

## Evaluation of the First Hungarian EU Council Presidency (ARI)

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**Theme:** The Hungarian EU Presidency in the first half of 2011 came in a context of deep crisis in the euro area, uncertainty and enlargement fatigue. How did it perform?

**Summary:** As the last member of the Spanish-Belgian-Hungarian trio, Hungary took over the Presidency of the EU Council on 1 January 2011 in the context of a deepening crisis of the euro area, uncertainty about the future of some key policies and enlargement fatigue. The motto of the Hungarian Presidency was 'A Strong Europe', reflecting the Hungarian government's conviction that after the crisis only further deepening can make the EU successful. This deepening process should, however, be coupled with further widening: the EU must maintain the credibility of the enlargement process and leave its doors open to new members.

**Analysis:** Thanks to the parliamentary elections of April 2010 and their outcome –namely a 68% majority gained by a governing alliance of a centre-right (FIDESZ) and a Christian-democratic (KDNP) party– the Hungarian Presidency was not exposed to internal political instability, potential pre-scheduled elections or normal elections. Having inherited a recessive economy and huge indebtedness coupled with structural problems, the new government's strategic measures now include the consolidation of public finances, the introduction of structural reforms and the growth of employment.

As to the public administration, the Presidency was run by a staff of some 800 officials under the leadership of the Ministry of Foreign Affairs. It should be mentioned at this point that with the change in government in May 2010, there were new appointments both within Hungary and in the Permanent Representation in Brussels. This, however, gave more than a half year to the newcomers to prepare for the task ahead.

The Presidency started with an ambitious programme including, among other items, the launch of the first so-called European Semester, the adoption of legislative proposals (the so-called 'six-pack') designed to reinforce the EU's economic governance, paving the way for the Schengen membership of Rumania and Bulgaria, the conclusion of accession negotiations with Croatia, the adoption of a new European strategy for the integration of the Roma minorities and the launch of the Danube Region Strategy.

Beyond promoting its priorities and managing all the current dossiers, the Hungarian Presidency –similarly to all its predecessors– had to cope with unexpected events and challenges. Already at the very beginning, the Presidency had to face a very unfortunate

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and unprecedented phenomenon, namely that internal political discord had also made itself felt at the European level. This was demonstrated by the harsh debates in the European Parliament about the new Hungarian media law and about the new constitution.

Furthermore, the Presidency had to react to three unexpected and unforeseeable external events. First, the revolutionary changes in North Africa (the 'African Spring') entailed EU action in different aspects, such as deciding on political statements, an arms embargo, humanitarian assistance and EUFOR intervention and tackling the refugee problem. Although most of the competences belong to the High Representative of Foreign Affairs and Security Policy, the Hungarian Foreign Minister has been closely assisting Catherine Ashton in this task, while the refugee and immigration issues required action from the Hungarian Presidency. The Hungarian embassy in Libya carried out an extremely important task of coordination evacuating EU and even non-EU citizens, and the Hungarian embassy is among the few still operating in Tripoli. The Hungarian Presidency also activated the European civil protection mechanism at an early stage to effectively coordinate civilian protection in this emergency. Later on, the Presidency worked on reinforcing the competences of FRONTEX to assist the Union in its border-protection efforts. According to the general Hungarian approach to immigration pressures, the EU must let political refugees in, while immigration for economic reasons should not be liberalised. The best solution would be to help the countries of origin in their domestic development so that their young workforce can have real opportunities and prospects at home. At the same time, Europe's demographic problems should be eased, in the first place by introducing generous family policies, coupled with more flexible employment schemes for women to promote improved fertility rates across the member states.

The second unexpected event was the natural disaster and humanitarian catastrophe in Japan, where the earthquake and the tsunami claimed thousands of lives, devastated huge areas and damaged the Fukushima nuclear power plant. Thus, the humanitarian catastrophe has been coupled with an environmental catastrophe involving different actions by the EU. First, aid provided to Japan by the EU had to be coordinated, and the Presidency assisted the Commission in this task. Secondly, the tragedy also pushed member states to revise their approach to nuclear energy. One of the most important steps of the Hungarian Presidency in this regard was the convening of the extraordinary Energy Council meeting in March to discuss the consequences of the Japanese situation (and also of the North African crisis) on the energy policy of the Union. On the Presidency's proposal the Council pledged to undertake stress tests of all the nuclear power plants in the EU's territory.

