of Central Arkansas s. a.

¹⁵ World Peace Foundation 2015.

suicide in circumstances that are difficult to explain. As a result of the authoritarian rule that lasted until 1979, at least a quarter of the country's population died or fled, and an entire intellectual class was lost: at the time of the dictator's death, there were only two doctors in the country.¹⁶

Randall Fegley details the international response to terror. The country's neighbours are Cameroon and Gabon, which feared the rise of an internal ethnic minority and did not intervene. Equatorial Guinea's most important trading partner was Franco's Spain, which wanted to keep the situation the same. The French Government secured ten-year concession rights to forests, a port, and a luxury villa. The United States was exploring uranium and mining and marketing oil. Although it temporarily severed diplomatic relations with the country, it maintained trade links. China provided financial and infrastructure support, while the Soviet Union had unlimited fishing rights.¹⁷

For their apparent economic interests, the various powers have taken no action to curb the authoritarianism, apart from a few cautious condemnatory statements. At the same time, the UN has also been indecisive, with one UN ambassador shot dead on arrival at the airport by Macías's men and several other UN ambassadors beaten and tortured over the eleven years, according to Fegley's document. In 1974, at the suggestion of Belgium, the case was finally put on the agenda of the UN Human Rights Council, and new Swiss evidence was presented. The Macías regime denied all the accusations. Diplomatic action, although increasingly publicised, continued until 1979. After almost ten years of tyranny and terror, the UN launched an investigation, but by then, the dictator had already lost power in a military coup and was soon executed.

The first foreign policy move by the European Economic Community, using some form of sanctions, can be considered neither successful nor effective. Nevertheless, the Community of European States has imposed several sanctions against various countries since 1978. The adoption, modification, lifting, or renewal of restrictive measures is a matter for the Council of the European Union, which considers several actors' expertise. On the one hand, the relevant working groups investigate the matter; on the other, the EU High Representative for Foreign Affairs and Security Policy is consulted. The European External Action Service, which supports the work of the High Representative, plays a vital role in this process. This series of consultations aims to ensure the coherence, consistency and effectiveness of EU action. The Member States implement the measures thus agreed.

Most restrictive measures are so-called targeted sanctions, i.e. they do not cover a country as a whole but only specific individuals, groups, state or non-state actors, and companies, thus sparing the civilian population. In addition, sectoral sanctions are widespread – these target only part of the economy, such as energy embargoes or trade and financial restrictions.

¹⁶ BAYNHAM 1980: 65–71.

¹⁷ FEGLEY 1981: 40.

I use the Global Sanctions Database (GSDB) to map macro trends in EU sanctions. The most recent dataset of the database aggregates 1,325 publicly traceable multilateral and bilateral restrictive measures from 1950 to 2022 and thus does not include the complete set of sanctions imposed on the Russian Federation.¹⁸ The GSDB assesses restrictive measures – in terms of political success and rates a case as “successful” if it is either so or so resolved and the sanction is lifted. Judging the success of individual sanctions is a challenging question, mainly because they are complicated to evaluate in themselves. In particular, judging effectiveness and success is made more difficult by the fact that sanctions are not imposed in isolation but, in most cases, are imposed by the sending country in the context of an overall diplomatic strategy or even military action rather than a foreign policy or foreign economic decision of the sending country.¹⁹ Thus, the database contains a relatively large number of controversial assessments, such as the “complete success” of the measures that Georgia introduced against Russia in 2008 after it launched an armed conflict against it. A political settlement was reached between the two countries through international mediation, but not due to Georgian sanctions, so the extent to which this and many other measures can be considered a success is highly debatable.²⁰

The database accurately records individual events and provides a comprehensive picture of the restrictive measures imposed by the EEC and the EU. According to the current data in the GSDB, the European Economic Community, and later the European Union, imposed restrictive measures against 70 regimes on 151 occasions between 1978 and 2022. It is important to note that the frequency of each occasion is not necessarily proportional to the severity of the overall nature of the restrictions. Accordingly, before 2023, the highest number of sanctions (eight) was imposed against Myanmar (Burma), followed by seven against Belarus, six against the former Yugoslavia, and five against Afghanistan, Libya and the Democratic Republic of the Congo. Those above heavily sanctioned Iran is subject to only four measures.

The trends in Figure 1 show that the number of EU actions has increased after 1996, in proportion to the frequency of UNSC actions. In terms of the average duration of restrictive measures, no significant change is apparent: the withdrawal dates of individual sanctions follow the pattern of the dates of imposition relatively closely.

Figure 1 shows a very high number of restrictive measures being phased out by 2022, but this is an interpretation issue due to the specificity of the database design. The GSDB records each measure’s date of introduction or withdrawal, and in cases where the measures are still in progress, they show the last year of the last update of the database. That is, the ‘phased out’ measures shown for 2022 were in force when the database was closed.

¹⁸ KIRILAKHA et al. 2021.

¹⁹ DEÁK 2022: 86–115.

²⁰ MÁTHÉ 2023a: 63–82.

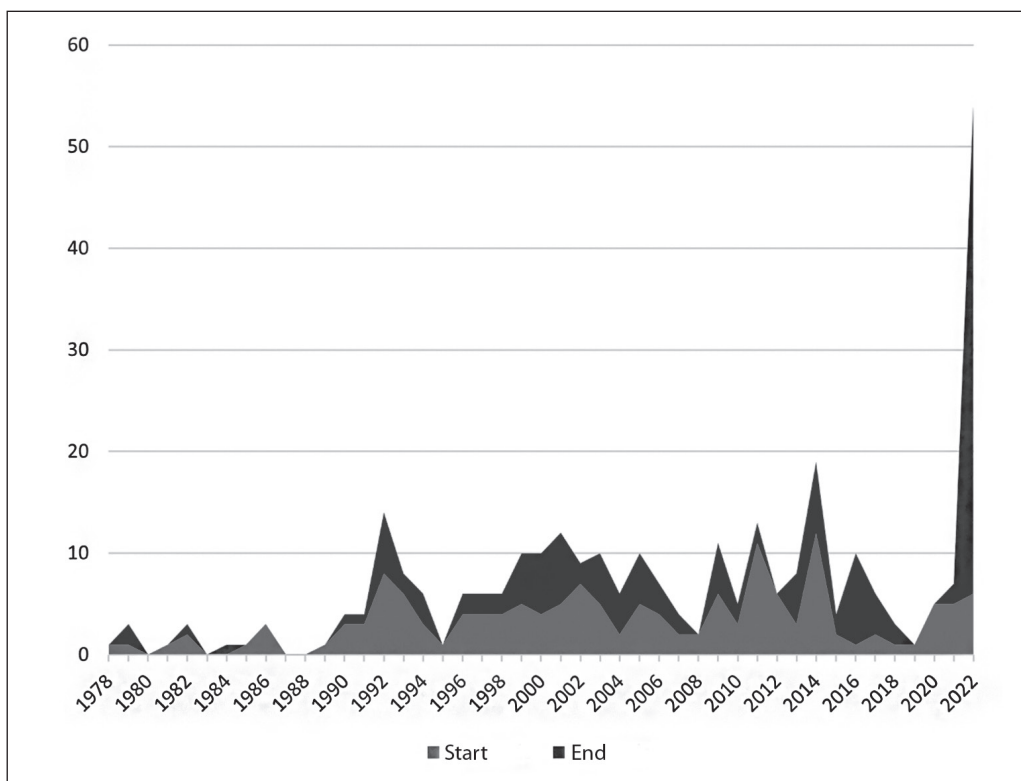


Figure 1: Temporal distribution of EU restrictive measures

Source: Compiled by the author based on GSDB data

The declared primary and secondary objectives of the ECG and the restrictions imposed by the EU are mostly to counteract cases similar to the ones we have seen in the history of Equatorial Guinea. Primarily, it was intended to oppose the abolition of democratic institutions, serious human rights violations, or to call for an end to a war, as seen in Figure 2. In addition, the EU has also imposed sanctions where it has sought to persuade the political leaders of a state to change a public policy decision (usually related to human rights, democracy, or the territorial integrity of another country). Over the last decade, the EU has also introduced lateral measures, taken independently of a country, to combat terrorism or to protect against cybercrime. Among the secondary objectives declared by the EU, the most common are the protection of human rights, the end of war and the introduction of democratic regimes.

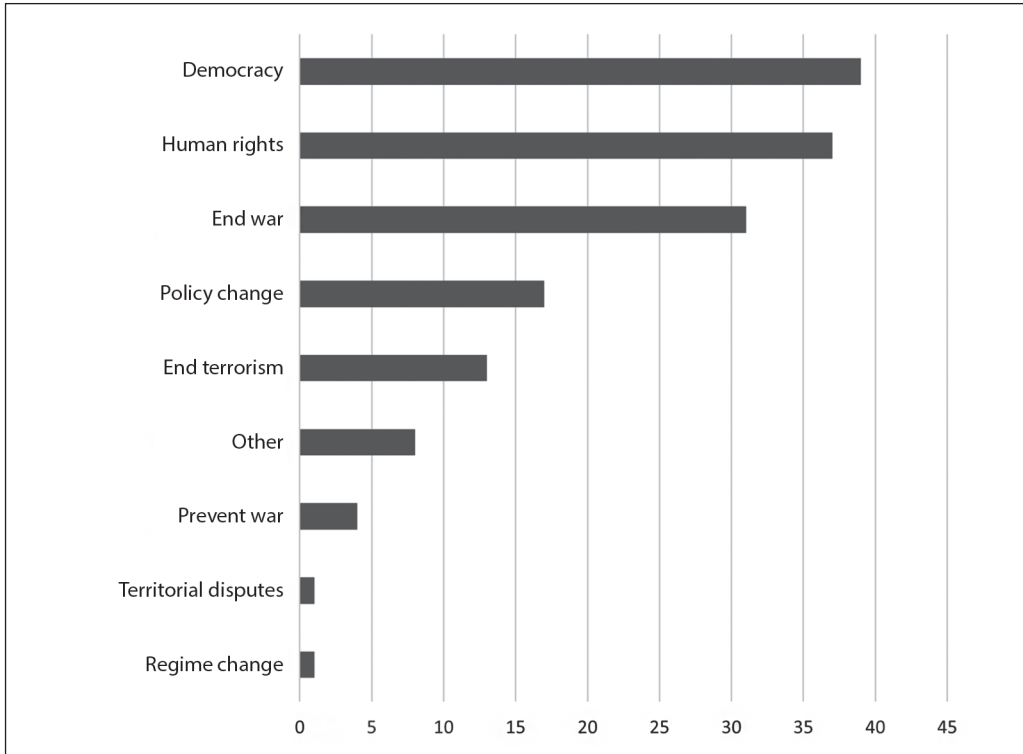


Figure 2: Primary objectives of restrictive measures

Source: Compiled by the author based on GSDB data

The events recorded as “successful” by the GSDB mainly indicate that the situation challenged in the target country has moved closer to the priority objectives declared by the EU. Despite the significant margin of error indicated above, it is worth looking at the extent to which each of the primary objectives has been achieved. Figure 3 summarises the reasons for sanctions imposed over several decades and an assessment of whether the primary declared objective has been achieved. Accordingly, the only time the EU has imposed a restrictive measure concerning territorial disputes has been in the case of South Sudan – last amended in April 2023 and still in force.²¹

According to the database’s interpretation of ‘successful’ sanctions, the most frequent ‘complete success’ measures were those imposed by the EU for attacks on democratic institutions and processes, which may be true if only because this was the most frequent primary declared reason for EU joint action, on 39 occasions in total. Partial success is counted in only 8 cases (Cambodia, the Democratic Republic of the Congo, Republic of Côte d’Ivoire, Republic of the Fiji Islands, Republic of the Gambia, Honduras,

²¹ Council Decision (CFSP) 2015/740.

Republic of Mali, Republic of the Niger). Policy ineffectiveness is counted in only 5 cases. Interestingly, however, it counts Hungary and Poland among the seven ongoing cases and cites the imposition of financial restrictions – presumably due to the launch of Article 7 proceedings. It also includes the ongoing cases in Belarus, Mali, Venezuela and Zimbabwe.

The EU's restrictive measures are mostly unsuccessful when they are aimed at tackling human rights violations. Of the 37 cases, 13 have failed, namely the Republic of Burundi, the Islamic Republic of Iran, the State of Libya, the People's Republic of China, the Federal Republic of Myanmar, the Syrian Arab Republic, the Republic of Sudan and the Equatorial as mentioned above Guinea.

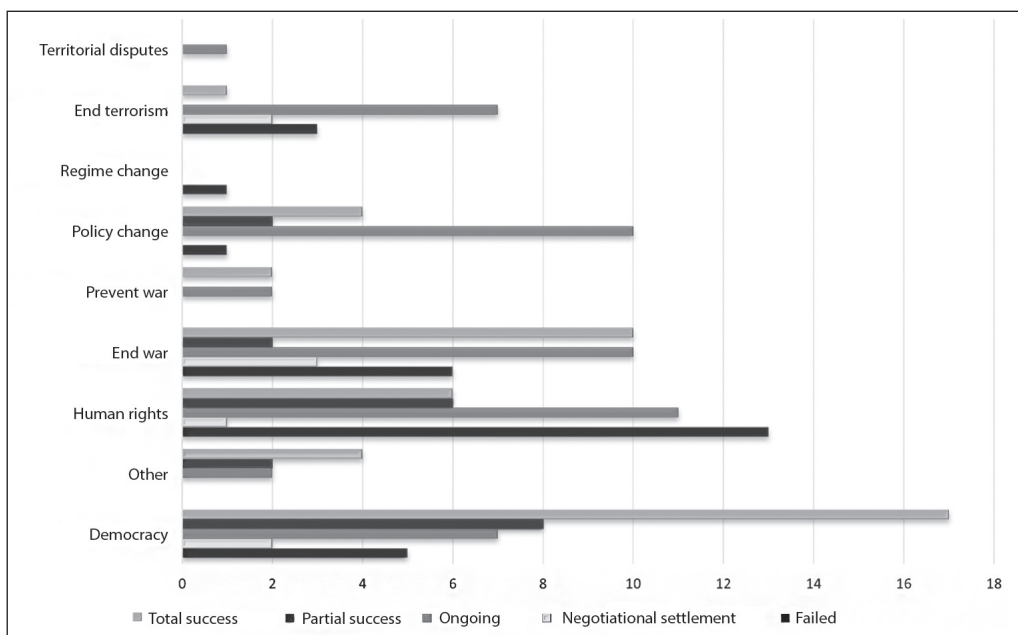


Figure 3: Success rate of declared priority objectives

Source: Compiled by the author based on GSDB data

The database only includes some of the sanctions imposed in the context of the Russia–Ukraine war, but these will be discussed in more detail in the following sections of this chapter. Nevertheless, despite using the otherwise debatable term ‘successful sanctions’, the main features of the restrictive measures imposed by the European Union over the last 45 years are still visible.

Firstly, the EU's predecessor institution took its first action very cautiously – after almost ten years of watching a genocide perpetrated by an authoritarian regime. After that, restrictive measures were introduced with increasing frequency. In the 1990s and 1990s, the number of sanctions increased, mainly due to the increasing frequency of UN Security Council resolutions. At the same time, the EU has also increasingly imposed restrictive measures under its powers.

In the early days of the policy, the countries targeted by the sanctions were overwhelmingly less economically developed, weak, or declining states, against which the European Union had and still has considerable economic and political power. The imposition of trade sanctions in 2022 on its main energy exporter, on which it was virtually dependent, is a significant change. It is also noteworthy that, according to some sources, it has imposed financial sanctions on two of its Member States. It seems that in the space of a few decades, the values of democracy and human rights have been strengthened to such an extent that the EU is taking action against its own Member States, and many of them are even capable of taking action at the expense of their national interests. Compared to the history of mass executions at Christmas, the policy instrument and its use seem to have been substantially reassessed.

EU sanctions policies among the priorities of the 2011 Hungarian Presidency and their results

Hungary took over the rotating Presidency of the Council of the European Union in the first half of 2011, in a trio presidency with Spain and Belgium. The specificity of the trio presidency institutional system ensures continuity of policies, i.e. open dossiers need to be taken forward. The relative disadvantage of this is that a Member State has relatively little room for manoeuvre in representing its interests. At the same time, the Presidency can take specific issues forward, set the agenda, and help find compromise solutions.

The former trio's program was shaped by the economic crisis of a few years ago. Thus, the main focus areas for the 18 months were organised around five essential points. The first was to tackle the effects of the economic crisis and relaunch growth, followed by support for social cohesion, i.e. taking up social issues. The third priority of the trio was to address environmental and climate challenges, including the common energy market, transport and greenhouse gas emissions. Another essential element was the implementation of the Stockholm Programme, launched in 2009, which included common management of immigration and asylum. Finally, in the area of the EU's external relations, the continuation of enlargement, the coordinated development of civilian–military capabilities, and coherent external action were addressed.²²

Concerning the priorities set within the trio, the 2011 Hungarian Presidency Programme highlighted four themes. First, under the *Growth and Job Creation theme*, sustainable competitiveness growth, job creation and support for small and medium-sized enterprises were included. Under the same heading, the fight against poverty and the integration of the Roma population were also included. Under *A Stronger Europe*, the second priority covered European food security issues, developing a common energy and water policy, and the Danube strategy. The third theme, *Closer to Citizens*, focused on the conclusion of accession negotiations with Croatia, the acceptance of Schengen accession for Romania and Bulgaria, and the strengthening of the neighbourhood dimension. Finally,

²² GAZDAG 2011: 72–85.

the priorities identified in the *Enlargement policy* area included Croatia, mentioned earlier, and the accession of Iceland and Turkey. The Eastern Partnership program, also a priority, was also placed here.²³

In other words, at the time, sanctions policy and its consequences were not a priority for either the trio or the Hungarian Presidency. Nevertheless, the Hungarian Presidency had a hectic period regarding restrictive measures, mainly because of the outbreak of the “Arab Spring” series of uprisings immediately before its term, which continued during the Hungarian Presidency. This triggered solid international reactions, to which the EU responded swiftly by introducing various restrictive measures.

The protests started in Tunisia in December 2010 and ended on 14 January with the resignation of the President and his departure abroad.²⁴ Given the situation, the European Union, independently of the UN Security Council, imposed financial restrictive measures against the former president and his spouse on 31 January for misappropriating Tunisian public funds.²⁵ Subsequently, on 4 February, the Council decided to implement Decision 2011/72/CFSP²⁶ and adopted Regulation (EU) No 101/2011²⁷ imposing financial restrictions on the former President and his family members, 48 in total.

In these weeks, the situation in Libya has also escalated, leading to the UN Security Council resolution 1970 of 26 February, which called for a ceasefire and an end to attacks on civilians, a no-fly zone over Libya, an arms embargo and a travel ban.²⁸ Following the first Security Council Resolution, the European Union adopted on 28 March Council Decision 2011/137/CFSP imposing an arms embargo and freezing of the assets of the President and his family members, and on 2 March Council Regulation 204/2011/EU²⁹ imposing restrictive measures against the Libyan Government. On 17 March, the UNSC adopted Resolution 1973, reaffirming its previous measures and authorising foreign intervention to protect civilians.³⁰ The long-term consequences of this, particularly in view of the migration crisis, are highly controversial.

The next episode of the “Arab Spring” continued in Egypt and ended with the President’s departure. As before, on 21 March, the EU ordered the freezing of funds and economic resources of the former president and his family members for the illegal use of Egyptian state funds.³¹ On the same day, 21 March, the Council adopted a decision on Bosnia and Herzegovina, also freezing funds and economic resources of persons whose activities violate the sovereignty, territorial integrity, constitutional order and international legal personality of Bosnia and Herzegovina, seriously undermine the security situation in Bosnia and Herzegovina; or violate the Dayton/Paris General Framework Agreement for Peace.³²

²³ European Parliament 2011.

²⁴ Al Jazeera 2015.

²⁵ Council Decision 2011/72/CFSP.

²⁶ Council Implementing Decision 2011/79/CFSP.

²⁷ Council Regulation (EU) No 101/2011.

²⁸ UNSC Resolution S/RES/1970 (2011).

²⁹ Council Regulation (EU) No 204/2011.

³⁰ UNSC Resolution S/RES/1973 (2011).

³¹ Council Regulation (EU) No 270/2011.

³² Council Decision 2011/173/CFSP.

