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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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