The third unexpected affair was the necessity of postponing the Eastern Partnership summit, initially scheduled for the end of May. This happened primarily due to conflicting dates (eg, OECD, G8 meetings), but also to the weaker focus on the East because of the events in the southern Mediterranean. Thus, the summit had to be postponed until the Polish Presidency. This, however, was not a real disappointment. To the contrary, due to the factors mentioned above, Hungary could thus avoid the risk of having a less successful conference with a lower level of attendance by EU member states and therefore a poorer outcome. Thus there was more time available to prepare the summit, which was originally to be co-chaired by Poland (the programme's founding father) and Hungary. And, on the subject of 'moving' summits, it should also be noted that in June Hungary hosted the Asia-Europe meeting (dedicated to non-traditional security challenges), which had initially been planned for Brussels.

Gauging the Presidency's priorities against its actual achievements, it can be seen that the first Hungarian Presidency was successful, as the bulk of its priorities were completed, in many cases thanks to extraordinary diplomatic efforts and some marathon negotiations. Among the successes, first of all, the Presidency managed to eliminate nearly all the obstacles to the adoption (by the European Parliament and Council) of the 'six-pack'. Here the Presidency first succeeded in hammering out a compromise between the 27 member states before the March European Council. Secondly, it managed to settle almost all issues raised by the EP, despite the Parliament's 2,000-plus amendments.

Hungary was also successful in introducing a new issue to the EU agenda, namely the Roma strategy. In this issue, Hungary had to respect and integrate different member-state positions vis-à-vis minority policies in general. Upon an initial report by a Hungarian Roma MEP and the Commission's official proposal in April, several Council formations discussed and approved the would-be strategy which was then forwarded to the European Council. According to the June European Council conclusions there is now an EU Framework for National Roma Integration Strategies that aim to improve the situation of the Roma population in terms of education, employment, healthcare and housing by 2020. Member states are to prepare their own action plans in this regard and the Commission will carry out annual monitoring and report to the European Parliament and the Council about the implementation of those national programmes. Member-state actions are to be aligned with the Europe 2020 Strategy and financial assistance can come from the structural funds where appropriate. There is also a new forum for regularly discussing relevant issues, namely the European Roma Platform, embracing national experts, NGOs and European Commission officials. The new Roma framework strategy – based on subsidiarity and national solutions– can be crucial to help Europe's greatest ethnic minority in its social integration and development process.

On the eve of launching the negotiations on the budgetary framework for 2014-20, the Presidency worked hard to establish the common principles of both the cohesion policy and the common agricultural policy. As regards the former, Hungary managed to have all member states agree on the future principles of cohesion policy; moreover, these principles would be reinforced with a territorial development dimension. However, the Hungarian Presidency failed to reach a consensus regarding the principles of the future common agricultural policy, and thus the Presidency's conclusions were only adopted by a qualified majority, which is not binding. Nevertheless, the document can serve as a starting point in the upcoming (obviously very sensitive) debate on this policy's future.

The Presidency also contributed to some ground-breaking commitments from the European Council in the field of energy policy. The February European Council conclusions included the goal to have a real internal market for energy supply (gas and electricity) by 2014, to provide for interconnections of networks and to build new ones across the Union as well as to reach a greater coherence of individual external energy policies of member states allowing the EU to run a more consistent external action in the field of energy.

The Hungarian Presidency, furthermore, was able to achieve major progress in an important competitiveness issue, namely patents. Having a European patent system has dragged on for altogether three decades without any concrete results. Shortly before the Hungarian Presidency a dozen member states signalled their willingness to cooperate. In the end, Hungary managed to bring 25 member states on board to accept the new European patent system from 2014 onwards in the framework of enhanced cooperation,

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and the door is open for Italy and Spain as well (which are for the time being are reluctant to join because of the language regime).

The filling of the EU's Danube Region Strategy –a macro region strategy involving the cooperation of 14 countries along the river– with real content is also among the priorities that have been realised. Under the Hungarian Presidency national coordinators have been appointed and agreement was reached on several concrete projects to be launched soon, in the framework of 11 action areas. Although according to the official position of the EU the Danube strategy is characterised by three 'nays' –no extra money, no new institutions, no EU law– the Hungarian Presidency introduced three 'yeas' relating to jointly targeting available money on the projects to be launched, to harmonising ideas and proposals across the partners and also to introducing a new and integrated approach to spatial planning along Europe's second-longest and 'most international' river.