Iran was the main item on the Council's agenda in April and May. The first relevant Council Regulation was adopted on 12 April, freezing the funds and economic resources of persons responsible for serious human rights violations in Iran (certain government members, military and law enforcement officials, judges, and prison officials and their families).³³ On 23 May, a decision was taken on implementing an earlier Council Regulation directly or indirectly affecting several Member States and non-EU countries.³⁴ Regulation (EU) No 961/2010³⁵ provides for sectoral restrictive measures under UNSCR 1929/2010,³⁶ such as the export of goods related to nuclear and missile technology, the export of equipment and technology for use in critical sectors of the oil and gas industry, and the freezing of funds and economic resources of certain entities and individuals.³⁷ The EU's May provision also affected several entities registered in Germany, Malta and some in Cyprus, as well as Hong Kong and Singapore, which could affect the interests of member states. Iran has not been immune to the issue either, with some sources saying that the Iranian Foreign Ministry has contacted the Hungarian Ambassador to Tehran, who holds the EU presidency, to protest against the EU's sanctions on Iranian military leaders.³⁸

May also saw the introduction of restrictive measures against the Syrian regime, which resulted in the Council imposing restrictive measures against those responsible for the violent repression against Syrian civilians.³⁹ It decided to ban arms exports and freeze certain persons and entities' funds and economic resources.

The last month of the Hungarian Presidency was hectic, and various restrictive measures were adopted. First, it extended restrictive measures on Syria,⁴⁰ then it took action on Libya, and finally, it closed the semester with a decision on Belarus. On Libya, it extended the scope of the entities covered by the restrictive measures and authorised, under certain conditions, financial and economic transactions resulting from contracts for oil, gas and refined oil products, as well as similar acts for humanitarian purposes. On 20 June, the Council confirmed and extended the restrictive measures already imposed against the President of Belarus, his family, and some individuals and entities close to the government.⁴¹

In addition to the above mentioned cases, the Council discussed ongoing cases during the Hungarian Presidency. Accordingly, on 15 February, the Council extended previous restrictions on the Government of Zimbabwe, its members, and their close associates, freezing individuals' funds and economic resources.⁴² On 27 June, the Council extended its decision on the arms embargo against Côte d'Ivoire, the ban on imports of rough

³³ Council Regulation (EU) No 359/2011.

³⁴ Council Implementing Regulation (EU) No 503/2011.

³⁵ Council Regulation (EU) No 961/2010.

³⁶ UNSC Resolution S/RES/1929 (2010).

³⁷ Council Implementing Regulation (EU) No 503/2011.

³⁸ HVG 2011.

³⁹ Council Decision 2011/273/CFSP.

⁴⁰ Council Implementing Decision 2011/367/CFSP.

⁴¹ Council Regulation (EU) No 588/2011.

⁴² Council Decision 2011/101/CFSP.

diamonds, and extended the scope of the entities whose funds and economic resources it froze.⁴³ Most restrictive measures against Côte d'Ivoire were imposed following the entry into force of UN Security Council resolutions.⁴⁴

The majority of the restrictive measures listed have generated little debate among individual Member States, as they have not affected a key industry, food or energy security in any Member State. Although some measures affected a number of EU companies, they were not critically dependent on trade relations with the country concerned. Accordingly, Member States' responses varied more along specific historical links and security and domestic policy considerations. For example, the French Government initially offered its expertise and allowed the delivery of tear gas grenades to Tunis to suppress popular protests. Libya and the U.K. was among the first to recognise the transitional government and support the military intervention. Italy opposed the EU's stricter response, mainly on security grounds, but eventually sided with Paris and London. Germany opposed military action mainly on domestic political grounds.⁴⁵

However, the success of restrictive measures against political regimes in some countries does not seem very encouraging. The political leaderships of Belarus, Libya, Iran and Syria have not substantially changed their values and democratic institutions. Restrictive measures are still in place against these countries. Most measures against Tunisia are still in place and will be reintroduced in the first half of 2024. The sanctions against Zimbabwe have been eased, but restrictive measures are still in place until the first half of 2024. The measure against the leader of Côte d'Ivoire cannot be considered a success in itself, as a military intervention ended the civil war. For details of all other restrictive measures currently in force, see the European Union website.⁴⁶

Moreover, the EU's response to the Arab Spring has divided the international community. Asseburg believes that the series of events has highlighted the EU's weakness in effective conflict prevention and timely crisis management – and has thus created an environment that is not conducive to democratic transition and regional stabilisation.⁴⁷ Fernández-Molina has a similar view of the EU's action, arguing that internal contradictions have driven decisions and, that the measures taken have not taken sufficient account of local specificities, and that the results are not in line with the objectives set.⁴⁸

To sum up, the original priorities of the 2011 Hungarian EU Presidency did not include sanctions policies – it only planned to take forward a few ongoing dossiers. However, the events linked to the Arab Spring have forced the EU to respond, and the Hungarian Presidency has had a number of tasks in this area. The EU's initial response was determined by the Member States' specific historical, economic and security relations with the states concerned, so making unified decisions was not always easy. This is perhaps why the measures can be seen as a template and less effective in terms of crisis prevention.

⁴³ Council Implementing Decision 2011/376/CFSP.

⁴⁴ UNSC Resolution S/RES/1975 (2011).

⁴⁵ DEL SARTO 2016: 215–232.

⁴⁶ EU Sanctions Map s. a.

⁴⁷ ASSEBURG 2013: 47–62.

⁴⁸ FERNÁNDEZ-MOLINA 2017: 301–325.

Current state of play, opportunities and challenges of the EU sanctions policy

Restrictive measures are decided and legislated within the EU's Common Foreign and Security Policy pillar framework. The decision-making process is intergovernmental and is one of the few institutions where the Council's twenty-seven member states must vote unanimously – except for appointing special representatives. Abstention on specific issues is not an obstacle to unanimity.

It may adopt legislative acts at the initiative of the European Council, the individual Member States, the Commission, or the High Representative. Consequently, the European Commission is less important in the decision-making process. The European Parliament has no role in decision-making; the Council only has to inform the Parliament.

The pursuit of unanimity undoubtedly slows down this Council formation, making it less effective. It is, therefore, not surprising that many are calling for the abolition of unanimity and the introduction of qualified majority voting. The European Parliament is the most apparent proponent of this, with a commissioned study highlighting the expected benefits of qualified majority voting and calling, among other things, for changes to the EU treaties to achieve this.⁴⁹

Another EP initiative on EU sanctions calls for an EU-wide Magnitsky Act.⁵⁰ The Magnitsky Acts are designed to allow countries issuing sanctions for serious human rights violations and abuses worldwide to impose restrictive measures against specific individuals and organisations, regardless of their geographical location. The EP considers that using this instrument would allow for more frequent, swift and independent restrictive measures without the support of Member States. While the European Magnitsky Act has been adopted in some form by the EU,⁵¹ it has been used sporadically and does not include human rights violations relating to corruption, which the European Parliament, for example, deplors.⁵²

Although the current trio's priorities do not focus on sanctions policies, the Hungarian Presidency is expected to deal with several ongoing and potentially new issues. Although it is impossible to assess the outcome of the Russia–Ukraine war from a perspective of more than a year, likely, the war will not be concluded in the second half of 2024. Most of the measures adopted and in force so far have no end date or end date before June 2024, except for Council Decision (CFSP) 2023/1500, which is in force until 8 December 2024. In addition to the restrictive measures against Russia, other cases already in force and currently requiring legal review will be an essential element of the work of the Council under the Hungarian Presidency.

⁴⁹ WESSEL–SZÉP 2022.

⁵⁰ RUSSELL 2021.

⁵¹ Council Regulation (EU) 2020/1998.

⁵² RUSSELL 2021.

In addition, the *EU Action Plan on Human Rights and Democracy 2020–2024*, published in March 2020⁵³ sets very ambitious targets for the human rights strategy. This can, and in many cases should, be pursued in many cases in countries worldwide. Therefore, many actors are expected to push for its wider implementation. Regarding action against genuinely serious human rights violations and abuses, there will be little debate within the European Union as long as they are primarily directed against individuals or specific organisations. Nor do restrictions on the export of arms and various technologies tend to provoke much debate between Member States. The introduction of other sectoral or economic sanctions affecting strategic industries, energy, or food security in different Member States is a much more sensitive issue, as is the case with Russia.

The events that began in 2011 in the context of the Arab Spring presented the Hungarian Presidency with unforeseen challenges and opportunities, during which it could act quickly and demonstrate its commitment to democratic values. It is not excluded that, as political conflicts in the international arena intensify, we can expect a new series of international events that will also present the 2024 Hungarian Presidency with challenges and opportunities.

The impact of sanctions policy on economic and social development

The EU's sanctions policies have come a long way since the belated and timid action following the 1969 Christmas massacre. In the face of serious violations, the Council has tended to act firmly and swiftly – predominantly targeting individuals and organisations. Most often, it transposes UNSC Resolutions into the EU context, but increasingly, it acts independently or with a series of actions beyond the scope of a UNSC Resolution. The primary *declared objectives* of restrictive measures are to act to establish a democratic system and to protect human rights.

However, a close examination of events reveals that most targeted, sectoral and comprehensive sanctions, whether country-wide or sectoral, do not contribute to forcing or changing such measures by repressive political regimes. Moreover, restrictive measures are the least likely to achieve their objectives in the case of authoritarian regimes.⁵⁴ The EU's sanctions policies, whose declared objectives are in no case merely indicative, are most likely to target authoritarian regimes – that is, they are least likely to change or force the desired political change. Thus, sanctions typically can potentially restrict a contested behaviour in the first place.⁵⁵ By contrast, EU sanctions are successful for countries with some form of dependency relationship with the EU or an interest in cooperating with the EU because of economic and trade links or prestige concerns.⁵⁶

⁵³ European Commission 2020.

⁵⁴ MARINOV 2005: 564–576; KAEMPFER–LOWENBERG 1999: 37–58.

⁵⁵ FRIMAN 2015.

⁵⁶ PORTELA 2012.

Despite this, the EU is increasingly applying restrictive measures, more recently also against states on which its member states are economically or trade dependent. In other words, there is considerable doubt as to whether the conduct complained of can be enforced, changed, or even restricted. Thus, first and foremost, the real purpose of EU sanctions is to signal violations of the international system and legal order and to achieve domestic policy objectives.

The EU's signal measures are morally indefensible. The aforementioned *EU Action Plan on Human Rights and Democracy 2020–2024* also sets out objectives that most Europeans can support. At the same time, highly ambitious goals that would make the EU almost a 'human rights superpower' could easily have the opposite effect on a large part of the international community.

Galtung called the idea that economic sanctions would force political elites to abandon their objectionable behaviour a naive theory of economic warfare. He pointed out that, in many cases, the sanctions reinforce the challenged leader's power and increase his support.⁵⁷ Similarly, it is easy to imagine that a sectoral (embargo on certain products) or financial (e.g. exclusion from the SWIFT system) restrictive measure imposed in a traditional or tribal society because of human rights violations represented by the EU could have the opposite effect and increase anti-Western sentiment and support for political leaders.

At present, Russia and Iran are the two countries most subject to multilateral sanctions, and both have experienced the disadvantages of being disconnected from SWIFT. These are indeed a signal to other countries, but not necessarily an incentive for them to stop the behaviour being criticised. The most recent example is the recent enlargement round of the BRICS countries, whereby the two heavily sanctioned countries can find close allies and maintain their objectionable regimes. Moreover, the BRICS have been working for some time to strengthen their currencies: the idea of a new common currency has been mooted in the past, as has the introduction of a digital currency, where the EU is a year or two behind Russia or Brazil, for example. Introducing a digital currency would allow partners to trade in their currencies, bypassing the SWIFT system.

In addition, independently of restrictive measures, the countries of the Global South are increasingly calling for reform of international organisations such as the UNSC, the IMF and the World Bank. The normative power of the EU to transmit its values internationally seems to be diminishing, and tensions between the blocs seem to be increasing. As a result of the new alliances that have emerged, the influence of China and India – whose political systems are also underpinned by a distinctive kind of democracy – is growing.

In other words, the restrictive measures imposed by the EU, which is very vocal on human rights, will likely drive the countries whose regimes the EU criticises towards each other. The results of this growing political antagonism are already visible in the actions and responses against China, the EU's most important trading partner.⁵⁸

⁵⁷ GALTUNG 1967: 378–416.

⁵⁸ MÁTHÉ 2023b.

The long-term impact of the most indicative restrictive measures introduced may, therefore, trigger resistance to the EU rather than the expected policy changes and, paradoxically, reinforce the political regimes it intends to oppose. Exceptions are countries that are economically, commercially, or militarily dependent on the EU or where the partnership is a matter of prestige for them.

On the contrary, the restrictive measures support domestic policy objectives at the EU level: on the one hand, the EU's actions, independent of the Security Council, reinforce the role of the organisation as a single great power.⁵⁹ On the other hand, there are reasons to suggest a change in the unanimous decision-making mechanism used in the CFSP framework or the more frequent use of the European Magnitsky Act based on the need for more effective action. These mechanisms support federalist aspirations and could sometimes allow Member States to act against their national interests.

In sum, EU restrictive measures do not typically lead to political change in the target country. Instead, their value lies in the fact that they signal a breach of international norms. However, restrictive measures can also lead to a rapprochement between objectionable regimes, such as Iran and Russian military cooperation. Restrictive measures can, however, support the EU's federal objectives by allowing for unified economic and political action.

Hungary's interests in the future development of restrictive measures

The introduction of restrictive EU measures can hardly be morally objected to. However, restrictions imposed against overwhelmingly authoritarian regimes rarely achieve the goal of making the regime democratic. Their introduction should, therefore, be considered in the light of their long-term political and economic results, especially in case of sectoral and trade restrictions.

The sectoral measures imposed on Russia have led to the EU cutting itself off from relatively cheap Russian energy supplies, which in many ways have ensured the competitiveness of the EU economy for decades. It has done so without having a robust pre-developed strategy to provide alternatives, the impact of which has caused severe economic damage to Member States' economies and a heavy burden on their populations.

The sudden expansion of the BRICS and the submission of applications for accession by almost 40 countries is not entirely unrelated to the measures imposed on Russia. The event highlighted the growing tensions between the EU and its close allies, and the countries of the so-called Global South. In light of this, it is not surprising that one of the priorities of the Spanish Presidency at the time of writing was to re-industrialise the EU and ensure its strategic autonomy.⁶⁰ In particular, it wants to strengthen the EU's strategic autonomy in energy, health, digital technologies and food. Re-industrialisation

⁵⁹ GIUMELLI 2013.

⁶⁰ Spanish Presidency of the Council of the European Union 2023.

and the critical raw materials needed to achieve this are important to the EU's vision – for example, gallium and germanium, which are used to make semiconductors, solar panels and microchips. China is the largest exporter of both raw materials.

However, the EU sees China as both an ally and a strategic rival and has begun to take a number of risk-reducing measures to reduce its dependence on China. These are all reasonable decisions and important for the interests of Hungary, but how they are taken is debatable. In the last few weeks, a trade war between the EU and China seems to be gaining momentum,⁶¹ the economic consequences would be severe for the EU and Germany's economies and thus, indirectly for Hungary's economy.⁶²

One of the consequences of the emerging trade war is that the number and economic value of protectionist measures between the two blocs seems to be increasing. It is right to take action against human rights abuses, but it is questionable what might happen if several EU Member States were to impose sectoral sanctions for human rights violations by China.

Of course, it is neither possible nor appropriate to address all these problems within the framework of the CFSP, but it is worth encouraging or supporting the avoidance of sectoral and trade sanctions where possible. Moreover, the Hungarian Presidency could provide an opportunity to create a forum for dialogue between the EU and the countries of the Global South, and possibly reduce the growing tensions. As was the case with the 2011 Hungarian EU Presidency, the G20 meeting in 2024 will be held during the Hungarian EU Presidency. The meeting will take place in Brazil and focus on the Russian–Ukrainian issue and the reform of international institutions. It may not be too late to ease tensions between countries that want to reform international institutions and the EU and to curb or prevent a trade war.

Conclusions

The institutional development of the European Union's sanctions policy has come a long way. The initial indifference and passivity have been replaced by a very active engagement in which the EU seeks to strengthen its role as a significant international power. This goal is to be supported, but empirical experience shows that the restrictions imposed are mainly against authoritarian regimes, which are generally unsuccessful and ineffective.

The effectiveness of the sanctions imposed during the 2011 Hungarian EU Presidency is also highly questionable. The measures introduced in the context of the Arab Spring depended on the historical relations between the member states and the target countries, but economic and security issues also played an important role. Accordingly, EU decision-making has had to reconcile many different perspectives and interests. If similar measures were to be taken during the 2024 Hungarian Presidency, Member States' positions would

⁶¹ MÁTHÉ 2023b.

⁶² FELBERMAYR et al. 2021.

likely be aligned along similar lines. The quest for unanimity makes this problematic but, at the same time, ensures that no Member State's fundamental interests are compromised in common foreign policy decisions.

The Arab Spring events have shown that the EU can act as one in the international arena, but its actions have not contributed to the effective management of crises or to preventing new uprisings. In the light of these, it is questionable whether the much-vaunted defence of democratic values and human rights are primarily rhetorical devices to extend the EU's normative power or whether they are values that the EU is acting on. This assessment is primarily relevant for international partners – namely, the extent to which the European Union is seen as a reliable partner seeking genuine stability.

In the context of the sanctions imposed in the Russia–Ukraine war, the restrictive measures against Russia appear to have been seen as strong by a relatively broad section of the international community. This has triggered a paradoxical reaction from many countries, resulting in ever closer relations being built between countries that do not necessarily accept the norms and values of the European Union and its partners.

In addition to the challenges of global markets, the actions of the EU and its close allies have contributed to growing discontent in the Global South, and restrictive measures are most likely to deepen divisions. If they were to escalate and result in more protectionist measures, the EU economy would be severely damaged. Without access to the critical raw materials in its development plans at a bargain price and without its key trading partners, the EU's competitiveness could be severely damaged, reducing its economic strength.

The 2024 Hungarian Presidency could be an opportunity to deepen a dialogue based on mutual respect between the European Union and the countries of the Global South and to lay new foundations for cooperation. There seems to be openness in this direction among international partners.

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The Impact of Conflicts in the EU's Eastern Neighbourhood on the European Union's Enlargement Policy

Conflicts in the European Union's neighbourhood have a major impact on the response to integration and enlargement of the EU institutions and Member States. In the first decade since the first Hungarian Presidency in 2011, increasingly complex and unpredictable security challenges have emerged at the borders, including migration and hybrid warfare, negatively affecting the admission of new members to the European Union. The continent needs to provide the candidate countries of the Western Balkans with a new European perspective, accelerating and deepening political, economic and institutional relations with the neighbouring region. The European institutional system needs to be ready for a 30+ membership, in which the 2024 Hungarian Presidency can play a major role. The credibility of the enlargement policy, which can also be considered a domestic priority, complemented by a new methodology, could create new opportunities for economic and political unification of the Western Balkan region. Hungary has been an advocate of the European perspective of the candidate countries already during the 2011 EU Presidency, however, in the last decade enlargement fatigue has become more visible. Nevertheless, the new enlargement methodology could lead to new members by the end of the decade, for which the European Union should be prepared. Ultimately, during the 2024 Presidency Hungary must take forward the European perspective, thus contributing to the security of the EU and the European continent.

Introduction

There are many theories that define the European Union as a *sui generis* entity, i.e. it has the characteristics of a state and an international organisation but cannot be defined by one or the other. Nonetheless, one of the most tangible signs of EU membership, alongside the Euro, are the four fundamental freedoms, which define additional rights and obligations for Member States and their citizens. The stagnation experienced by the current 27-member European Union, after Croatia's last accession in 2013 and Brexit in 2020, have fundamentally called into question the foundations of the enlargement policy. Nevertheless, a targeted, strategic enlargement can strengthen the European Union and broaden its opportunities. But how and what has contributed to enlargement fatigue,¹ and what impact do conflicts on the EU's eastern border, such as the Russia–Ukraine war, have on further enlargements? This paper addresses the interplay between enlargement policy and conflicts in the neighbourhood, as well as the current internal (institutional) and external (geopolitical) changes in enlargement policy. It contextualises both the opportunities and the scope for the Hungarian 2011 and 2024 EU Presidencies.

¹ BERGMANN et al. 2023.

The paper will first look at the historical development of enlargement policy, and secondly focus on the role of enlargement policy in the 2011 Hungarian EU Presidency. Thirdly, it will discuss current developments, including Franco–German reform proposals, breakthroughs and challenges. Finally, the economic-social-geopolitical implications of an enlarged European Union are discussed, as well as Hungary’s current interests and the role of the Central and Eastern European region as a potential mediator.

Historical development of the EU’s enlargement policy

There is general agreement that the European Union’s integration process is an important instrument of European security policy. The need for lasting peace and stability in Europe, which made the integration process and enlargement policy so important, emerged from the EU’s founding fathers after the two world wars. As mentioned in the Schuman Declaration: “Europe cannot be built at once, nor integrated merely by the establishment of a common structure. [...] What is needed is concrete implementation, but above all the creation of real solidarity.”²

Of course, it was not just the subordination of coal and steel to a common supreme authority that created peace and stability in Europe, but the visions and concrete reforms during a crucial and uncertain period that led to the European Union of today, without which deeper economic integration and lasting peace between European states would not have been possible. The perception of European security is based on a broad concept of security that develops common rules and values in different (policy) areas and successfully transmits these rules and values beyond the EU’s borders. The EU defines itself as a security actor and has an impact on its wider environment. Robert Kagan³ points out that Europe, with its many different national characters, has learned to achieve political goals through diplomacy and negotiation as a result of centuries of war and conflict. The Peace of Utrecht, which ended the War of the Spanish Succession, the Congress of Vienna of 1814–1815 and the League of Nations as an institutional system were occasional attempts at consolidating power, but they did not prove to be nearly as durable as the European Union in its present form.

It was only after the heavy costs (in human lives and territorial losses) that 20th century Europe was able to achieve what was first called the “European Communities” and is today the European Union. In his 1946 Zurich speech, Churchill spoke of a “European family” and a “new structure of peace, security and stability”.⁴ While the political (peace), economic (security) and institutional (stability) objectives of enlargement policy were set out more than 70 years ago, the Copenhagen criteria, which form the basis for EU membership, were only defined after the fall of the Berlin Wall.⁵

² European Union 2023.

³ KAGAN 2003: 5.

⁴ CHURCHILL 1946.

⁵ European Council 1993.

The spirit of the enlargement policy draws much from the ideas of functional enlargement and institutional dialogue advocated by the founding fathers. Although enlargement policy has never been smooth and predictable from a historical perspective, the 1995 enlargement with EFTA countries and the 'big bang' enlargement of 2004 demonstrated the EU's economic attractiveness to the societies of Central and Eastern Europe and made peace on the continent almost unquestionable. EU–Russia relations also reached a high point during this period, with the 1999 Moscow Summit Joint Declaration on the EU–Russia 'partnership' and the call for a 'common approach' to the challenges of the 21st century on the European continent. Nevertheless, at the same time, the North Atlantic Treaty Organisation, created as a counterpoint to the Warsaw Pact, opened its doors to the East European Member States, which were undergoing the legal, institutional and political reforms established by the EU, and which, in its Cold War spirit, was at odds with the EU as an economic peace project. Europe, dependent on Russian energy resources, wanted both peace and security, but enlargement policy could not keep pace with the changed geopolitical situation after the Cold War.

From the very beginning, the EU's enlargement policy has had to cope with internal and external challenges. On the one hand, the increase in the number of Member States (27) has necessitated a reform of both the institutional system and decision-making, which was sanctioned by the Lisbon Treaty of 2009. On the other hand, the expansion of NATO's eastern flank has made Russia much more critical of the enlargement policy's objectives than the EU had thought.⁶ The enlargement process has posed serious internal capacity problems for the EU as well since the first wave of enlargement in 1973,⁷ raising the question of whether the EU can absorb new members in a given period without jeopardising the political and policy objectives set out in the Treaties, such as economic integration, customs and monetary union and a common trade policy. As the Member States and regions have experienced very different economic development, a number of different conflicts of interest have emerged following the enlargements. The European Commission is trying to counter this with new financial and policy instruments, with varying degrees of success. The economic crisis of 2008 and then of 2012 brought to the surface the divisions between old and new Europe and between northern and southern Member States. Cohesion policy is the European Union's most successful instrument for levelling out the economic disparities caused by enlargement. While in 2003 Hungary achieved 60% of GDP per capita,⁸ by 2022 this will have risen to more than 77%.⁹

Nevertheless, enlargement not only brings economic prosperity, but also internal and external security for Member States, where law enforcement authorities can cooperate in a coordinated way thanks to the Schengen Information System and the Visa Information System (VIS). Enlargement is ultimately not only a symbolic way into Europe, but also guarantees the security of European citizens. A key priority of the 2011 Hungarian

⁶ GIDADHUBLI 2004: 1885–1887.

⁷ EMERSON et al. 2006.

⁸ Hungarian Central Statistical Office 2005.

⁹ Eurostat 2023a.

Presidency was the preparation of Croatia's accession to the EU in 2013. One of the priorities of the 2024 Hungarian Presidency will be the accession of Romania and Bulgaria to the Schengen area, which would reduce cross-border security risks and visa administration at a total of 12 border crossing points.¹⁰

Enlargement policy priorities of the 2011 Hungarian Presidency: Achievements

When Hungary took over the EU Presidency in 2011, the global economy was in crisis mode. The 2008 global banking and financial meltdown, followed by the 2012 European sovereign debt crisis, limited the scope for enlargement policy. For example, easier business establishment, job creation and access to more EU resources (Cohesion Fund, Common Agricultural Policy). This potential was taken over by economic crisis management and the prevention of bank failures. In Western European countries, there was increased caution and suspicion about helping the less developed countries of Central and Southern Europe. The Hungarian Presidency's motto at the time, *A Stronger Europe*, was based on strengthening cohesion and solidarity as an antidote. The Hungarian Presidency treated the conclusion of Croatia's accession negotiations as a major achievement in the first half of 2011, with a focus on promoting the integration perspective of the Western Balkans.¹¹

Building on the great wave of enlargement in 2004, the Hungarian Presidency has sought to maintain the momentum of the enlargement process, with the aim of building consensus among the Member States needed to move the accession process forward. The Presidency was shaped by the Lisbon Treaty, which entered into force in 2009 and fundamentally overhauled the EU's decision-making and institutional system. One of its main tasks was the "launch" of the European External Action Service, which the EU hoped would accelerate the enlargement process in the Western Balkans through diplomatic means. The enhanced political guidance role of the European Council of Heads of State and Government has been decisive, and the six-monthly rotating presidency provides an opportunity to reinforce the current strategic direction in a coordinated way. The first Hungarian EU presidency saw the accession of its southern candidates and the conclusion of negotiations with Croatia as a matter of prestige. The conclusion of the latter process within six months (with 7 open accession chapters) showed that new EU members can also deliver significant results. In addition to the Western Balkan Forum held in June 2011 and high-level visits to the region, the success of Croatia's accession has been a stimulus. The Hungarian Presidency and the Spanish–Belgian–Hungarian Presidency trio have had to work during one of Europe's most challenging times, affected by the Arab Spring and the resulting wave of migration. It has been no small task to simultaneously strengthen and coordinate the internal and external dimensions of security.

¹⁰ Hungarian Police 2023.

¹¹ Government of Hungary 2010.

The economic crisis, the institutional transformation of the EU, and the political instability in the EU's neighbourhood have shown that without internal stability and cohesion, a coordinated foreign policy is not possible. In her 2010 speech "The EU and the Western Balkans in a Changing World", Catherine Ashton, then EU High Representative for Foreign Affairs, referred to the EU's enlargement goal of working with a region that has suffered much in history. The EU first established its police mission in Bosnia and Herzegovina in 2004, then in Kosovo in 2008, extending its foreign policy advisory and monitoring role to Georgia (2008) and Ukraine (2014).¹² The Presidency therefore has a dual role. It must not only act as an "honest broker", providing strategic guidance to Member States and EU institutions, but also respond to crises affecting the EU, which is challenging for any country holding the rotating presidency.

One such crisis was the Russian–Georgian war that erupted in 2008, threatening regional stability in the EU's neighbourhood, where Russia used military force, not seen since the Cold War, as a legitimate means to achieve its foreign policy goals, nominally to control territory over South Ossetia. The conflict dates back to the early 1990s, when South Ossetian separatists wanted to unite with Russia's Abkhazia (North Ossetia). Although the breakaway region is not recognised as an independent state by EU countries outside Russia, the spillover effects of the conflict from 2014 to Ukraine are still felt in Europe today. But what are the challenges facing the enlargement of the European Union and what strategies have been developed to help stabilise the neighbourhood?

The chapters of the Croatian accession negotiations concluded and finalised under the 2011 Hungarian Presidency proved to be a major success, with seven chapters closed in almost six months, almost doubling the number of EU Member States in just ten years. It has given the candidate countries of the Western Balkans hope for a settlement of their political relations and has further strengthened the EU's internal security with the country's accession to Schengen in 2023. Nevertheless, enlargement fatigue and Russia's war in February 2022 have posed unprecedented challenges for EU Member States. It has proved challenging to talk about EU enlargement alongside the war in Ukraine, anticipating membership for a war-torn country while the Western Balkan countries, which have been pursuing serious reforms since the 2010s, feel they would be sidelined. One of the biggest questions for enlargement policy is how to sustain the process in the face of a series of crises. What external and internal challenges does enlargement policy have to overcome and what impact does the war in Ukraine have on the accession process of candidate countries?

Enlargement policy opportunities and challenges: The Commission's enlargement package

Enlargement policy was given a new impetus in 2020, when the European Commission presented its proposals for a "more credible, dynamic and predictable" enlargement

¹² European External Action Service 2021.

policy.¹³ It expects the package of proposals to deliver faster, more sensible and tailor-made reforms from candidate countries, with better monitoring of political and institutional reforms. The Western Balkan countries are mainly feeling the after-effects of the trauma of the Yugoslav war. In addition, there are continuing difficulties in maintaining good neighbourly relations. In this respect, the Prespa Agreement was a major step forward, with Macedonia changing its name to North Macedonia in the shadow of the Bulgarian veto. Nevertheless, the Belgrade–Pristina dialogue, which is the key issue in relations between Serbia and Kosovo, is still unresolved, as relations between the two countries have not yet been settled in a satisfactory way,¹⁴ and could become an acute situation during the Hungarian Presidency, as the Hungarian KFOR mission has had to respond to several armed attacks. The political and ethnic tensions between Serbs and Albanians in Kosovo are having a negative impact not only on the accession of the two countries but also on the accession of other countries in the region.

Progress in Bosnia and Herzegovina¹⁵ has been mixed, with the EU–BiH Stabilisation and Association Council formulating joint proposals – in line with the Dayton Peace Agreement – for the implementation of constitutional and electoral reforms, in which it must effectively involve the civil sector and citizens. Nevertheless, in last year's country report,¹⁶ the Commission highlighted institutional tensions between the Republika Srpska and the majority government. Parliamentary parties have been unable to agree on constitutional and electoral reforms to bring the constitution into line with the European Convention on Human Rights, despite intensive EU assistance in negotiations. Amendments to improve the quality of electoral law were rejected by parliament. Several Constitutional Court decisions have not been fully implemented and the Council of Ministers has not taken steps to develop a national program for the adoption of the *acquis communautaire*.¹⁷ A similar stalemate exists in Montenegro that draws attention to the lack of dialogue between the ruling majority and the opposition parties, and the poor functioning of institutions (in particular the Constitutional Court). The level of corruption is also a serious problem, as is the failure to tackle organised crime.

Candidate countries face external challenges in addition to internal political conditions and institutional shortcomings. Migration caused by wars and famine has put extreme security pressures on the external borders of the countries, which has also negatively affected the EU's Schengen border. According to the EU's border agency Frontex, the Western Balkans is the second main route for migrants, increasing from 27,000 in 2020 to 61,000 in 2021, and doubling to 145,000 in 2022.¹⁸ In addition, the European Union cannot agree on a balance between basic humanitarian assistance and the obligation to physically and legally protect external borders. To make matters worse, Russia's invasion of Ukraine in February 2022 has brought a new element of insecurity and uncertainty to

¹³ European Commission 2020.

¹⁴ Council of the European Union 2023a.

¹⁵ European Commission 2023.

¹⁶ European Commission 2023.

¹⁷ European Commission 2023.

¹⁸ Frontex 2022.

European enlargement policy that the EU has not previously experienced. Not only are countries looking at the future of 21st century warfare, but also at a new era of hybrid European warfare and unknown threats. The lack of grain supplies from Ukraine has triggered a very serious famine, and thus a more serious wave of migration to Europe, in a self-perpetuating cycle. Belarus was the first to use migration as a form of hybrid warfare and disinformation against Poland and the Baltic States. The Belarusian President said that he would not prevent the influx of migrants into Lithuania, in connection with which the Belarusian authorities offered visas to those who 'continue' to Europe. This destabilisation of the Polish–Lithuanian border has also shown the insecurity of the Schengen external borders and the EU's late reaction.

To ensure border control, the European Union plans to increase the number of staff at the Frontex border agency to more than 10,000 by 2027. In an enlarged EU of more than 30 members, new approaches are needed to guarantee border protection and internal security. It is in Hungary's vital interest that its borders are internal and not external Schengen borders. This is not only a financial issue, but also a human resources issue, so Serbia's accession coincides with Hungary's enlargement interests. A key issue for accelerating membership will be the settlement of relations with Pristina, so the trio presidencies should devote special resources to promote peaceful coexistence and the restoration of good neighbourly relations. Of course, it is not only on Europe's southern periphery that enlargement policy faces challenges, but also on the frontline of the Russian–Ukrainian war in the east.

An armed invasion unprecedented since the Second World War caught the continent and the world by surprise. Nevertheless, there were warning signs, such as the Russian political leadership's idea that "the collapse of the Soviet Union was the greatest geopolitical disaster of the last century",¹⁹ the annexation of Crimea in 2014, and the increased presence of the Wagner Group on the African continent. As Russia is one of Africa's biggest grain exporters, alongside arms, the invasion has hit the continent's grain imports extremely hard, increasing hunger and migration towards Europe.

The European Commission's latest enlargement package for 2023 is ambitious in its assessment of the progress made so far by the Western Balkan candidate countries. In particular for Bosnia and Herzegovina, where it would grant the country candidate status in recognition of its fight against organised crime, money laundering and terrorism.²⁰ On enlargement, Ursula von der Leyen spoke of not only economic but also geopolitical benefits, which are mutually reinforcing as investors, companies and workers seek stable, predictable institutions and economic opportunities.²¹

Although the European Commission granted candidate status to Ukraine, Moldova and Georgia in February 2022 as a symbolic gesture, this did not help to resolve the relationship with Russia, as Europe's economy was heavily dependent on energy from

¹⁹ PUTIN 2005.

²⁰ European Commission 2023.

²¹ European Commission 2023.

the East, which in turn was significantly reduced from 55% to 13%.²² The European Union made a strategic mistake in not building up, in parallel with its enlargement policy, adequate security guarantees with Russia, which the periods of easing in East–West relations, whether in the Gorbachev era or in the early 2000s, would have provided. The fundamental lack of coordination and the diverging objectives of the NATO and EU membership process (transatlantic military/defence alliance vs. European economic peace project) may also give rise to ambiguity about Europe’s global role. More than a year of military offensive has concentrated Europe’s defence resources on the eastern front, with apparently less attention on the situation in the Western Balkans, which is politically fragile and also fragile from a security perspective. Hungary and its Central and Eastern European neighbours, on the EU’s external border, face unprecedented challenges in terms of war and its consequences. And slowly, enlargement fatigue may be replaced by a sense of war fatigue among European states.

Enlargement policy is also hampered by three sets of challenges: internal, intermediate and external. The internal challenge is the lack of EU coordination and the often divergent foreign and security policy interests of the Member States. To overcome this, there must be a frank and open debate in the European Council, where the Heads of State and Government must act as one in the interests of the EU’s development and competitiveness. This permanent process can only be achieved through EU institutional and political coordination. The second, intermediate challenge takes into account the difficulties of the candidate countries, as often the lack of institutional reforms and the limited integration experience slow down the process of moving closer to the EU. Here, Member States need to proactively assist candidate countries with experts, institutional knowledge and integration experience. Considerable cooperation could be developed between the countries of Central and Eastern Europe and the Western Balkans because of the exchange of experience and geographical and economic proximity. The forthcoming Hungarian presidency also provides a good opportunity for this. The third, external challenge is the gradual increase of the geopolitical influence of the great powers in the region by economic, political and military means. Serbia is the most exposed country in geopolitical terms, as it is trying to balance the interests of the EU and Russia. Although the country has condemned the invasion of Ukraine in a UN resolution, it has not joined the sanctions regime.²³

Despite the many difficult challenges, enlargement policy can still be an attractive alternative for candidate countries. The common market and cohesion policy, together with the four freedoms, are the EU’s greatest achievements. Internal trade without EU borders offers businesses significant advantages, which can boost their competitiveness even at the regional level. Common internal security and law enforcement also enhance the security of EU citizens by complementing external border controls. According to the Spring 2023 Eurobarometer, three quarters of EU citizens support the idea of EU Member

²² Eurostat 2023b.

²³ McBRIDE 2023.

States having a common defence policy.²⁴ However, an enlarged European Union of more than 30 members will have a new perspective not only in defence policy but also in economic and social terms, which it can use to its own advantage.

The impact of enlargement policy on economic and social development

The success of the cohesion policy has helped raise living standards in the countries that joined in 2004, where the development rate has risen from 59% to more than 77%.²⁵ The following section looks at the positive social and economic impacts of the integration of the Western Balkan Six, which could also provide a guideline for the 2024 Hungarian Presidency. All six Western Balkan countries have signed the seven-year (2021–2027) Horizon Europe Framework Programme for Research and Innovation with the European Union, which provides the possibility to draw on direct EU funds for research and development programmes in universities and SMEs. Complemented by the Erasmus+ programme, researchers, students and companies will be part of the European innovation circuit, stimulating quality growth. This is of particular importance for the green and digital transition, where the region has outstanding potential. In line with the EU's strategic goals, infrastructure investments from the Baltic to the Aegean, such as the Via Carpathia north–south transport corridor, have started. Of key importance, the construction of Via Carpathia 2 will also link road and rail corridors with Central Europe.

The World Bank sees a positive economic outlook for the region in the medium term, but to sustain this, green energy investments need to be accelerated and energy efficiency increased.²⁶ To counterbalance the competing Sino–Russian and U.S. investment strategies, the EU needs to do more to support European investment in the region. Although the region has great potential for renewable energy production, according to the International Energy Agency's 2020 figures, the Western Balkans will rely predominantly on lignite and oil for their energy supply.²⁷ The six Western Balkan countries committed to the Western Balkans Green Agenda at the November 2020 summit in Sofia. The agenda includes decarbonisation and climate change mitigation, but it is not clear how effectively it can be implemented. According to the Stiftung Wissenschaft und Politik,²⁸ solar and wind energy could be a strategic investment area, replacing Russian and Chinese investments. In the long term, strategic dependencies can be reduced, but the transition will also require an expansion of transmission and distribution grid capacity, especially for decentralised solar.

The possibilities inherent in the enlargement policy, such as the green transition and digital, infrastructural developments must also be made easy to communicate to societies. Public awareness of EU developments can increase trust in the EU institutional system

²⁴ Eurobarometer 2023

²⁵ NAVRACSICS 2023.

²⁶ World Bank 2023.

²⁷ VULOVIĆ 2023.

²⁸ VULOVIĆ 2023.

and thus in the enlargement policy. A series of dedicated development policy events regarding the Western Balkans provides a good opportunity for the next Hungarian Presidency. The Hungarian-founded Western Balkan Green Center is an important step towards the regional strengthening of energy investments by domestic enterprises. Programs are being implemented, such as the building of climate resilience, which was realised with the cooperation of North Macedonia, Bosnia-Herzegovina and Serbia, or the creation of EU legal harmonisation in the field of climate and nature protection.²⁹

The European Central Bank's facilitated loan programs, which provide financial support for land, air and water transport projects and urban development, also have a positive effect on the expansion. The ECB also supports projects that help provide technical assistance for better investment, address gaps in social and economic infrastructure, and encourage private sector-led growth and job creation. Local investments aimed at improving living conditions and modernising infrastructure in water supply, wastewater and waste management are at the heart of the ECB's current activities in the region.

It is shown that the countries of the region have developed and have development potential in many areas, where geopolitics very seriously determines the operational framework. The countries' recovery from their common and tragic history is the first step in a long process. Hungary and the other Central and Eastern European Member States can provide good examples of regional and cross border cooperation and common thinking in order to achieve regional security and defence. The next concluding section examines Hungary's interests inherent in the enlargement policy and the future of the enlargement policy.