Promoting the Schengen membership of Rumania and Bulgaria has also been close to the heart of the Presidency. This issue has been highly challenging, however, as some of the old member states were unsatisfied with Sofia's level of preparedness. The Hungarian diplomats strove to bring the two positions closer. They urged Bulgaria to meet all the criteria while, at the same time, they tried to 'reassure' doubtful member states. For the sake of avoiding discrimination, the Presidency also underlined that no new preconditions should be introduced prior to Rumanian and Bulgarian accession. Thanks to those efforts, a political declaration from the EP and the EU-27 eventually emerged in June, to the effect that the two Balkan members are technically ready for Schengen membership and the exact timing of their accession is to be set in September.

At the end of this incomplete list of achievements, the successful conclusion of accession negotiations with Croatia must be highlighted. This was achieved despite an initially rather sceptical mood across the EU and the talks were concluded thanks to marathon negotiations and the perseverance and strong commitment of the Presidency. This also sends a very positive message to the whole of the Western Balkan region. The Hungarian Prime Minister actually visited all of these countries in June and, at the end of the Presidency's term, Viktor Orbán also published a memorandum on the region's integration process ('completing the reunification of Europe') which was sent to the countries concerned, to the EU member states and to the EU institutions.

But despite its pro-enlargement stance, the Presidency was not able to promote the accession process of Turkey, or indeed of the other Western Balkan countries, while with Iceland the negotiations went on as planned. The Hungarian Presidency emphasised that the candidate countries 'are members of the European family' therefore all delegations concerned were invited to informal Council meetings. Without participating in the deliberations proper, the representatives of the countries concerned had a chance to meet EU Ministers, to be informed about issues under discussion and to express their positions. This gesture was welcomed by all five countries (namely Croatia, Iceland, Macedonia, Montenegro and Turkey).

During its semester, Hungary had to preside over some 2,000 meetings at working group, COREPER and Council levels, and had to manage some 320-340 dossiers of which some 100 could be closed. Most of the Hungary-based events were held in the Grassalkovich castle at Gödöllő, not far from Budapest (renovated with special regard to hosting the official programmes). The total cost of the Presidency amounted to around €80 million,

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which is below the EU average. In terms of infrastructure and logistics all events during the six months occurred smoothly with neither problems nor delays.

A weaker point was, however, the communication to the wider public of the Presidency's everyday work and most important achievements. While, according to opinion polls, in December 2010 only 45% of Hungarians were aware of the upcoming EU Council Presidency, in June 2011 80% knew about it. Nevertheless, 67% were not able to name even one single event or achievement of the Presidency. The best known fact was that meetings were held in Gödöllő. From among the topics treated by the Presidency, 24% of the respondents could identify the accession negotiations with Croatia and 23% remembered the Roma strategy. Forty-nine per cent of those questioned found the Presidency successful and 27 were of the opposite view. As the polls testify, the priorities chosen by the Presidency, including the Danube and the Roma strategy or energy issues, coincide with Hungarian citizens' concerns and expectations. This explains why these topics could be backed by the oppositional parties as well.

Hungarian politicians and officials highlight the fact that during the Presidency the entire Hungarian administration was able to enter into much closer contact with the other member states as well as with the other EU institutions. This learning process represents a tremendous added value in terms of the knowledge gained about all the decision-making details and becoming more aware of the full range of possibilities for shaping decisions and promoting ideas.

**Conclusion:** In the final analysis, Hungary's management of the Presidency has been highly flexible and pragmatic. It was flexible as it was able to react quickly to unexpected events, by acting on the spot (Libya) or by convening Council meetings to tackle unforeseen issues and to come up with potential solutions (eg, immigration issues, energy challenges). And it was pragmatic as it managed to reconcile very divergent views as an honest broker (eg, Schengen enlargement, 'six-pack' and patents).

With all its achievements, the first Hungarian Presidency has obviously contributed to making the EU stronger and has left its footprint on European integration in terms of responding to the interests and concerns of the Roma minority, binding different nations together along the Danube in the framework of a new macro regional strategy and paving the way for the EU to soon have 28 members.

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