Hungary's interests in the future development of the enlargement of the European Union

The South Slavic war ended three years before Hungary joined the European Union, which claimed the lives of more than 100,000 people and left nearly 4 million people stateless.³⁰ The ongoing war in Ukraine makes the tragedies of that time even more vivid. That is why the outcome of the Russian-Ukrainian war will be decisive for the future of enlargement. Will Europe inherit a frozen conflict, or will a changed Ukrainian territory be next door, bringing Russia's sphere of interest closer? Is Europe's influence increasing or decreasing during the post-war recovery period? Although Hungary's 2024 presidency priorities have not yet been published, several things can be deduced from the Strategic Agenda³¹ adopted by the presidency trio. The trio emphasises the persistent support of the EU in addition to the humanitarian, economic and financial support for Ukraine, taking into account the collective defence interests. During the presidency, a serious

²⁹ Nyugat-Balkáni Zöld Központ 2023.

³⁰ United Nations 2023.

³¹ Council of the European Union 2023c.

emphasis can be placed on regular political dialogue with the countries participating in the enlargement, especially in order to meet the Copenhagen criteria. Under the Hungarian Presidency, the Western Balkans Heads of State and Government Summit could take place at home, which would discuss the progress of the members closest to the 2030 entry target date. Expanding and strengthening the circle, the European Political Community must negotiate comprehensive security guarantees. From Hungary's point of view, long-term security guarantees, the European defence community and balanced power centres are necessary. With the gradual enlargement, East Central Europe can play an important role in the exchange of experience with the Western Balkan countries due to its geographical and historical proximity. If the continent is committed to lasting and long-term peace, it will be important to define the relationship between the EU, Ukraine and Russia. Despite the current war, the dialogue with Serbia and Kosovo must be continued in order to resolve the conflict. If a solution to this is found, cooperation on the Schengen border will become much easier within the framework of joint action against migration, human trafficking and organised crime.

Both older and newer member states, EU institutions and regional actors, as well as major powers are interested in the economic opportunities and political cooperation inherent in the Western Balkan region. First, the six Western Balkan countries must jointly define their regional interests, but this requires confronting the historical past and processing collective traumas, without which societies cannot move forward. The greatest potential inherent in the Western Balkan region is its social, religious and ethnic diversity, which should be seen as a resource and which can help define common goals, such as strengthening cultural relations, dialogue between religions, or even discovering the shared historical past with Central Europe. In addition, the EU must be ready to be able to involve more than 30 countries in multi-level decision-making, its institutional system and increasingly complex policies. Instead of enlargement fatigue, enlargement dynamism must take the lead, where policy sees challenges as opportunities. East Central Europe has the greatest opportunity, since with 20 years of membership behind it, it can help the development of southern candidates as a mediator of good practices.

The enlargement policy deals with many external, intermediate and internal challenges, but the most decisive decision point in relation to a candidate country is the consensus of the member states reached in the General Affairs Council based on the guidelines of the European Council, which expresses the EU's resolute political unity towards the individual EU aspirants. By 2030, some Western Balkan countries have a serious chance of joining, as Albania, Montenegro, North Macedonia and Serbia are already negotiating the accession chapters with the EU. Regarding Bosnia-Herzegovina, the Commission recommends opening the negotiation chapters. The regional commitment to the EU can also have a positive effect for Kosovo. The situation of Georgia and Ukraine in connection with the frozen and ongoing armed conflict is extremely sensitive. The condition for joining the EU is the existence of a given country's political, institutional, economic and social stability, which is currently not a given in the case of Ukraine, not to mention the

fact that the conflict is still ongoing. And the EU would be entering legally uncharted territory if it started accession negotiations with a country on whose territory war is taking place. Evidently, the Russian–Ukrainian war also encouraged the member states of the EU to act more quickly. This is especially visible after the Lisbon Treaty of 2009, in connection with the French–German intergovernmental reform proposal of 2023 (4-speed Europe). Candidates thus have several options for participation: core Europe (full Schengen and Eurozone); EU membership (without the Eurozone); associate membership (similar to EFTA); European Political Community (the U.K. or later Russia).³² In order to maintain the credibility of the enlargement policy, it can be strengthened with the six Western Balkan countries, which have been waiting for accession for several decades and are implementing reforms slowly but surely. By 2030, this would contribute to the stability of the region, the security of EU borders including Hungary’s security. The 2024 Hungarian Presidency has a serious opportunity to contribute and maintain the dynamism of the enlargement process through institutional reforms, high-level political dialogue and the sharing of good practices.

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³² HANKE VELA – SORGI 2023.

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Vivien Kalas

The Impact of Treaty Amendments on European Integration: Could Hungary Achieve its Goals in EU Reform?

In recent months, there has been an upsurge in calls for reform and treaty change in the European Union. The underlying motivations include improving the EU's capacity to act on the one hand and preparing the EU institutions for enlargement on the other. Although due to the formation of the new European Parliament and the European Commission, no substantial progress is likely during the 2024 Hungarian Presidency; nonetheless, the issue will not disappear from the political discourse. The present paper explores the impact of treaty changes on European integration, with a special focus on whether Hungary could benefit from such a process. The research examines changes in the depth of integration as measured by the content of each of the treaties that have been adopted and entered into force, using the criteria of Leon N. Lindberg, Stuart A. Scheingold, Tanja A. Börzel and Péter Halmi, and compares the results with Hungary's current objectives. Given that Hungary does not wish to cooperate more closely than it already does under the measurement criteria, it would be forced to make significant compromises in any reform of the EU.

Introduction

In the second half of 2024, Hungary will hold the rotating Presidency of the Council of the European Union. After the first six months of 2011, this is the second time since the 2004 accession that Hungary has held this post. The priorities set for the presidency of each country – including Hungary – are always about the future of European integration and the direction in which the nation would like to take cooperation. In the last two or three years, following the 2021–2022 Conference on the Future of Europe (CoFoE), this issue has taken on greater importance than before, both in policy and institutional terms. This is not expected to change during the Hungarian Presidency.

According to the resolution adopted by the Hungarian Parliament in July 2022, Hungary is of the opinion that it is now necessary to review and amend the Treaties.¹ This intention is in line with the conclusions of the Conference on the Future of Europe, where the participants identified a degree of reform that would require treaty change to implement some of its points.

On this basis, the European Parliament (EP) formally initiated the revision of the Treaties in June 2022,² but the next step – the Council's notification to national legislatures

¹ National Assembly Resolution 32/2022 (VII.19.) on the Hungarian Position to Be Represented on the Future of the European Union.

² European Parliament 2022.

and submission to the European Council (EC) – on which in the second half of 2023 the Spanish Presidency has expressed its openness, but has not presented it to the Heads of State and Government until the study is finalised.

Considering that the treaty amendment process can be aimed at strengthening or weakening the Community dimension,³ by examining the content of the ten treaties that have entered into force so far, and the direction of the changes, I seek to answer the question whether, in view of its objectives, it would be in Hungary's interest to amend the treaties again?

All the Member States of the European Union (EU) are modern, representative democracies, so the principle of democratic legitimacy applies in all of them. This means that all forms of exercise of executive power can be traced back to the people, who are the "ultimate source of executive power".⁴ On this basis, in my paper I equate the interest of a nation with the preferences of its own Head of State or Government in negotiations.

From 1952, with the creation of the European Coal and Steel Community (ECSC), until 2024, cooperation between European countries underwent several changes in structure and name. In 1958, the European Economic Community (EEC) and the European Atomic Energy Community (Euratom) were created alongside the ECSC. As a result of the Merger Treaty, which came into force in 1967, these communities were collectively known as the European Communities (EC). In 1993, thanks to the Maastricht Treaty, the pillar structure was established, the EEC and the ECSC became the European Community, jointly known as the European Union, together with the Common Foreign and Security Policy and Justice and Home Affairs.⁵ The name is still used, but the pillar structure was abolished in 2009, following the entry into force of the Lisbon Treaty. In this paper, for the sake of clarity, I will refer to the community of nations as the European Union, regardless of the era.

The study consists of four major structural units. In the first part, I will present the Conference on the Future of Europe, its aims, structure, participants, the final proposals of the Conference and Hungary's position on the future of integration. I will then briefly explain the possibilities for Member States to amend the Treaties and how an Intergovernmental Conference (IGC) is structured. Given that the focus of this research is to examine whether, in the light of the outcome of previous treaty changes, Hungary could be satisfied after another intergovernmental conference, I am not concerned with the factors that lead to a particular outcome, or which actors have what influence. In the third unit, I will examine whether the reforms from the Paris Treaty to the Lisbon Treaty have moved European integration in any direction and, if so, whether they have tightened or loosened cooperation between states. Finally, in the last section, I want to answer my research question.

³ TEU Article 48 (2).

⁴ SOMODY 2015: 35–42.

⁵ HORVÁTH 2005.

Debate on the future of the European Union

Discourse and debate on the future of European integration is a common phenomenon in the European Union. It is most important at the time of treaty amendments, when Member States decide on the long-term future of the Union. The European Convention in 2002–2003 was a new way of discussing new orientations for integration,⁶ while the Conference on the Future of Europe in 2021–2022 also provided an unusual framework for dialogue on the EU's future.

The idea to organise a conference on the future of Europe is the brainchild of Emmanuel Macron, President of the French Republic. In 2019, the French head of state proposed the launch of a major series of events in which politicians and citizens would discuss the medium and long-term future of integration.⁷ The new European Commission endorsed *The Conference on the Future of Europe*, which took office on 1 December 2019, so it formally became an EU initiative. Discussions on EU reform started on 9 May 2021, on Europe Day, and ended a year later on 9 May 2022.

As initially promised, a wide range of actors, horizontally and vertically, have been involved in the process. Delegates from EU institutions, citizens, civil society organisations, local and regional interest groups, national parliaments and government politicians all had their say on the possible directions of the European Union. The discussions did not focus on a single issue, but covered all EU policies. Though not reflected in the subsequent final reform proposals, the participants had to formally seek new solutions within the existing legal framework, as the Conference did not prepare a treaty amendment process.⁸

In order to involve as many stakeholders and citizens as possible and channel their views, consultations were held at four interlocking levels. At the lowest level, on the Conference website, all citizens were able to share their thoughts online on each of the topics. They were also able to do so in person at the National Citizens' Panels, organised at national and regional level, which were the next level in the structure of the Conference on the Future of Europe. What was said on these two platforms was channelled into four European Citizens' Panels, each made up of two hundred randomly selected citizens. The task of these four groups was to develop policy recommendations. The highest level at which the future of integration was debated was the Conference Plenary, which was also the forum where the final package of proposals was adopted. The 449 participants included representatives from EU institutions, nations, advocacy organisations and civil society. The Conference on the Future of Europe was chaired by a Joint Presidency,

⁶ More than usual, a wider range of actors were involved in the negotiations leading up to the Intergovernmental Conference. More than 200 participants, national and EU politicians and delegates from thirteen candidate countries, took part in the Convention. The final proposal could be adopted by consensus and not only by unanimity.

⁷ MACRON 2019.

⁸ European Commission 2021.

consisting of the Presidents of the European Parliament and the European Commission and the Head of State or Government of the country holding the Presidency of the Council of the European Union. Operational tasks were carried out by the Executive Board and the Common Secretariat, in which seven to seven members of the three EU institutions were represented.⁹

The final report adopted at the Conference Plenary was presented on 9 May 2022. The document envisaged both policy and institutional reforms. It called for closer cooperation and more EU involvement in some policy areas within the existing legal framework, while on other issues it called for more radical changes. The package of proposals included, among other things, the abolition of unanimity voting – with the exception of enlargement policy and changes to the EU’s fundamental values – the extension of the powers of the European Parliament, the introduction of transnational party lists in European Parliament elections, and the strengthening of the legitimacy of the President of the European Commission.¹⁰

The final report of the Conference on the Future of Europe had to be adopted by consensus. Consensus had to emerge between delegates from the EU institutions and politicians from national legislatures,¹¹ and did not require unanimity. As a consequence, the views of some Member States on the future of the EU may not have been in line with the document. Hungary was one of these countries. The idea of a common European army, as advocated by Hungary,¹² did not appear in the recommendations of the Conference, and Hungary’s position differs from those contained in the recommendations, for example, with regard to the role of the EU institutions and the decision-making process. Instead of directly electing members of the European Parliament, Hungary would like national parliaments to delegate its representatives – thus reducing the supranational nature of the EP. In addition, Hungary’s priority is to ensure that in the future national governments and legislatures have the right of legislative initiative at EU level and that parliaments are able to block Community legislation.¹³ It is also in line with the country’s position, which runs counter to the “ever closer”¹⁴ EU approach that it would keep the number of areas in the Council that must be adopted unanimously.¹⁵

⁹ Conference on the Future of Europe s. a.

¹⁰ Conference on the Future of Europe 2022.

¹¹ Conference on the Future of Europe s. a.

¹² A common European army would be a greater guarantee of Europe’s security than relying solely on NATO, according to the Hungarian Prime Minister. This European army could also play an important role in the fight against migration (MTI 2016).

¹³ National Assembly Resolution 32/2022 (VII.19.) on the Hungarian Position to Be Represented on the Future of the European Union.

¹⁴ In the Preamble of the Consolidated version of the Treaty on European Union, Member States had stated that one of their long-term priorities is to create an “ever closer union” in Europe.

¹⁵ Zsíros 2022.

Treaty amendment process of the EU

There are two main reasons why the EU treaties may be amended, in whole or in part. In the case of enlargement, or if one of the eligible actors initiates it.¹⁶ When a country joins, only parts of it need to be changed, while requests for reform imply more extensive changes. The European Parliament, the European Commission and the government of any Member State can take the initiative. They can propose the launch of the ordinary revision procedure and, since the entry into force of the Lisbon Treaty in 2009, the simplified revision procedure. While the former allows the parties to change any point in the treaties, the latter only allows them to revise passages relating to the internal policies and activities of the European Union, i.e. not to change the institutional competences of the institutions.¹⁷

Considering that both Hungary, the Conference on the Future of Europe and the EP's proposal include the modification of the European Parliament's powers, I will only present the features and structure of the ordinary revision procedure in the following.

The decision to start the treaty revision process is taken by the European Council by a simple majority after formal notification from the Council, which is obliged to inform national parliaments at the same time. The Intergovernmental Conference, which is the framework for the revision of the Treaties, is convened by the President of the Council. According to the treaties, only representatives of the Member States participate in the Intergovernmental Conferences,¹⁸ but in practice the European Parliament,¹⁹ the European Commission,²⁰ the General Secretariat and the European Central Bank are also involved in the negotiation process.²¹ Participants hold discussions at three levels – officials, ministers, Heads of State or Government – in different configurations, depending on the topic. The officials, together with one member from each of the two main political groups in the EP, discuss legal and technical issues. At ministerial level, the foreign ministers of the Member States discuss political issues, and the President of the EP may attend at the beginning of their meetings. The most politically sensitive issues for the future of integration are discussed by the Heads of State or Government at a European Council meeting, at which the President of the European Commission is also present.²² The adoption of the new treaty is also decided at the level of Heads of State or Government, but only the Prime Ministers and Presidents of the Republic have the right to vote, the Commission delegate does not. The document must be unanimously supported and signed by all national political leaders, meaning that any one of them can veto it if they disagree with its content. The treaty can only enter into force if all member states have ratified it in accordance with their respective constitutional requirements.

¹⁶ TEU Article 48–49.

¹⁷ TEU Article 48.

¹⁸ TEU Article 48.

¹⁹ SLAPIN 2011.

²⁰ CHRISTIANSEN 2002: 33–53.

²¹ TEU Article 48.

²² CHRISTIANSEN 2002: 33–53; STUBB 2002.

Changes in the depth of integration following treaty amendments

To date, the Heads of State or Government have discussed and adopted eleven new treaties, ten of which have had a significant impact on the development of European integration. In 1950–1951, they decided on the Treaty of Paris, which established the European Coal and Steel Community. In 1956–1957, the treaties establishing the European Economic Community and the European Atomic Energy Community were negotiated. The Merger Treaty (1965), the Treaties of Luxembourg and Brussels (first and second budgets) (1969–1970 and 1975) and the Single European Act (1985–1986), as well as the Treaty on European Union (1990–1991), the Treaties of Amsterdam (1996–1997) and Nice (2000) and the Treaty of Lisbon (2007) were also preceded by intergovernmental conferences. The treaties adopted in 1951 and 1957 were the founding treaties of the European Union – the Treaty establishing the European Coal and Steel Community is no longer in force. The first treaty amendment was made at the 1965 Intergovernmental Conference.²³ In my study I will therefore examine the changes from the Merger Treaty onwards. However, I will not deal with the content of the Treaty establishing a Constitution for Europe. Though, at the 2003–2004 IGC, the document was signed by the Heads of State or Government, it did not enter into force because of the failure of the French and Dutch ratification. It was only later, during the negotiations on the Lisbon Treaty, that the agreed text became truly relevant, as the Member States had relied largely on the content of the agreement approved in 2004.

When a new treaty enters into force, it is not necessarily the case that there should be closer cooperation and a more federal European Union. The leaders of the Member States could decide at the Intergovernmental Conference to reduce the areas of Community competence.²⁴ In determining whether integration has deepened or perhaps become more intergovernmental following each treaty amendment, I rely on the views of Leon N. Lindberg, Stuart A. Scheingold, Tanja A. Börzel and Péter Halmi.²⁵

Börzel, but earlier Lindberg and Scheingold had also argued that there are two directions of cooperation between states: horizontal and vertical integration. The breadth of integration, i.e. the extent of horizontal integration, can be measured by the scope of Community decision-making, the number of areas in which the European Union has legislative competence.²⁶ Lindberg and Scheingold measured the depth of integration by the “level of centralisation”, i.e. the relationship between Community and national decision-making on a given issue.²⁷ Börzel also identified decision-making as a factor that can be used to determine the depth of integration. He classified each policy area into different categories according to the decision-making process, the role of supranational institutions and the required voting form in the Council.²⁸

²³ LAURSEN 2012a: 77–97.

²⁴ TEU Article 48 (2).

²⁵ LINDBERG–SCHEINGOLD 1970; BÖRZEL 2005: 217–236; HALMAI 2020: 145–161.

²⁶ LINDBERG–SCHEINGOLD 1970; BÖRZEL 2005: 217–236.

²⁷ LINDBERG–SCHEINGOLD 1970; HALMAI 2020: 147.

²⁸ BÖRZEL 2005: 222.

Péter Halmai argues that the two above-mentioned dimensions cannot be sharply separated, and that the depth of integration can be determined by examining both EU competences and decision-making rules.²⁹ In my research, I take Lindberg's, Scheingold's and Börzel's aspects as a starting point, while agreeing with Halmai's claim, I use them to measure vertical integration. In this sense, we can speak of deepening integration in three cases: 1. When the scope of Community decision-making is broadened; 2. When the decision-making process in an area changes, in which the role of the EU institutions is strengthened; 3. When there is a shift from unanimous to qualified majority voting in the Council. If, on the other hand, Member States make changes in the opposite direction in the same areas, the result will be less deep integration than before. In case of other reforms, their cooperation will neither deepen nor become more intergovernmental – for example, the possible introduction of transnational party lists, although this move would be a clear expression of the political will for deeper integration.

Changes in the scope of Community decision-making

One measure of the evolution of cooperation between EU Member States is the change in the scope of Community decision-making, i.e. the number of areas where the European Union has legislative competence. The policies covered can be divided into three groups – exclusive, shared and supporting – based on the relationship between the Community and national levels. Where the Union has exclusive competence – today, for example, in the customs union, common commercial policy or monetary policy for euro-area countries – binding legislation can only be adopted at Community level.³⁰ In case of policies where legislative competence is shared between the Member States and the Community, nations can only adopt binding legislation that does not infringe on the exercise of the Union's competences.³¹ Today, most policy areas fall into this category, such as environment, internal market, transport, energy.³² The third group of policies – education, culture, industry, etc. – are supporting competences for which the EU can only act in a complementary, coordinating role.³³

All of these areas fall within the scope of Community decision-making, so the increase or decrease in their number determines the depth of integration.³⁴ Looking at the decisions taken in the treaty amendment processes, it can be concluded that, even if the political decision-makers did not always change the competences in substance – for example in the Merger Treaty or in the Lisbon Treaty – when they did, it was always a transfer of sovereignty.

²⁹ HALMAI 2020: 145–161.

³⁰ TFEU Article 2 (1); Article 3 (1).

³¹ TFEU Article 2 (2).

³² TFEU Article 4 (2).

³³ TFEU Article 2 (5); Article 6.

³⁴ HALMAI 2020: 145–161.

The Heads of State or Government decided for the first time at the 1985–1986 Intergovernmental Conference to redefine competences, and as a result, the Single European Act enshrined the need for common European action in new policies to complementing existing ones. As a result, economic and social cohesion, the creation of economic and social cohesion, research and technological development and environmental policy became the competence of the European Union.³⁵ At the next IGC, in 1990–1991, politicians again decided to expand the EU's competences. EU leaders added education, development cooperation and consumer protection, among others, to the range of policies falling under Community decision-making.³⁶ The Treaty on European Union – also known as the Maastricht Treaty – also established the pillar structure that existed until 2009, consisting of the European Community (first pillar), the common foreign and security policy (second pillar) and justice and home affairs cooperation (third pillar). The Community principle applied in the first pillar areas, while the intergovernmental principle applied in the second and third pillars. However, in the common foreign and security policy, the Commission and the European Parliament also had a limited role.³⁷

Following Maastricht, the Heads of State or Government have transferred powers to the European Union on two further occasions. In 1996–1997, the Schengen acquis was upgraded to Community level, which meant that some of the third pillar policies were transferred to the first pillar, such as asylum, migration, customs fraud, etc.³⁸ Another important reform was the inclusion of employment policy in the EU competence.³⁹ In 2000, the Treaty of Nice added new areas such as economic, financial and technical cooperation with third countries.⁴⁰

The changing role of supranational institutions in EU decision-making

Over the past decades, Heads of State or Government have made several changes to Community decision-making procedures, notably in relation to legislation and the election of the European Commission. The winners of these reforms have been the European Parliament, which has been given an increasing role in these processes through the amendment of the Treaties.

Since the start of integration in the European Union, the European Commission (until 1958 the High Authority) has had exclusive right of legislative initiative. Until 1986, its proposals had to be adopted only by the Council of Ministers, while the Assembly – known as the European Parliament since 1962 – had only consultative powers, which meant that its support was not necessary for the legislation to enter into force, nor did the Council have to take its proposals for amendments into account. The first partial

³⁵ European Economic Community 1987: Articles 23–25; DINAN 2012: 124–146.

³⁶ MAZZUCELLI 2012: 155.

³⁷ MAZZUCELLI 2012: 156.

³⁸ BÖRZEL 2005: 217–236; VANHOONACKER 2012: 180–195.

³⁹ Treaty of Amsterdam, Title VIa.

⁴⁰ Treaty of Nice, Title XXI.

change came in 1970 with the Treaty of Luxembourg, the first Budgetary Treaty, when the introduction of own resources gave the Community financial autonomy and the EP's budgetary powers were extended. A significant background to this was that, whereas the political leaders had laid down the above-mentioned consultation procedure in this area in the Treaty of Rome,⁴¹ the Treaty of Luxembourg required the Council to take account of the European Parliament's opinions on the amendment and the Commission to consult the relevant committees before submitting the draft.⁴² However, there was no significant increase in powers, since on the one hand the EP could only amend non-compulsory expenditure, which accounted for up to 3% of the Community budget, and on the other hand the Council could overrule the EP's proposals by qualified majority. The 1975 Brussels Treaty – the second Budgetary Treaty – gave the European Parliament additional powers over the budget. The European Commission had to report annually to the EP on the implementation of the budget, in addition to the Council,⁴³ and the Heads of State or Government provided that the institution could reject the draft for important reasons and at the same time ask for a new proposal to be presented.⁴⁴

Since 1987, with the entry into force of the Single European Act, the European Parliament's role in EU law-making has increased considerably. On the one hand, the Heads of State or Government extended the consultation procedure to new policy areas and,⁴⁵ on the other hand, they introduced two new procedures which gave the EP greater importance: the co-operation procedure and the assent procedure. Under the cooperation procedure, the Parliament could vote on the Council's position on a proposal for legislation, the EP could adopt, amend or reject it, but the latter could be unanimously overruled by the ministers.⁴⁶ In the assent procedure, the European Parliament's veto could not be overruled by the Council, but this type of legislation was only used in a few priority areas, such as the approval of accession treaties of new Member States and certain international treaties.⁴⁷

The legislative role of the EP was further strengthened by the Maastricht Treaty, when the Member States decided at the 1990–1991 Intergovernmental Conference to extend the assent procedure and to introduce the co-decision procedure, making the institution a co-legislator on an equal footing with the Council.⁴⁸ At that time, the number of policy areas to be adopted in this way was very limited, but on subsequent occasions when the treaties were amended, Member States increased the number of matters covered, so that now the co-decision procedure – now known as ordinary legislative procedure – is used in most areas.⁴⁹

⁴¹ Treaty Establishing the European Economic Community, Article 203.

⁴² Treaty Amending Certain Budgetary Provisions.

⁴³ KNUDSEN 2012: 98–123.

⁴⁴ Treaty Amending Certain Financial Provisions, Article 12.8.

⁴⁵ DINAN 2012: 124–146.

⁴⁶ European Economic Community 1987: Article 7.

⁴⁷ European Economic Community 1987: Articles 8–9.

⁴⁸ MAZZUCELLI 2012: 147–179.

⁴⁹ ZILLER 2012: 244–268.

In addition to legislation, the election of the European Commission was an area where the Heads of State or Government decided on reforms that extended the powers of the EP as a supranational institution at the expense of the nations. For the first time, in 1990–1991, it was decided that the new body would need Parliament’s approval to take office, and that it would have a right to consult on the choice of the Commission’s president.⁵⁰ The latter changed with the Amsterdam Treaty, and until 2009 the EP had to approve the President of the Commission, and today, as a result of the Lisbon Treaty, the institution has a veto on the election of the first person of the European Commission.⁵¹

As a result of the treaty amendments, in addition to the strengthening of the community level, there were also examples of nations having competences that limited supranational institutions. In the Single European Act, for example, although the European Commission was given responsibility for implementing the single market programme, the principles and rules governing its exercise were laid down unanimously by the Council.⁵² And in Maastricht, with the introduction of the pillar structure, important areas such as foreign and security policy and criminal law were left under national control.⁵³

Evolution of the Council’s decision-making rules

The different formations of the Council of the European Union, also known as the Council of Ministers or Council, are made up of the ministers responsible for the policy area and the EU Commissioner responsible for the area, but only the ministers have the right to vote. The institution has existed since the beginning of European integration and one of its main tasks is to legislate. The Council is now co-legislator with the European Parliament in most areas. It has traditionally represented the interests of the Member States in the EU decision-making process. It has two different voting methods: unanimity and qualified majority voting – since 2014, a double majority. In the case of unanimity, all Member States must vote in favour of a decision, but in the case of qualified majority voting, it is no longer a requirement that all Member States support the change. Until 2014, the required majority was determined by weighting the votes of each nation differently and prescribing the majority required for adoption on the basis of these weights. For three years, until 2017, there was a transitional period during which ministers could fall back on this system, but after 2017 they had to – and still have to – apply the double majority principle, which has officially existed since 2014. This means that each Member State’s vote counts for the same amount, and that a decision requires a minimum of 55% of the Member States’ votes, and that these countries must also represent at least 65% of the EU’s population.⁵⁴

⁵⁰ Treaty on European Union, Article 158.

⁵¹ Treaty of Lisbon, Article 9a.

⁵² DINAN 2012: 124–146.

⁵³ MAZZUCELLI 2012: 147–179.

⁵⁴ ARATÓ–KOLLER 2015.

Although in the early period of integration – from 1952 to the 1970s – politicians used majority voting only on rare occasions, with unanimity being the goal on most issues,⁵⁵ the Paris Treaty already defined areas where qualified majority support was sufficient.⁵⁶ The number of these areas has increased as a result of treaty amendments. Member States extended the scope of matters subject to the qualified majority rule firstly in the Single European Act signed in 1986,⁵⁷ and thereafter reduced the number of policies to be adopted unanimously at each IGC.⁵⁸

Hungarian interests and the future of the European Union

Based on the criteria described above and Hungary's objectives, Hungary would like to achieve a less deep European cooperation in the long term than it is at present. Hungary is committed to the creation of a common European army, but beyond that, it would strengthen the national level in the Union, both in the relationship between supranational and national institutions and in the decision-making rules. Support for the preservation of unanimity is not only a political choice, but also a result of the country's characteristics. For example, in the decision-making process on sanctions against Russia, our particular national interest, which also stems from our geographical location, has shown why the veto option is significant for us. Moreover, as one of the smaller countries in the EU in terms of GDP and population, preserving the veto right is particularly important for Hungary because the veto is one of the most important instruments for smaller Member States, including Hungary, to assert their interests.

The debate on the need for treaty amendment and the new orientations has taken on a new relevance thanks to the Conference on the Future of Europe held in 2021–2022. This is why not only the opinions of the Member States, but also the recommendations of the Conference could serve as a basis for negotiations at a possible Intergovernmental Conference. Overall, the Conference participants proposed a deepening of integration. Unanimity in the Council would be abolished in all but two areas – enlargement and changes to the EU's founding principles – and certain areas of education policy would be moved from national to shared competences, while the European Parliament's role in decision-making would be increased. On the one hand, it would be given the right of legislative initiative, on the other hand it would be given the exclusive power to adopt the EU budget – thus excluding the Council from decision-making – and the Conference would also support the introduction of a system of top-level candidates – the Spitzenkandidat process.

⁵⁵ This kind of consensus-building is still a feature of the European Union today, also in areas subject to qualified majority voting.

⁵⁶ MAGNETTE–NICOLAÏDIS 2004: 69–92.

⁵⁷ See for example European Economic Community 1987: Article 6 (7); Article 16 (3) and (5).

⁵⁸ MAZZUCELLI 2012: 147–179; VANHOONACKER 2012: 180–195; LAURSEN 2012b: 196–216; KURPAS et al. 2007.

The European Parliament could also shape the agenda with its own proposals – granting the right of legislative initiative, extending majority voting, extending Community powers – but the final decision on the future of integration will be taken by the Member States. At present, only the issue of the Council’s decision-making process is high on the political agenda among the areas whose reform would have an impact on the depth of European cooperation. Ten EU nations want unanimity voting on foreign and security policy matters to be replaced by qualified majority voting,⁵⁹ but several Member States – Hungary, Poland, Croatia, Austria – are opposed to the change.⁶⁰ Germany would also extend qualified majority voting to tax policy.⁶¹ Among the countries that have expressed their views, those in favour of deeper integration are in the majority, and although it is difficult to predict now how the balance of power would evolve in an Intergovernmental Conference, experience from past treaty amendments suggests that when changes have been made, they have resulted in a reduction in the number of areas subject to unanimity. This means that in several cases, the proponents of deeper integration have succeeded in getting nations that initially argued for unanimity to change their position during the negotiations.

In the context of previous Intergovernmental Conferences, it can also be concluded that, overall, nations either failed to implement all the desired reforms and then the status quo was maintained in those areas,⁶² or their changes were aimed at deepening integration. There has been no example of Member States returning to a previous state of cooperation. In view of the above, it would not be in Hungary’s interest at the moment to launch a new treaty amendment process, as general experience and current political ambitions suggest that Hungary would not be able to fully achieve its objectives.

Although the requirement of unanimity means that Hungary – and all other Member States – have a veto in the negotiations, this does not necessarily mean that Hungary can always prevent with that the further deepening of integration. In the European Union, nations have the right to opt out. This means that if a country does not wish to participate in an area of EU cooperation, it can exercise this right, preventing a stalemate and facilitating an agreement. Currently, Denmark, for example, uses such opt-outs in the area of economic and monetary union,⁶³ and Ireland in relation to the Schengen Agreement.⁶⁴ In addition, a recent Franco–German proposal calls for the creation of a multi-speed union, not unknown in the history of integration, and also raises the possibility of closer cooperation through a complementary reform treaty, which would no longer require the support of all Member States.⁶⁵

If the options described above were to be applied, Hungary would not be able to prevent, but only to stay out of deeper integration.

⁵⁹ MTI 2023.

⁶⁰ ENR 2023.

⁶¹ The Federal Government of Germany 2023.

⁶² A good example for this is the 1996–1997 IGC, where, when the Council’s decision-making was amended, in the absence of consensus, the qualified majority voting rule was not extended as much as some political leaders would have wished.

⁶³ TFEU Protocol 16.

⁶⁴ TFEU Protocol 19.

⁶⁵ Report of the Franco–German Working Group on EU Institutional Reform 2023.

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Ákos Bence Gát

A Critical Analysis of EU Policy on the Rule of Law: Facts, Challenges, Dilemmas

The aim of this paper is to review how and through what steps the rule of law became a central element of the EU's institutional and political jargon, around which a new EU policy was built. During the 2011 Hungarian EU Presidency, the EU had no policy on the rule of law, but due to the specific Hungarian and European political context, this period laid the foundations for the subsequent, continuously expanding EU rule of law toolbox. The experience of the application of the Conditionality Regulation and the protracted negotiations over the disbursement of funds due to Hungary from the Recovery Fund also highlight the importance of the policy on the rule of law. Through this policy, the EU's central institutional and political powers seek to exert an increasing influence on internal politics, including economic and social policies of the Member States. Hungary, as one of the main Member States in the crosshairs of EU policy on the rule of law, is directly affected by its future development. However, it would be in the interest of the European Union as a whole, not only Hungary, to rethink this controversial policy.

Introduction

The notion of the rule of law is used in the debates between the various, mainly supranational institutions of the European Union and certain Member States. The issue is often permeated by heated political context. As a result, the European public in general, as well academics and experts are now generally aware of the existence of the rule of law debate in the EU. However, fewer people are aware of how exactly the concept of the rule of law has become the subject of new EU public policy over the last decade.

I have pointed out in detail in previous academic works that the institutional and political construction of the EU around the concept of the rule of law bears the classic features of policy building. Public policy is “the programme of action of one or more public or governmental authorities”.¹ The definition is also applicable to policy on the rule of law, as since 2011 a number of reports, resolutions, official documents and academic articles have shaped the agenda for action on the rule of law that the European Union institutions continue to pursue today.²

And under this programme, a number of new instruments have been institutionalised in the European Union through which the EU institutions can subject Member States to ever wider scrutiny and, more recently, sanctions for alleged failures or potential failures in the rule of law.

¹ HASSENTEUFEL 2011: 7.

² For more on the public policy nature of EU institutional action built around the European rule of law debate, see GÁT 2021a; GÁT 2021b: 9–10, 31–33, 255–261.

Historical development of the EU policy on the rule of law

Two distinct phases in the historical development of EU policy on the rule of law can be distinguished. On the one hand, looking further back in time, it is possible to see how the concept of the rule of law emerged in the EU Treaties and how the idea that the rule of law in the Member States could become an issue for the EU to examine has gained ground in principle. On the other hand, a look at the recent past, covering the last 13 years, shows how the EU action in the name of the rule of law became a real policy matter, and how it has been institutionalised.

The emergence of the concept of fundamental rights and the rule of law in the EU Treaties

As far as the EU Treaties are concerned, the first literal references to the rule of law appeared in the Maastricht Treaty³ signed in 1992, which means only thirty-five years after the founding of the European Communities.⁴ The Maastricht Treaty mentions the rule of law three times. First, in the Preamble, it confirms the commitment of the Member States to the principle of the rule of law.⁵ Then, already in the normative part of the Treaty, there is a reference to the rule of law in relation to third countries outside the Union. One of the purposes of development cooperation with these countries under the Treaty is to contribute to the development and strengthening of the rule of law.⁶ Lastly, the reference to the rule of law is also reflected in the article of the Treaty relating to the common foreign and security policy, which states that one of the objectives of foreign and security policy is to “develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms”.⁷ This illustrates that in the early 1990s, when the Maastricht Treaty was drawn up, the issue of the rule of law was not yet being addressed in relation to EU Member States but to third countries.

The Treaty of Amsterdam,⁸ signed in 1997, is the first Treaty to explicitly deal with the topic of the rule of law in relation to the Member States. The Treaty already mentions the rule of law as a fundamental principle of the Union, common to the Member States.⁹

An even more important change introduced by the Treaty of Amsterdam is that, for the first time in the history of the Union, the Treaty introduces the idea that the EU can examine whether

³ Date of signature: 7 February 1992, entry into force: 1 November 1993.

⁴ In a similar sense, see PÓCZA 2019: 141–158.

⁵ Maastricht Treaty: preamble.

⁶ Maastricht Treaty: Article 130 U, paragraph 2.

⁷ Maastricht Treaty: Article J.I.

⁸ Date of signature: 2 October 1997, date of entry into force: 1 May 1999.

⁹ Amsterdam Treaty: Article 1(8).

Member States respect the principles enshrined in the Treaty, including the rule of law.¹⁰ The Treaty of Amsterdam also foresees that if shortcomings are found in these areas, certain rights of the Member State concerned, ultimately the right to vote, may be suspended. This passage is the ancestor of the current Article 7 of the Treaty on European Union. It is worth noting that it was first inserted in the Treaty forty years after the founding of the European Communities.

The Treaty of Amsterdam was amended in this way because of the prospects for enlargement of the European Union in Central and Eastern Europe. From a Western point of view, in these countries which recently liberated from communist dictatorship, democratic values and the rule of law were not as firmly established as in Western Europe. This perception is reflected in the Commission's 2003 communication on the application of Article 7, which identifies the forthcoming enlargement of the Union as the main reason for examining the Member States' respect for democracy and fundamental rights.¹¹ There are also references in academic literature which confirm this statement, for example the chapter on the origins of Article 7 TEU in the commentary on the Treaty by Hermann-Josef Blanke and Stelio Mangiameli,¹² and Bertrand Mathieu's *Law against Democracy?* In the latter, the author points out, that a sceptical approach towards the Central and Eastern European Member States still prevails in Western Europe.¹³ A contradictory situation has emerged. The suspicious attitude towards the 'new' Member States is rooted in their totalitarian past. However, this approach ignores the fact that dictatorial regimes were imposed on these countries from outside, while their current constitutional rules do not allow for such a 'deviation'. In fact, in Hungary, consolidating the rule of law was one of the most important objectives after the change of regime. The Constitutional Court treated this objective as the highest priority, which sometimes even led to the omnipotence of the concept of the rule of law.¹⁴

The Treaty of Nice¹⁵ signed in 2001 continued the trend set by the Treaty of Amsterdam. Among other things, the Treaty of Nice supplemented the procedure established by the Treaty of Amsterdam by introducing an early warning mechanism, which enabled the European Union to take action against a Member State not only in the event of a serious breach of fundamental principles being established, but also in the event of a "clear risk" of a breach of these principles. This new, additional procedure does not provide for sanctions, but only allows the Council to adopt "recommendations" to the Member State in question to put an end to the situation that threatens the rule of law.¹⁶

Following the last treaty change by the Lisbon Treaty signed in 2007, the current Article 7 TEU essentially retained the solutions set out in the Treaties of Amsterdam

¹⁰ Amsterdam Treaty: Article F.1.

¹¹ European Commission 2003: 4.

¹² BLANKE-MANGIAMELI 2013: 356.

¹³ MATHIEU 2017: 131.

¹⁴ For a contemporary analysis of the strengthening of the rule of law, see VARGA 2021. For more details on the excessive use of the concept of the rule of law, see VARGA Zs. 2019.

¹⁵ Date of signature: 26 February 2001, date of entry into force: 1 February 2003.

¹⁶ Treaty of Nice: Article 1.

and Nice. Currently two types of procedure exist. The first type of procedure, under Article 7(1), makes it possible to establish that there is a clear risk of a serious breach of the values listed in Article 2 TEU and to formulate non-binding recommendations. The procedure can be launched at the initiative of the European Commission, the European Parliament or one third of the Member States. A clear risk of a serious breach then requires a four-fifths majority in the Council and the consent of the European Parliament.

The second type of procedure, under Article 7(2), can already be used to establish a serious and persistent breach of the values listed in Article 2 TEU. This procedure can only be initiated by the Council or the Commission, not by Parliament. The adoption of a final decision, which may already entail sanctions against the Member State concerned, requires the unanimous vote of the Heads of State or Government of the Member States (except for the Member State concerned) and the consent of the Parliament.

Until now, there have been two Article 7 proceedings in the history of the Union, both under paragraph 1. The European Commission initiated the procedure against Poland on 20 December 2017¹⁷ and one year later the European Parliament initiated it against Hungary with its Sargentini resolution of 12 September 2018.¹⁸ In the context of the proceedings, which have now been ongoing for six and five years respectively, hearings have been organised several times in the Council on the Member States concerned. However, in neither case the Council has come to a decision.

Over the last decade or more, the Brussels establishment has been trying to handle the Member States concerned through other methods. Instead of using treaty provisions, the EU institutions have sought to create alternative instruments to put Member States under surveillance in the name of the rule of law. In the next section, I will briefly review these instruments, which have led to the institutionalisation of the policy on the rule of law.

The institutionalisation of the EU's policy on the rule of law

The Commission's rule of law framework

The first rule of law instrument was created by the Commission in 2014 and became known as the new EU framework to strengthen the rule of law (the “rule of law framework”). The Commission announced in its Communication of 11 March 2014 that it considers it necessary to create a new instrument that can also address cases “of concern” that fall outside the scope of EU law and where, therefore, it cannot launch infringement proceedings under Article 258 TFEU.¹⁹ However, in designing the new instrument, the Commission did not depart significantly from the model of infringement procedures. Under the rule of law framework, the Commission can question the different national governments in a structured dialogue similar to the one applied in case of infringement procedures.

¹⁷ European Commission 2017b.

¹⁸ European Parliament 2018.

¹⁹ European Commission 2014.

What distinguishes the rule of law framework from infringement procedures is the absence of a judicial phase in the latter, i.e. the Commission cannot refer Member States with which it still has disagreements to the Court of Justice of the European Union after the dialogue has been concluded. The absence of a judicial component also means that the procedure cannot be sanctioned. While in the case of infringement proceedings, the Court of Justice can condemn the Member State and order it to change its national legislation or practices in line with the Commission's expectations and impose a fine, there is no possibility of imposing a similar coercive sanction in the context of the rule of law framework.

Although the Commission's rule of law framework is a pioneer in the creation of a supranational "rule of law" oversight instrument over Member States, it has only been used once by the Commission. Under this mechanism, the Commission launched a procedure against Poland on 13 January 2016, mainly because of concerns about the independence of the Polish judiciary.²⁰ However, the Commission failed to persuade Poland to change the practices criticised under the rule of law framework. Therefore, it concluded the procedure by launching Article 7 proceedings against Poland almost two years later.

The Council's rule of law dialogue

A few months after the Commission Communication on the rule of law framework, the Council introduced the so-called annual rule of law dialogue. On the basis of a press release of 16 December 2014, the Council wished to address the rule of law in an annual general political dialogue, while preserving the sovereignty of the Member States and fully respecting the rules on the division of competences in the EU Treaties.²¹

However, the Council's dialogue on the rule of law has undergone a significant transformation over the years. In the beginning, for example during the 2015 Rule of Law Dialogue, Member States did not examine each other's rule of law situation but had a general exchange of views on a selected rule of law topic.²² From the second half of 2020, at the initiative of the German EU Presidency, the main rule of law developments in the Member States, identified as an additional component to the general dialogue, started to be discussed in the General Affairs Council.²³ The Council's rule of law instrument, originally intended as an alternative instrument to supranational rule of law control, ended up by embracing the trend in the supranational institutions of the Union and started looking at the rule of law in individual Member States.

²⁰ European Commission 2016.

²¹ Council of the European Union 2014b.

²² Council of the European Union 2016.

²³ WAHL 2020.

The European Parliament's proposal for a rule of law mechanism

The left-wing majority in the European Parliament, as one of the main proponents of the rule of law policy, was not satisfied with the Commission's and the Council's instruments on the rule of law. The European Parliament adopted a resolution on 25 October 2016, following a report signed by Liberal MEP Sophia in't Veld (ALDE/Renew Europe), proposing a much more comprehensive rule of law monitoring system than the Commission and Council mechanisms. Like the Commission, the Parliament wanted to create a framework for an investigative procedure outside Article 7 TEU, which is effectively its precursor. However, unlike the Commission's rule of law mechanism, the so-called EU mechanism for democracy, the rule of law and fundamental rights proposed by the Parliament²⁴ was not intended to be used "on an ad hoc basis" against a country "if necessary", but envisaged regular annual monitoring of all Member States. The resolution outlined the structure of the mechanism, in which the Parliament and the various NGOs and civil society organisations would have a much more prominent role than in the Commission's mechanism. It outlined a number of possible outcomes depending on the findings of the mechanism, including the possibility of triggering Article 7, as in the Commission's rule of law framework.

Since Parliament's proposal would have required a legislative procedure, and the Commission alone has the power of initiative in this respect in the European Union's institutional system, the proposal of the Parliament was not implemented in the absence of the Commission's support. On 17 January 2017, the Commission responded to the Parliament's request in a formal communication, stating that it had serious doubts about the necessity and feasibility of the mechanism. In fact, it has questioned the legality of some elements of the proposal and raised concerns about institutional legitimacy and accountability.²⁵

The Commission's response to the European Parliament's proposal shows that the EU institutions are also competing with each other on the margins of the rule of law debate. Their aim is to use this issue to strengthen their power. In the different procedures that they proposed to supervise the rule of law, the European Commission and the Parliament each sought to strengthen its own powers, while, at the same time, they criticised each other's proposals.²⁶ I will further illustrate this phenomenon in the next section where I will discuss the annual rule of law reporting system of the Commission.

²⁴ European Parliament 2016.

²⁵ European Commission 2017a.

²⁶ See in more detail GÁT 2021b: 96–106.

The Commission's annual Rule of Law Report

The European Parliament's proposal, which never became reality due to the above mentioned reasons, did have however an impact on the thinking of the EU institutions. Two years after the refusal by the Commission, the Commission itself came forward in 2019 with a proposal for a systematic annual rule of law audit of all Member States. The first annual rule of law report was published in September 2020, in which the Commission assessed each Member State individually in four pre-defined rule of law-related thematic areas.²⁷

While the Commission's annual reporting system is very similar to the proposal made by the Parliament in 2016, there are also significant differences between the two. While in its 2016 proposal, the Parliament wanted to give a prominent role to itself and to a so-called independent panel of experts, the Commission plays the main role in the Commission's annual rule of law reporting system. In contrast to the Parliament's proposal, the Commission staff assesses the different Member States in the annual rule of law report. The spectrum of the assessment is also much narrower, limited to the judicial system, anti-corruption, media pluralism and other institutional issues related to checks and balances. All this shows that the Commission wished to retain its room for manoeuvre in assessing Member States' compliance with the rule of law and did not want to give up this leverage to the benefit of other institutions, in particular the European Parliament. Although the Commission's annual report on the rule of law still does not fully meet Parliament's expectations,²⁸ the Commission has been producing its annual rule of law report since 2020.

"Rule of law" conditionality regulation

Other instruments of EU rule of law policy include the rule of law conditionality regulation, which allows the Council to suspend EU funds due to Member States on a proposal from the Commission. On 2 May 2018, the European Commission presented a 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" as part of the Union's Multiannual Financial Framework (MFF) package for 2021 to 2027.²⁹ It was on the basis of this proposal that, after several amendments, the Regulation "on a general regime of conditionality for the protection of the Union budget" (hereinafter the conditionality Regulation or the Regulation), published in the Official Journal of the European Union on 16 December 2020, was adopted.³⁰ The Regulation was unusually accompanied by interpretative

²⁷ European Commission 2020a.

²⁸ European Parliament 2020b.

²⁹ European Commission 2018.

³⁰ Regulation (EU, Euratom) No 2020/2092/EU of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget.

provisions in the conclusions of the European Council of 16 December 2020. The highly controversial nature of the text adopted is also reflected in the fact that Hungary and Poland have subsequently sought its annulment before the Court of Justice of the European Union (hereinafter “the Court”). Although the Court of Justice eventually dismissed the Hungarian and Polish appeals, the Regulation still raises significant dilemmas, which will be discussed later in this paper.

It is worth noting at the outset that the conditionality regulation has been a major victory for the political and institutional forces pushing for EU control of the rule of law over the Member States. Their long-held aim was to enable the EU institutions to exert pressure on Member States not only through political but also through financial means. Although the idea of financial sanctions linked to the rule of law was still a very bold idea in the early 2010s, and therefore not included in the first rule of law instruments, it was present in the political arena from the very beginning of the rule of law debate. This is illustrated, for example, by the letter addressed by the Foreign Ministers of Germany, Denmark, Finland and the Netherlands to the President of the European Commission on 6 March 2013.³¹ These foreign ministers, including Frans Timmermans, who later became EU Commissioner for the Rule of Law and then stood as the European Socialist front-runner in the EP elections, called for the EU to introduce a rule of law mechanism against Member States as soon as possible. The letter also said that “as a last resort, the suspension of EU funding should be possible”. This idea was implemented in the 2020 conditionality regulation.

The regulation allows the Council to take action at the initiative of the Commission if it is established that “breaches of the principles of the rule of law in a Member State affect or seriously risk affecting the sound financial management of the Union budget or the protection of the financial interests of the Union in a sufficiently direct way”.³² Under the Regulation, the Commission can raise concerns about a Member State and ask it to remedy issues it considers problematic. If the Commission and the Member State cannot reach agreement on the issues raised, the Commission may propose measures under the regulation, which it will submit to the Council. The Council, acting by a qualified majority, decides on the Commission’s proposals for action and may adopt, reject or amend them.

As for now, the mechanism has been launched only once in the EU’s history. On 25 April 2022, two days after the Hungarian parliamentary elections, Commission President Ursula von der Leyen announced that the conditionality regulation would be applied to Hungary.³³ Negotiations between the Commission and Hungary have started in the framework of the procedure. Although the Hungarian Government has taken a number of measures to address the concerns of the EU body, the Commission has proposed the partial suspension of certain EU funds, which was voted by the Council on

³¹ Letter from the Foreign Ministers of Germany, the Netherlands, Finland and Denmark to the President of the European Commission, 6 March 2013.

³² Regulation (EU, Euratom) No 2020/2092/EU Article 4(1).

³³ JUDI 2022.

12 December 2022.³⁴ The various procedural steps were preceded by complex political and diplomatic negotiations.³⁵ Negotiations between the parties are still ongoing but have not yet reached a settlement. With the European Parliament elections approaching, there is a growing likelihood that a full resolution of the problem will be postponed to the next institutional cycle, even if there are occasional press reports suggesting that a partial agreement is in the offing.

EU policy on the rule of law policy in the context of the 2011 Hungarian EU Presidency

The relationship between the European Union's rule of law policy and the Hungarian EU Presidency in the first half of 2011 is complex. On the one hand, the protection of the rule of law in the EU was not among the policy priorities of the Hungarian Presidency. The reason is simple, and can be traced back not to the thinking of the Hungarian Presidency, but to the political context of the period. In the early 2010s, the issue of rule of law control over Member States was quite simply not yet on the political and institutional agenda of the European Union. The issue of the rule of law, which is now a mainstream issue in the thinking of the institutions, and which permeates many debates and resolutions in the European Parliament, was not the subject of political reflection at a level that would have justified any EU Presidency addressing the issue.

This is not to say that the dilemma of what the European Union can do when it has concerns about the political orientation of a Member State has never arisen before. Indeed, in Western Europe, the case of Jörg Haider's party (FPÖ) entering the Austrian government coalition following the Austrian parliamentary elections of October 1999 has already caused a stir. However, in that specific case, the EU Member States expressed their displeasure and tried to put pressure on Austria through traditional bilateral diplomatic channels rather than through EU-level instruments. The Haider episode thus did not lead to the EU institutional politicisation of the rule of law issue.

It is also a misconception that EU Member States would have learned from this case and enshrined the ancestor of the Article 7 procedure in the Treaty. Indeed, chronologically speaking, Haider's accession to power could not have influenced the introduction of the rule of law procedure, which is the predecessor of Article 7, since it was introduced by the Treaty of Amsterdam signed on 2 October 1997, two years before the Austrian elections and the formation of the government in question. This episode could only have influenced the Treaty of Nice, which, as we have seen above, added to the rule of law procedure an element which now allowed Member States not only to establish a breach of EU values but also to declare a clear risk of such a breach.

The Treaty of Amsterdam's clause on the control of the rule of law over Member States only proves that, as I have explained in detail above, potential political concerns

³⁴ Council of the European Union 2022.

³⁵ GÁT 2022a; GÁT 2022b; GÁT 2022c; GÁT 2022d.

over the respect of fundamental rights and EU values in Central and Eastern European Member States has already been raised in the European Union earlier. A closer look at the historical context suggests that the phenomenon may be most closely linked to the mistrust of the Central and Eastern European Member States, whose prospects of EU accession were already a major issue on the European political agenda in the late 1990s and early 2000s, i.e. at the time of the Amsterdam Treaty.³⁶ In this way, the core of the rule of law control of Member States was already present before the 2011 Hungarian EU Presidency, but without the issue being the subject of much public attention and political action.

However, EU policy on the rule of law has a different, special tie with the Hungarian EU Presidency in the first half of 2011. It is a fact that the rule of law issue appeared first on the European political agenda during that period, essentially as part of the political attack on the Hungarian Government.

The issue of the rule of law has been politicised by European left-wing political forces since the early days of the Hungarian Presidency. Viktor Orbán, as the leader of the Member State holding the rotating presidency of the Council, attended the plenary session of the Parliament in Strasbourg on 18 January 2011, in line with EU practice, to present the country's programme for the EU. However, the programme itself received little attention during the session, as the European Parliament's left-liberal MEPs launched a series of strong attacks on the Hungarian Prime Minister. Referring to the new Hungarian media law adopted in December 2010, they claimed that freedom of expression and democratic principles were in danger in Hungary.³⁷ Thus, the agenda item originally dedicated to the presentation of the Hungarian Presidency's programme quickly turned into a heated debate on the "situation in Hungary".

Daniel Cohn-Bendit, then leader of the Greens, for example, criticised the Hungarian Prime Minister in a personal tone, saying that Viktor Orbán was "on the way to becoming a European Chávez, a national populist who does not understand the essence and structure of democracy".³⁸ The tone of the very heated debate was already set by numerous MEPs welcoming the Hungarian Prime Minister in the meeting room with tapes over their mouths, holding up blank pages which were intended to symbolise the front pages of the newspapers which they thought were being threatened by censorship in Hungary. The start of the Hungarian Presidency was also overshadowed by the fact that in December 2010 and January 2011, several Hungarian newspapers published blank front pages or front pages demanding media freedom in protest against the media law.³⁹ In parallel, critical articles appeared in the Western European media, for example "Heavy Burden for the

³⁶ GÁT 2021a.

³⁷ Act CLXXXV of 2010 on Media Services and Mass Communications. For a comprehensive expert analysis of the media law debates see KOLTAY–LAPSÁNSZKY 2011.

³⁸ Speech by Daniel Cohn-Bendit in the European Parliament on 18 January 2011.

³⁹ Médiafigyelő 2010; Origo 2011.

Hungarian Presidency”,⁴⁰ “Authoritarian Putrefaction”,⁴¹ “The Putinisation of Hungary”,⁴² “Hungary: Freedoms Trampled on by Authority”.⁴³ Major international NGOs such as Amnesty International⁴⁴ or Human Rights Watch,⁴⁵ as well as several Hungarian NGOs such as the Hungarian Civil Liberties Union (Társaság a Szabadságjogokért)⁴⁶ have also criticised the new legislation.

During the 2011 Hungarian EU Presidency, the political debates launched by the left wing of the European Parliament⁴⁷ provided the impetus for the politicisation of the concept of the rule of law in the EU arena. The successive resolutions adopted by the European Parliament⁴⁸ ensured that the issue remained permanently on the European political agenda and contributed greatly to its institutionalisation, as described in the previous point.

Current state of play and challenges of EU policy on the rule of law

While the EU’s policy on the rule of law has become a robust policy through institution-alisation, it raises a number of dilemmas of principle and practice that call into question its long-term sustainability.

Objectivity should be an essential element of a system of instruments that is allegedly meant to defend the rule of law against political arbitrariness. However, the primary challenge for rule of law policy is that it is highly exposed to political will.

EU institutions conduct rule of law investigations in the name of legal principles, but the procedures are political in nature. On the one hand, by the rule of law tools, EU institutions always scrutinise the political measures of national governments and parliamentary decisions, so the issues under scrutiny are largely political in nature. On the other hand, the main actors in the procedures – the European Commission, the European Parliament and the Council – are not neutral institutional fora but political bodies. It follows that political considerations, rather than objectivity, play a key role in their decisions.

The contradictions we can observe in the use of rule of law instruments also reflect the incapacity of the policy on the rule of law to function based on objectivity. It is not clear, for example, on what basis the Commission decided to apply its rule of law framework only to Poland? How is it possible that the European Parliament has launched the Article 7

⁴⁰ Deutschlandfunk Kultur 2011.

⁴¹ Welt 2010.

⁴² The Washington Post 2010.

⁴³ Le Monde 2011.

⁴⁴ Amnesty International 2011.

⁴⁵ Human Rights Watch 2011.

⁴⁶ TASZ 2011.

⁴⁷ See, for example, the results of the vote on the European Parliament resolution of 10 March 2011 on the Hungarian media law.

⁴⁸ European Parliament 2011a; European Parliament 2011b; European Parliament 2012; European Parliament 2013.

procedure against Hungary, while the Commission did not do so and did not even examine Hungary under the rule of law framework? How to explain that the Commission then started the conditionality mechanism against Hungary, while it did not apply it to Poland? If we stick only to Hungary and Poland, the two countries usually targeted by policy on the rule of law, we can observe such kinds of contradictions. Should EU institutions evaluate the situation of the rule of law in Member States based on objective criterion and using the same standard for all, they should not come to contradictory results.

These dilemmas show that the political bodies involved in rule of law policy do not decide on the basis of an objective, coherent legal logic, but on a discretionary basis.

On this point, it is noteworthy that Parliament itself has criticised the Commission's discretionary powers in applying the rule of law framework. In its above-mentioned resolution of 2016, Parliament justified its proposal for an annual rule of law inquiry to be extended to all countries precisely on the grounds that the 2014 rule of law framework gave the Commission too much discretion as to which Member States to include in the inquiry.

In practice, however, it has become clear that the annual rule of law reporting system alone cannot address either the concerns about the lack of objectivity. The fact that the Commission now scrutinises all Member States annually does not necessarily mean that it applies the same standards and rigour to all of them. An emblematic example of this is that the Commission, in its first annual report on the rule of law, expressed concern that the powers of the National Judiciary Council in Hungary were not broad enough, while it did not blame Luxembourg for the fact that no such institution existed in the country. What is more, Luxembourg has been praised and commended for the fact that its Parliament was about to consider setting up a Council of the Judiciary.⁴⁹

Practice shows, that it is highly questionable whether the Commission intends to apply equal standards in rule of law procedures at all. But even if there were the political and institutional will to do so, it is questionable how Commission officials could successfully examine different constitutional systems according to the same standards. This is a major challenge even for bodies like the Venice Commission, which are made up of professionals with extensive expertise in public law and a long professional track record.

Another major challenge for European integration is the export of national domestic policy debates to the European Parliament through the policy on the rule of law. This is because the debates in the national and European political arenas have different consequences.

At the national level, the government and the ruling parties are criticised by national MPs in opposition, whom the national electorate mandated to do so. This is the most basic and natural part of democracy. In contrast, when they debate on the governmental measures of a Member State in the European Parliament, the national government or MEPs belonging to the same political majority than the national government, are confronted by politicians from other European countries, and possibly by politicians

⁴⁹ European Commission 2020b; European Commission: 2020c.

belonging to the ruling political majority of these countries. This means that the European Parliament can indirectly bring the political leaderships of different European countries face to face on their domestic policy issues. On the one hand, this situation raises the question of the legitimacy of foreign politicians to intervene in the domestic politics of another country. On the other hand, the constant debate on each other's domestic policies creates tensions between Member States. This runs counter to the EU's basic idea that the EU institutional system should promote mutual respect and peaceful cooperation between European nations.

At present, the debate on the rule of law in Europe is generally focused on governmental measures in Central and Eastern Europe, including Poland and Hungary. However, the generalisation and extension of the policy on the rule of law to all Member States, for example through the annual rule of law reporting system, risks increasing the chance of future confrontation between Member States. "Is it really necessary to turn us into a theatre for settling national political battles?" – asked French politician Joseph Daul, then President of the EPP Group in the EP, in March 2011 during one of the first debates on Hungary in the European Parliament. It is interesting to note that what was once a rhetorical question has now become a reality, a daily practice, to the extent that some MEPs have specialised in commenting on domestic political developments in other countries.⁵⁰

In addition to these problems of principle, the EU's policy on the rule of law also raises significant legal concerns. The scepticism by which the Council received the Commission's 2014 rule of law framework illustrates this fact. One can still read online a highly critical legal opinion issued by the Legal Service of the Council on 27 May 2014. In this study, the legal experts demonstrate clearly that the Commission had neither the legal basis nor the powers to establish rule of law control over Member States.⁵¹ One of the main arguments of the Legal Service is that the Commission's rule of law framework is an instrument that circumvents the procedure under Article 7 TEU.

In the interinstitutional dispute, the Commission defended with the main argument that the rule of law framework is not a circumvention of Article 7, but an internal tool for the Commission to assess whether it is necessary to open Article 7 proceedings against a Member State or not. However, according to the Council Legal Service, "respect of the rule of law by the Member States cannot be, under the Treaties, the subject matter of an action by the institutions of the Union irrespective of the existence of a specific material competence to frame this action, with the sole exception of the procedure described at Article 7 TEU". The opinion also adds that "the non-binding nature of a recommendation does not allow the institutions to act by issuing such type of acts in matters or subjects on which the Treaties have not vested powers on them".

This opinion highlighted a fundamental legal problem with the EU's rule of law control over Member States. Nevertheless, subsequent rule of law instruments, apart from the

⁵⁰ See for example the twitter posts of German Green Party MEP Daniel Freund [@daniel_freund]. Online: https://twitter.com/daniel_freund

⁵¹ Council of the European Union 2014a.

initial form of the Council's rule of law dialogue, have failed to resolve this dilemma. In fact, the problem has only got worse as EU institutions have put in place more and more extensive rule of law tools.

This is particularly the case with the conditionality regulation, which already has significant legal, financial and economic consequences for the Member State concerned. As already mentioned, Hungary and Poland have challenged the Regulation before the Court of Justice of the European Union. In its judgment of 16 February 2022, the Court of Justice rejected the claims of the two countries.⁵² However, the decision is questionable, especially if one takes into account the political context in which the Regulation was adopted, which the Court simply ignored.

As I have explained in detail in previous studies, the Court of Justice validated the Regulation arguing that it aimed to protect the budget of the Union and not to sanction breaches of the rule of law. By doing so, the Court obviously did not take into account the real political purpose of the Regulation.⁵³ The judgment interprets the conditionality Regulation as an instrument exclusively to protect the Union's budget, while in the political arena and in the public discourse the advocates of the Regulation openly presented as a victory the fact that the EU can from now on financially sanction Member States, which are allegedly in breach of the rule of law. The court ignored the fact that the Regulation was explicitly designed with the political aim of adding a financial sanctioning tool to the EU's rule of law toolbox.

It is all the more outstanding that this potential double reading of the conditionality regulation have been also confirmed by the Advocate General's opinion preceding the Court's judgment.⁵⁴ Although the Advocate General himself ultimately argued in favour of the budgetary protection nature of the Regulation and thus the rejection of the Polish–Hungarian claims, its reasoning had a virtue: unlike the judges of the Court, he did not remain silent on the possible double interpretation of the regulation. He also stated that if the Regulation were a rule of law sanctioning instrument it would not have a proper legal basis.

The economic and social impact of the policy on the rule of law

In recent years, advocates of the policy on the rule of law also made economic arguments for their policy. However, despite some arguments which could sound logic in theory, the reality is that the policy on the rule of law is actually threatening the economies of the Member States and the EU, rather than strengthening them.

Promoters of the policy on the rule of law argue that a well-functioning, stable legal system based on a strong rule of law are necessary for the economy to function properly. Failure to achieve these conditions in a Member State leads to the erosion of the economy.

⁵² Court of Justice of the European Union 2022.

⁵³ GÁT 2023: 95–109.

⁵⁴ Court of Justice of the European Union 2021.

That is why, the EU needs to exercise control over the rule of law in the Member States also to ensure a well-functioning economic system in the EU.

However, there is a fundamental contradiction if we take the example of Hungary. The EU wants to extend its rule of law control over the country, when its economy is actually showing significant improvement. Since 2010, the Hungarian economy has improved its performance, with outstanding results not only in terms of GDP growth and public debt, but also in terms of unemployment, poverty risk and demographics.⁵⁵ Indicators of the Hungarian economy show that actually the current Hungarian legal system allows for a smoother operation of the state. If the logic of interrelation between economy and rule of law is true, Hungarian economic data suggest that the rule of law in Hungary is improving, not deteriorating. In this case, why does the EU seek for exercising more and more control over the country?

A further question is to what extent the issues raised in the context of the EU's policy on the rule of law, which are usually motivated by politics and ideology, actually affect the economic environment. For example, it is not clear to what extent the Hungarian migration policy can be linked to European economic and financial questions. Yet, this topic received particular attention in the Sargentini report by which the EP triggered the Article 7 procedure against Hungary.⁵⁶ Another question would be to what extent a country's position on gender ideology is in relation with the financial and economic interests of the Union. How could the Hungarian Child Protection Act become a horizontal enabling condition for Hungary's access to EU funds?⁵⁷

The issue of corruption raised in the rule of law reports is one that can still be meaningfully linked to the issue of the economy. In this respect, however, it is not clear to what extent rule of law instruments such as the conditionality regulation can provide a stronger guarantee against fraud against the EU budget than the existing EU financial control mechanisms operated by the OLAF (European Anti-Fraud Office). All this suggests, that the economic argument in favour of the EU policy on the rule of law is rather a pseudo argument than one standing on facts.

In contrast, the negative consequences of the policy on the rule of law for the economy are direct and tangible. The suspension or withdrawal of EU funds, used as a tool in the conditionality regulation, has a clear and quantifiable negative impact on the Member State. In the case of Hungary, the Commission proposed in its Communication of 18 September 2022 to suspend 65% of commitments for three operational programmes under the Cohesion Policy. Following negotiations in autumn 2022 in the framework of which Hungary made important concessions, and request coming from the Council, the Commission later reduced the proposed amount to be suspended. However, it still represents a considerable budget commitment of around €6.3 billion.⁵⁸ These figures speak for themselves and demonstrate that the application of the conditionality regulation

⁵⁵ See data referred to in the article of GÁT 2022e.

⁵⁶ European Parliament 2018.

⁵⁷ European Commission 2022.

⁵⁸ Council of the European Union 2022.

actually has the potential to cause a significant damage to the economy of the targeted Member State, rather than contributing in any way to its development and prosperity.

What is more, the historical context in which budgetary sanctions related to the rule of law are applied, further aggravates their harmful economic effects on EU countries. In the framework of the conditionality regulation, the EU decided to cut funds to Hungary at a time when countries across Europe are facing a severe energy crisis and record inflation. In a similarly difficult context of the Coronavirus pandemic, the European Commission did not disburse the funds due to Hungary and Poland, even though these Member States have suffered the same pandemic as the rest of the EU.

Moreover, the financial sanctions regime of the EU's rule of law policy poses asymmetric threat to different EU Member States. As the main beneficiaries of EU funds are countries of Central and Eastern Europe that joined the EU more recently, it is mainly these countries that could be affected by the withdrawal of the funds.

Finally, establishing a relation between policy on the rule of law and the disbursement of EU funds poses a major threat to the complex economic balance within the Union. Currently, the EU is based on market sharing and financial mechanisms that make it in the interests of all countries (both the economically less and more advanced countries) to realise a strong economic cooperation within the EU. In short, the less developed countries opened their markets to capital-intensive companies from the more developed, typically Western European Member States. At the same time, by embracing the EU's *acquis communautaire*, they have renounced to a number of classic tools in the hand of the state to boost national economy and strengthen national companies. In return, the European Union has created a cohesion policy, which seeks to help the less economically developed Member States catch up in the foreseeable future through EU funds. This is the basic deal to ensure fair economic balance within the EU.

However, the new disciplining function of EU funds as a result of EU policy on the rule of law, has put at risk the original function of EU funds described above. Indeed, if a Member State does not receive all or part of its EU funds for a significant period of time, it will sooner or later have no interest in maintaining the economic concessions it has made in return.⁵⁹

The EU's policy on the rule of law has also a significant potential to bring transformation into the social structures of the Member States. In previous analyses, I have demonstrated in detail how the policy on the rule of law changes the balance of power within the Union. It contributes to overriding the rules on the division of powers between the Member States and the European Union.⁶⁰ Through policy on the rule of law, the EU tries to intervene more and more in social questions which are traditionally reserved to the Member States. Whereas the EU used to be based on the motto "united in diversity", there is now a growing tendency towards social uniformity through claims in the name of the rule of law and other European fundamental values.

⁵⁹ See, for example, the statement of András Schiffer, lawyer and former president of the LMP party, of 3 August 2023 (Hír TV 2023).

⁶⁰ GÁT 2021b: 244–254.

This is the case, for example, with migration. The political forces currently in a hegemonic position in the European Union are seeking to oblige Member States to admit migrants on a regular basis under a quota system. However, a steady flow of immigration would sooner or later lead to a transformation of the structure of the society of some Member States. As the example of the Western European countries shows, mass immigration leads to a multicultural society, which is different from the current social structure of many Member States.

As I have mentioned it previously, the sceptical stance on migration often figures in the documents criticising the situation of the rule of law in a Member State. Pro-migration claims are translated into the language of the rule of law. According to the rule of law narrative, the Member States should promote a diverse, inclusive and open society that sets the rights of refugees and migrants as a top priority. Although the language is different, the goal is the same, and at the end of the day it results in the promotion and enforcement of a multicultural social structure.

The situation is similar for the highly sensitive gender issues, which are also a top priority for the EU's political and institutional power centres. Whereas in the past, international and supranational institutions traditionally let states a wide margin of manoeuvre on these issues, nowadays a progressive understanding of the concept of the family has become a fundamental requirement. Irrespective of the fact that the Member States have not conferred powers on the EU in this area in the EU Treaties, we are witnessing increasing political pressure from the EU institutions, largely through the policy on the rule of law.

The necessary reform of the EU's policy on the rule of law

Hungary is one of the main targets of the EU's policy on the rule of law, which makes its positions special at first sight. However, looking at the question more closely, Hungary's interests regarding future development of the policy on the rule of law may well coincide with those of the EU as a whole.

It would be essential not only for Hungary, but also for the EU, that the EU institutions do not approach the constitutional notion of the rule of law through a political lens. Objectivity should be the primary criterion in discussions on the rule of law. Any component of the policy on the rule of law that leaves room for politics in judging rule of law issues should be removed.

However, since the rule of law policy, both in terms of its actors, its procedural methods and its results, is inherently and deeply permeated by politics, it is questionable whether the system can still be reformed at all, or whether it might be more appropriate to abolish the current toolbox and, if necessary, to develop a completely new system following a new methodology. This does not mean that the ideal of the rule of law is not important in the European Union. On the contrary, the prestige of this fundamental principle of constitutional law could be restored if it were approached in a more balanced, fair and objective way. The ideal of the rule of law has its place in the community of

values of the European Union. Member States must be able to engage in dialogue on its content, implementation and challenges, while respecting each other's specific historical and cultural traditions, national identities and fundamental political and constitutional arrangements, in accordance with Article 4 TEU.

In addition to the above, it would be important to add a new dimension to the EU's rule of law discussion. EU institutions must respect the values enshrined in Article 2 TEU, including the ideal of the rule of law. Indeed, they are the primary addressees of these rules. For this reason, decision-makers should consider the establishment of a rule of law mechanism that assesses the functioning of the EU institutions themselves. Although the current EU policy on the rule of law focuses exclusively on the situation of the rule of law in the Member States, a rule of law mechanism that scrutinises the EU institutions would be in line with the original historical development of the EU.

In fact, this proposal would not mean a revolution, but a return to the treaties and to the traditional development trends of fundamental rights protection in the EU. For decades, the European Union (and its predecessor, the European Communities) has debated how to ensure that the protection of fundamental rights is guaranteed at the same level in the workings of EU institutions as in the constitutional systems of the Member States.

This dilemma led to emblematic court judgments. The German Constitutional Court's "Solange I" judgment of 29 May 1974 highlighted the shortcomings of the EU's fundamental rights protection.⁶¹ In response to this judgment, the Court of Justice sought for the first time to compensate for the lack of treaty protection of fundamental rights by stating that the protection of fundamental rights is part of the "general principles of Community law". The Court of Justice derived this affirmation from the constitutional traditions of the Member States. This in itself shows that the legal principles, nowadays referred to as EU values, which the supranational institutions of the Union are increasingly calling the Member States to account for, are all derived from, and not superior to the constitutional traditions of the Member States.

The German Constitutional Court was only beginning to find European protection of fundamental rights reassuring in its "Solange II" decision of 22 October 1986, i.e. almost thirty years after the Treaty of Rome, which started European integration.⁶² By this decision, it softened its earlier jurisprudence and assumed that the protection afforded by the European Court of Justice could be considered equivalent to German constitutional protection.

In the meantime, as we have seen, various principles have gradually appeared in the EU's founding treaties, which, since the Lisbon Treaty, are referred to as "values" in the Treaty on European Union. However, it is important to emphasise once again that these values were originally included in the Treaty in order to create fundamental rights guarantees against the EU institutions, not against the Member States. The development of a rule of law mechanism to monitor the rule of law functioning of the EU institutions would therefore follow naturally from the historical development of the Union.

⁶¹ BVerfG (1974): Solange I (2 BvL 52/71), judgment of the BVerfG of 29 May 1974.

⁶² BVerfG (1986): Solange II (2 BvR 197/83), judgment of the BVerfG of 22 October 1986.

Conclusion

The study reviewed the process through which the European Union's policy on the rule of law has evolved. I demonstrated that the concept of the rule of law made it into the text of the treaties relatively late, with the Maastricht Treaty. The basis for an EU control of the rule of law in the Member States appeared even later, by the Treaty of Amsterdam. Finally, it was not until the 2010s that an EU policy has begun to emerge around the notion of the rule of law.

The appearance of the rule of law on the EU political agenda is in a special relation with the 2011 Hungarian EU Presidency. The rule of law could not be among the priorities of the Presidency, as it was not a straightforward topic of EU politics that time. What makes the link however is that the left-wing of the European Parliament seized the opportunity of the Presidency to sharply criticise Hungarian domestic political developments under the new right-wing Hungarian Government. These criticisms were partly based on alleged breaches against the rule of law. They then pinned the topic on the EU's political and institutional agenda. Over the years, EU institutions successively adopted various 'rule of law' instruments, by which the EU policy on the rule of law became institutionalised.

However, the inherent contradictions in EU policy on the rule of law challenge the European Union. The policy is based on highly subjective elements, whereas any examination of the rule of law would by its very nature require a high degree of objectivity. There are also serious concerns about the legal basis for an increasingly robust policy. These dilemmas should be resolved because of the increasing legal, economic and social impact of the different rule of law mechanisms on the Member States and on the workings of the EU itself. A complete rethinking and reform of the EU policy on the rule of law would therefore not only be in Hungary's interest. It would also be important for the preservation of the unity and harmonious functioning of the European Union.

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The EU's Roma Strategy

The adoption of the EU's first Roma Strategic Framework 13 years ago marked a crucial milestone in the European Union's commitment to the inclusion of Roma. It also stood as one of the major successes during the 2011 Hungarian EU Presidency. In 2020, the EU adopted its second Roma strategic framework, however, the situation of the Roma remains a challenge to be addressed in the EU with significant horizontal and sectoral challenges. The situation of Roma is of particular importance to Hungary, where their integration and inclusion align with the country's key economic interests. Although Roma integration may not be a key priority during the 2024 Hungarian EU Presidency, it is anticipated that the Presidency will draw significant attention to Hungary, and therefore, it potentially may facilitate more effective European-level discussions on crucial Roma policy issues.

Introduction

The Roma constitute Europe's largest national/ethnic minority. According to the 2012 estimate by the Council of Europe, there were 11.2 million Roma citizens in Europe, with nearly 6.2 million residing within the European Union.¹ The Council of Europe data reveals significant proportions of the Roma in four EU member states: Bulgaria (9.94%), Romania (9.02%), Slovakia (8.63%) and Hungary (7.49%). Three other member states have a Roma population exceeding one percent of the total population: the Czech Republic (1.90%), Greece (1.63%), and Spain (1.55%). The Roma population is concentrated in the Central European region, with over half of the EU's Roma population residing in Bulgaria, Romania, Slovakia and Hungary. Consequently, this issue holds particular importance in this region.

The protection of the rights of Roma, their integration and inclusion, has been a consistent agenda item in the different EU institutions over the past decades. With the adoption of the EU Roma Strategic Framework in 2011, the EU's Roma policy reached a new level. Even though there are several concerns about the effectiveness of this strategic framework, both politically and legally it is highly relevant, which may lay the foundation for future progress in the social integration and inclusion of the Roma.

From July 2024, Hungary will hold the rotating presidency of the Council of the European Union. One of the major achievements during Hungary's first EU Presidency in 2011 was the adoption of the EU's Roma Strategic Framework. However, in relation to the upcoming Presidency in 2024 we cannot expect similar achievements in this policy field. Firstly, because the second strategic framework for the period 2020–2030 was

¹ Council of Europe 2012.

already adopted in 2020. Secondly, the 2024 Hungarian EU Presidency overlaps with the renewal of the EU institutions following the European elections in June 2024, namely the European Parliament, European Commission and the European Council. This complicates the promotion of legislative dossiers and non-legislative strategic documents for the Hungarian Presidency simply because the legislative work in the EU will be practically suspended for the time of the renewal of the respective EU institutions. Nevertheless, progress can be achieved in Roma policy during the 2024 Presidency. The Presidency's implementation itself can facilitate the organisation of numerous informal events and meetings suitable for more effectively addressing the challenges faced by the Roma.

Legal foundations and historical development of the EU Roma Strategy

The protection of national and ethnic minorities is a sensitive political issue in Europe, with many EU member states preferring to handle it within their own jurisdictions. Therefore, minority protection falls outside the framework of EU competencies outlined in Articles 3–6 of the Treaty on the Functioning of the European Union (TFEU). Nevertheless, several EU legal bases can be invoked for the protection of minorities, including the Roma. According to Article 2 of the Treaty on European Union (TEU), “the Union is founded on the values of [...] respect for human rights, including the rights of persons belonging to minorities”.

The most important basis in the primary EU law for the protection of the rights of Roma is the prohibition of discrimination. While Article 21 of the Charter of Fundamental Rights of the European Union prohibits discrimination based on ethnic or social origin, language and membership of a national minority, the provisions of the Charter are addressed to the institutions and bodies of the Union and to the Member States only when they are implementing Union law. Therefore, the Charter does not apply to situations that most adversely affect minorities, specifically deprivations of rights at the member state level. Additionally, Article 19 of the TFEU generally provides an opportunity to combat discrimination based on other protected characteristics, allowing the Council to take measures to combat discrimination based on ‘ethnic origin’.

The Race Equality Directive was adopted based on Article 19 of the TFEU,² addressing racial or ethnic discrimination in the fields of employment, education, social protection and access to healthcare. It urges member states to promote equal treatment, though the inclusion of positive state measures has been omitted. While the directive does not explicitly refer to the Roma, it can be considered a legal source for the protection of Roma rights, as EU documents adopted during the implementation of the EU Roma Strategy

² Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin.

regularly refer to this directive. According to Balázs Vizi, the Race Equality Directive is the strongest legal instrument available to ethnic minorities in EU law,³ even though it does not define the concept of 'racial or ethnic origin'.

The legal regulation concerning the Roma is quite contradictory; they are simultaneously considered 'racial', 'ethnic', 'national' and 'socially disadvantaged' groups. According to András Pap, behind this murky conceptualisation lies the uncertainty of policymakers.⁴

The EU law distinguishes between 'membership of a national minority' (Article 21 of the EU Charter for Fundamental Rights) and 'racial or ethnic origin' (Article 19 of the TFEU). While the phrase 'rights of persons belonging to minorities' in Article 2 of the TEU encompasses both, they are separated concerning the prohibition of discrimination. The European Union Agency for Fundamental Rights supports this view, stating that Article 19 of the TFEU does not apply to discrimination based on national origin,⁵ although there is a different academic stance on this matter.⁶

As a result, the EU treats the protection of Roma as ethnic or racial minorities differently from the protection of other national minorities. While the Race Equality Directive can be identified as a secondary legal basis for the protection of Roma, there is no single secondary legal act in the EU aimed at preserving the culture, language and identity of national minorities. This distinction is evident in EU policies: while the European Commission supports the social equality and integration of Roma (as reflected in the EU Roma Strategic Framework), initiatives aimed at preserving the cultural diversity of national minorities have been fundamentally rejected in recent decades by the EU institutions, and more specifically the European Commission⁷ (see, for example, the rejection of the Minority SafePack Initiative).⁸

The protection of Roma rights and the overcoming of discriminatory practices against them have been on the agenda of the European Parliament on several occasions over the past decades, manifested in reports and resolutions. In 2015, on the occasion of the Roma Day, the European Parliament adopted a resolution on combating anti-Gypsyism in Europe and EU recognition of the memorial day of the Roma genocide during World War II.⁹ In 2017, resolutions were adopted on fundamental rights aspects in Roma integration in the EU and fighting anti-Gypsyism,¹⁰ and in 2022, a resolution on the situation of Roma people living in settlements in the EU.¹¹ The 2017 Resolution paid special attention to the negative experiences of the implementation of national Roma strategies, and urged the Commission to place greater emphasis on Roma integration in the next Roma strategic

³ VIZI 2013: 40.

⁴ PAP 2015: 32–47.

⁵ European Union Agency for Fundamental Rights 2010.

⁶ TOGGENBURG 2006; DE WITTE 2000: 19; VARGA 2014: 140.

⁷ MALLOY–VIZI 2022.

⁸ TÁRNOK 2021.

⁹ European Parliament 2015.

¹⁰ European Parliament 2017.

¹¹ European Parliament 2022.

framework, while also called on member states to make more ambitious commitments to integrate the Roma. In 2023, the European Parliament adopted a resolution on the educational segregation and discrimination of Roma children, urging the European Commission and member states to address the issue.¹²

The EU's Roma Strategy: From the 2011 to the 2024 Hungarian EU Presidency¹³

The promotion of Roma integration was one of the priorities of the 2011 Hungarian EU Presidency.¹⁴ A significant milestone in the EU's Roma policy was the adoption of the EU Roma Strategic Framework,¹⁵ a major success during the 2011 Hungarian EU Presidency.¹⁶ To enhance its effective implementation, the Council adopted recommendations in 2013 regarding efficient national measures targeting Roma integration,¹⁷ building upon the provisions of the Race Equality Directive. Following the adoption of the Roma strategy in 2011, the European Commission issued its annual monitoring reports.¹⁸

From a Hungarian perspective, it is noteworthy to highlight the role played by Lívía Járóka, the first Roma woman representative in the European Parliament, in the adoption process of the strategic framework. She was the rapporteur for the European Parliament's report on the EU strategy for the integration of Roma,¹⁹ leading to the adoption of a resolution on 9 March 2011.²⁰

The first Roma strategic framework had limited success in achieving progress at the EU level. The European Commission notes that while there was progress in reducing early school dropout rates and the risk of poverty, and there was a slight decrease in experiences of discrimination, significant setbacks occurred in several areas.²¹ For instance, there was an increase in cases of educational segregation, and the proportion of young Roma not engaged in employment, education, or training also rose. The Commission's assessment indicates that access to healthcare remains restricted, and the situation of segregated housing has not improved. Furthermore, the Commission highlights that the Covid-19 pandemic revealed the extreme vulnerability of excluded and marginalised Roma communities to negative health and socio-economic impacts.²²

¹² European Parliament 2023.

¹³ TÁRNOK 2023: 95–111.

¹⁴ Government of Hungary 2010; VÍZI 2011: 123–134.

¹⁵ European Commission 2011.

¹⁶ GAZDAG 2011: 72–85.

¹⁷ Council Recommendation of 9 December 2013 on effective Roma integration measures in the Member States.

¹⁸ European Commission 2013; European Commission 2014; European Commission 2015; European Commission 2016; European Commission 2017; European Commission 2018; European Commission 2019.

¹⁹ European Parliament 2011a.

²⁰ European Parliament 2011b.

²¹ European Commission 2020.

²² European Commission 2020.

Considering these experiences, the European Commission, within the framework of the Action Plan against Racism, adopted the second Roma Strategic Framework for the period 2020–2030 in the fall of 2020.²³ Subsequently, the Council adopted a new recommendation to enhance the implementation of the strategy.²⁴ While the first Roma strategy primarily aimed at addressing the socio-economic exclusion of Roma, the second strategic framework is built on three pillars: social equality, social inclusion and social participation of Roma.

The strategy outlines a total of 7 objectives, with the first three (Equality, Social Inclusion, Participation) being horizontal, and the next four (Education, Employment, Housing, Healthcare) being sector-specific. The strategy also defines minimum targets to be achieved by 2030:

Objectives	Minimum target to be achieved by 2030
1 Fight Against Anti-Roma Sentiment and Discrimination	Reduce the proportion of Roma experiencing discrimination by at least half. Decrease by at least one-third the proportion of the general population uncomfortable with Roma neighbours.
2 Poverty and Social Exclusion Reduction	Halve the poverty gap between Roma and the general population. Halve the poverty gap between Roma children and other children.
3 Promotion of Participation Through Engagement, Cooperation and Trust-Building	Involve at least 90 NGOs and make them capable of coordinated, EU-level monitoring of Roma civil society. Ensure full participation of Roma NGOs, as full members of national monitoring committees, in programs addressing the needs of Roma communities. Double the proportion of Roma reporting incidents of discrimination. Encourage participation of Roma in local, regional, national and EU-level political life.
4 Improving Equal Access to Quality Inclusive Mainstream Education	Reduce existing differences in participation in early childhood education and care by at least half. Reduce existing differences in higher secondary education attainment by at least one-third. Efforts to eliminate segregation by reducing by at least half the number of Roma children attending segregated primary schools.
5 Enhancing Actual Equal Access to Paid and Sustainable Employment	Reduce employment gaps by at least half. Reduce gender-based employment gaps among Roma by at least half. Halve the NEET (Not in Education, Employment, or Training) ratio.
6 Improving Roma Health and Ensuring Equal Access to Quality Healthcare and Social Services	Reduce differences in life expectancy by at least half.
7 Increasing Actual Equal Access to Adequate, Desegregated Housing and Basic Services	Reduce existing differences in inadequate housing conditions by at least one-third. Halve the proportion of Roma living in cramped housing conditions. Ensure at least 95% of Roma have access to piped water.

Source: Compiled by the author based on European Commission 2020

²³ European Commission 2020.

²⁴ Council Recommendation of 12 March 2021 on Roma equality, inclusion and participation.

Based on the Roma strategic framework, member states are required to adopt their national Roma strategies, encompassing common features and minimum commitments applicable to all member states. More ambitious commitments are expected from member states with significant Roma communities, namely Bulgaria, Romania, Slovakia and Hungary. On 3 September 2021, the Hungarian Government approved the Government Action Plan for the Implementation of the National Social Inclusion Strategy 2030 for the years 2021–2024.²⁵

Opportunities and challenges in EU Roma Policy

Under the EU law and policy, and more specifically the EU's Roma Strategic Framework and the Racial Equality Directive, the protection of Roma people is seen as a matter of social policy, integration and inclusion. Therefore, the issue is not approached from the perspective of cultural diversity. The preservation of Roma identity, language and culture is thus not part of the EU objectives, which can be considered a significant shortcoming. According to Article 3(3) of the TEU, the Union “shall respect its rich cultural and linguistic diversity and shall ensure that Europe's cultural heritage is safeguarded and enhanced”. This includes Roma culture, language and identity (as well as the language and culture of any other national minority), but this aspect is missing in the documents adopted so far.

The inclusion of Roma in the different Roma programs, including cultural programs, research, as well as in shaping the Roma policy, formulating and implementing strategies, are particularly important. This approach is clearly reflected in the slogan of the European Roma movement: “Nothing About Us, Without Us.” However, this is not happening in many cases, neither at the national nor European Union level. At the EU level, it would be important to involve Roma civil organisations and experts more effectively in European decision-making processes, especially through consultations involving Roma experts, advocacy and cultural organisations, particularly by the European Commission. In the Hungarian context, inclusion would be especially important.²⁶

The active participation of civil society, especially Roma advocacy organisations, Roma experts, and other organisations dealing with the situation and rights of Roma, remains an underutilised opportunity in various processes. A specific opportunity is for Roma civil organisations to participate in the monitoring mechanism of national Roma strategies submitted by member states. From 2023, member states must submit reports on the implementation of their national Roma strategies every two years. Civil organisations play a role in the implementation mechanism, as representatives of civil society can express their opinions on the implementation of national strategies in reports (shadow reports).

²⁵ Government of Hungary 2021.

²⁶ RIXER 2023: 161–205.

Significant levels of discrimination against Roma continue to exist in Hungary and other EU member states. This extends to the use of terms such as ‘Gypsy crime’ and discrimination against Roma in the labour market and housing. Special attention should be given to effective action against hate crimes targeting Roma.

An ongoing challenge at the European level, affecting Hungary significantly, is the provision of assistance to Roma fleeing the Russian–Ukrainian war in host countries. According to estimates by civil organisations, since the Russian occupation of Ukraine, approximately 100,000 Ukrainian Roma refugees have arrived in neighbouring European countries, especially in Hungary, primarily consisting of Hungarian-speaking Roma from Transcarpathia (Zakarpattia region of Ukraine).²⁷ Some of these Roma refugees speak Ukrainian, while others speak minority languages, including Hungarian or their own dialect, posing challenges for host countries in terms of housing and employment. In addition, these individuals are in a particularly disadvantaged situation, as ethnic discrimination significantly complicates their lives in addition to their refugee status.

Social and economic situation of Roma in Hungary

The Council of Europe’s estimate from over a decade ago indicates that there were 6.2 million Roma living in the European Union, in four EU member states with a significant proportion of Roma population (Bulgaria with 9.94%, Romania with 9.02%, Slovakia with 8.63% and Hungary with 7.49%).²⁸ This highlights the importance of the Roma issue for Central Europe, including Hungary. It is advisable to rely on this estimate rather than official census data when considering the actual number of Roma. In Hungary, the 2011 census data indicated that 315,583 people identified as Roma,²⁹ while in 2022 only 209,909 individuals did so.³⁰ In contrast, the Council of Europe’s estimate suggests that approximately 750,000 Roma lived in the country ten years ago. The European Commission also refers to the Council of Europe’s 2012 estimate in its second EU Roma Strategic Framework. According to a 2017 study, the number of Roma in Hungary is estimated to be 876,000.³¹

In the past decade, the situation of Roma in Hungary has improved in some areas, while stagnation or deterioration is observed in others. Overall, the integration of Roma continues to face significant challenges. While there was an increase in the percentage of people living in poverty or social exclusion from 2009 to 2013 (29.6% in 2009, 34.8% in 2013), there has been some improvement in the processes since 2013.³² The situation caused by the Covid-19 pandemic, both at the EU and Hungary levels, highlighted vulnerabilities in the progress of Roma integration, especially in education and employment.

²⁷ Romaversitas Alapítvány 2023.

²⁸ Council of Europe 2012.

²⁹ Hungarian Central Statistical Office 2014.

³⁰ Hungarian Central Statistical Office 2023.

³¹ PÉNZES et al. 2018: 21.

³² LAKNER 2023: 3–16.

Significant challenges persist in Hungary regarding early school dropout rates. While the European Commission notes progress in early school-leaving at the EU level,³³ it remains a major issue in Hungary.³⁴ Dropout rates are highest in vocational secondary schools.³⁵ According to a civil monitoring report on the government's integration strategy commissioned by the European Commission, half of Roma students drop out of the education system, only 24% complete secondary school, and a mere 5% go on to university. In comparison, for non-Roma, the corresponding numbers are 35%, and nearly 75% completing secondary school.³⁶

In the field of education, the number of Roma higher education specialised colleges of advanced studies is a positive development, where Roma students receive special assistance for their academic progress. However, this does not address the dropout rates in vocational secondary schools, even though, according to Anikó Bernát, "escaping poverty in the long term can only be achieved by increasing educational attainment and acquiring valuable skills in the labour market".³⁷

Despite positive developments in Roma higher education scholarship programs, the issue of segregated education remains significant in the country. In some areas, majority society children are transferred to central schools in larger settlements, leaving only Roma children in smaller settlements, resulting in actual segregated schools ('white flight').³⁸

One of the notable advancements is the identification of increased employment rates for Roma, rising from 34% in 2014 to over 45% by 2020.³⁹ However, questions remain about the competitiveness and sustainability of these jobs contributing to this employment increase. Programs aimed at improving Roma employment, skills development and entrepreneurship, supported by EU and domestic funding in the 2010s, stalled due to the Covid-19 pandemic.⁴⁰

The situation of Roma women, as a particularly disadvantaged group, deserves special attention. This issue has largely remained invisible even to a significant circle of experts,⁴¹ although it has a substantial impact on the country's social and economic development. Significant challenges persist in the employment of Roma women.

While there has been measurable improvement in housing conditions over the past decade, nearly four times as many Roma still live in overcrowded housing compared to non-Roma.⁴² Hungary has one of the highest levels of residential segregation of Roma

³³ European Commission 2020.

³⁴ BERNÁT 2019: 207–209.

³⁵ LAKNER 2023: 8.

³⁶ KIRÁLY et al. 2021: 5.

³⁷ BERNÁT 2014: 263.

³⁸ GAÁL 2018: 68–91; HOLLE 2023.

³⁹ LAKNER 2023: 10.

⁴⁰ KARDOS 2023.

⁴¹ BALOGH 2013: 17–28.

⁴² KOLLÁR 2021: 13.

within the European Union.⁴³ The health status of Roma and their access to healthcare services continue to be serious concerns.⁴⁴

One strategic element of integration is showcasing good examples. This can be achieved by providing scientific and artistic excellence scholarships for talented young Roma through the EU, motivating them with successful role models. In the coming years, progress is necessary in addressing early school dropout rates, especially in vocational secondary schools that can provide valuable skills to Roma youth, thereby aiding their social advancement. Additionally, improvements in Roma employment, particularly focusing on Roma women, are essential. Encouraging Roma entrepreneurship should also be a priority, as Roma-led businesses are likely to involve more Roma in work processes.

It is crucial for Hungary to strengthen local Roma communities so that they can more effectively address regional issues based on the principle of subsidiarity. If local Roma communities strengthen, funds allocated for Roma integration could be used more efficiently. Strong Roma communities can provide support to local Roma in employment, housing and healthcare access, which may be less efficiently achieved through central measures.

Furthermore, the situation of Hungarian-speaking Roma living beyond Hungary's borders should not be overlooked. Their numbers are continuously increasing.⁴⁵ The status and challenges of Hungarian Roma living abroad are important issues for Hungarian kin-state policy, impacting matters such as Hungarian-language education beyond the borders.

Possibilities for the Roma Strategy during Hungary's 2024 EU Presidency

With Hungary set to assume the EU Presidency in July 2024, a pivotal period emerges for addressing Roma-related issues. The upcoming renewal of several EU institutions during the Hungarian Presidency underscore the challenges in advancing legislative dossiers and non-legislative strategic documents pertaining to Roma policies. Despite these constraints, it remains crucial for Hungary to engage with the Roma question, focusing on the application of softer approaches due to the limiting developments.

The Hungarian EU Presidency should actively explore opportunities for an informal ministerial-level meeting addressing the current challenges of the Roma. This meeting would center around the effectiveness of Roma policies and the EU, delving into the most pressing horizontal and sector-specific challenges affecting the Roma. Such a forum would provide a platform to discuss shared European responses to these challenges.

In tandem with this, organising a Roma cultural gathering in Hungary during the EU Presidency becomes paramount. This event aims to showcase the diverse culture,

⁴³ SAMU NAGY 2023.

⁴⁴ KOVÁCS 2013: 37–45.

⁴⁵ MANZINGER 2023: 67–94.

language and traditions of Roma in the EU, shedding light on the insufficient support the EU currently provides for preserving this cultural diversity – a commitment outlined in the EU treaties. Additionally, integrating elements of Roma cultural heritage into events highlighting non-Roma cultures can contribute positively to Hungary's image during its EU Presidency.

The Hungarian EU Presidency serves as an opportunity to stimulate expert-level discourse on EU Roma policies, potential approaches to addressing horizontal and sector-specific challenges, and the more effective implementation of the EU's Roma Strategy. Expert meetings could delve into the specifics of the EU Roma Strategy, catering to the unique needs and proposed solutions of regions and member states with a higher Roma population. Facilitating such expert-level collaboration could facilitate the sharing of best practices and enhance the European representation of Roma issues in the region.

It would be also crucial to organise activities engaging Roma youth at the European level. Involving European Roma youth organisations could provide a platform for Hungarian Roma youth to build connections and participate in European Roma networks.

Furthermore, active participation from the Hungarian academic community during the EU Presidency is essential. Hosting scholarly conferences that highlight the challenges of European and national Roma policies can contribute to a deeper understanding of these complex issues. Addressing the situation of Roma refugees from Ukraine through the involvement of relevant member states, academic forums, and Hungarian and European Roma civil society organisations is another important dimension to consider during the Presidency.

The Hungarian EU Presidency offers a unique window to not only address these challenges but also to actively shape the discourse, collaboration and understanding surrounding EU Roma policies and their implementation.

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László Sinka is Head of the EU General Affairs, Economic Policy and Migration Department at the Ministry of European Affairs. After graduating from the Budapest University of Economic Sciences and Public Administration, he started his career in the Parliament, where he was a clerk in the European Union department of the Foreign Office, then head of unit. After Hungary joined the EU, between 2004–2009, he led the Brussels office of the Parliament. In 2011, as the Head of the Department of Internal Affairs, Justice and Enlargement in the Ministry of Foreign Affairs, he actively participated in the work of the Hungarian EU Presidency, one of the outstanding results of which was the conclusion of the Croatian accession negotiations. From 2013, he was the Head of the European Director's Secretariat, and in 2014 he became the Head of the Foreign Affairs Secretariat of the Minister of Justice. Between 2015–2019 he was the Deputy Head of the Embassy of Hungary in Ottawa. From 2019 to 2022 he headed the EU Department of the Ministry of Foreign Affairs and Trade.

Balázs Tárnok, PhD is Managing Director of the Europe Strategy Research Institute of the Ludovika University of Public Service. He is also Deputy Director of the Training Program on National Minorities at the Károli Interdisciplinary Academy at the Károli Gáspár University of the Reformed Church of Hungary, and Adviser on Minority Rights at the Institute for the Protection of Minority Rights, Budapest. He received his law degree (JD), LL.M. and PhD at the Pázmány Péter Catholic University, Faculty of Law and Political Sciences, Budapest. In 2021, he was the Hungary Foundation's Visiting Research Fellow at the University of Notre Dame, USA. Since 2018, he is the Vice-Chairman of the Rákóczi Association (Rákóczi Szövetség), one of the biggest Hungarian cultural civil society organisations. In 2022, he received the Lőrincz Csaba Award presented by the *Kisebbségékért – Pro Minoritate Foundation* to acknowledge his activities in the field of foreign and national minority policy. His research focuses on the law and policies of the EU, human rights and minority rights, the EU's participatory democracy and regional cooperation in Central Europe and the V4 Group.

Bettina Tóth graduated from the Ludovika University of Public Service in 2020 with a degree of BSc in International Security and Defence Policy, later, in 2022, she earned an MA degree in International Public Service. At the Europe Strategy Research Institute, she initially worked as an intern and is currently a researcher on the green policy of the European Union. In addition, she is a junior climate policy expert at the Institute for Energy Strategy, National Adaptation Unit.

Csaba Zalai is Deputy State Secretary, an economist and a diplomat. He is married and a father of four. Between 2022–2023 he served as Deputy State Secretary for EU policy (European Director) first in the Ministry of Justice and later in the Ministry of European Union Affairs responsible for chairing the Intergovernmental Committee for EU Coordination in line with the Ministry's overall governmental responsibility for the coordination of EU affairs. In addition, he was responsible for the preparation of the Hungarian EU Presidency in the second half of 2024, in particular for the overall governmental coordination of its preparation and implementation, including the substantive tasks related to the Presidency and the selection of the Presidency Staff. Between 2018–2022 he was the deputy of the Chief EU adviser (sherpa) of the Prime Minister in the Prime Minister's Cabinet Office. Between 2015–2018 he served as Ambassador and EU Senior Expert seconded to the Government of the Republic of Macedonia in Skopje. Between 2013–2015 he was Deputy Chief of Staff of the Minister of Foreign Affairs. Between 2007–2012 he served as *Antici* diplomat at the Permanent Representation of Hungary to the EU in Brussels, also during the first Hungarian EU Presidency in the first half of 2011. Between 2005–2007 he was Head of Department first in the Office for EU Affairs and later in the Ministry of Foreign Affairs. Between 1999 and 2004 he held various offices (desk officer, later Head of Unit and then Deputy Head of Department) in the Ministry of Foreign Affairs. He graduated in 1998 from the Corvinus University in Budapest. In 2011 he was awarded with the Golden Cross of Merit of Hungary.

On 1 July 2024, Hungary assumes the rotating presidency of the Council of the European Union for the second time. Hungary faces this challenge with more experience, but under much more complex circumstances: the Russian–Ukrainian war, the threat in the Middle East, inflation, the worsening migration situation. Experience alone shall not suffice for a successful presidency. We will need creativity, innovation and increased confidence in our country to successfully overcome obstacles in the second half of 2024.

The aim of this volume is to provide a comprehensive overview of the experiences of the 2011 Hungarian EU Presidency, the preparations for the 2024 Presidency, as well as its expected challenges and opportunities. The volume also seeks to present the most important policy areas and issues from a Hungarian perspective. Written in a scholarly yet accessible language, the book clarifies the role of the rotating presidency in the functioning of the European Union and provides insight into the processes taking place in various policy areas.

