

Interim Balance Sheet of the Hungarian Council Presidency (ARI)

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Theme: More than four months have passed since Hungary took over the Presidency of the EU, prompting the need for a review of its performance so far.

Summary: More than four months have passed since Hungary took over the Presidency of the EU from its predecessor, Belgium. As the last member of the Spanish-Belgian-Hungarian Trio, Hungary will be in charge of all the EU Council's institutions and their preparatory forums until 30 June 2011. Having passed the mid-point of its six-month term it is time to draw up an interim balance sheet of how the first Hungarian Presidency has performed. The evaluation starts with the initial priorities of Hungary, continues with the preparations and unforeseen challenges it has encountered in its first four months and, finally, looks at the concrete results achieved so far.

Analysis: Having passed the mid-point of its six-month term it is time to draw up an interim balance sheet of the first Hungarian Presidency's performance, starting with Hungary's initial priorities.

Hungary's Priorities

It all started with the joint priorities for the following 18 months set by the Spanish-Belgian-Hungarian Trio at the beginning of January 2010. The rather vaguely-formulated document dealt with such priority issues as the adoption and launching of the EU 2020 Strategy for growth and jobs, the creation of the new architecture for European financial supervision, cooperation in the field of energy and climate change and the strengthening of the EU's external action.

Later on, Hungary specified its potential priorities and published them in June, issuing a revised document in December 2010. Published in early January 2011, the final programme, titled *Strong Europe with a Human Touch*,¹ outlined the Presidency's priority areas under four headings. Under 'Growth, Jobs and Social Inclusion', the aim of the Hungarian Presidency is to facilitate the reestablishment of the Union's competitiveness after the crisis. Within this framework, Hungary's intention is to concentrate its efforts on the process that should lead to the member states having sound public finances (launching the European semester and agreeing on the permanent European Stability Mechanism, as well as on strengthening macroeconomic surveillance), coupled with increasing employment (EU 2020 Strategy). The programme also highlights the importance of tackling issues of demography and family policy at the EU level in

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¹ http://www.europolitics.info/pdf/gratuit_en/285969-en.pdf.

interrelation with employment and growth potential. Still within the EU 2020 Strategy, the fight against poverty must be completed, in the Presidency's view, by combating child poverty. One concrete step in this direction is the comprehensive proposal for an EU framework of Roma integration strategies. Under the chapter 'Stronger Europe', Hungary wants to focus on some key policy areas designed to make the Union stronger –with special regard to the common agricultural policy, cohesion policy, energy policy and the new European Danube Region Strategy–. The third priority area is called 'A Union Close to its Citizens'. To this belong such issues as the entry into force of the European Citizens' Initiative, the implementation of the Stockholm Programme, stepping up cooperation in migration policy and the entry to Schengen of Rumania and Bulgaria, as well as the importance of Europe's cultural diversity and the preservation of our cultural values. Last but not least, the fourth priority area is called 'Enlarging Responsibly and Engaging Globally', with a highly pro-enlargement stance (concluding negotiations with Croatia as the most concrete objective) coupled with a commitment to promoting the Eastern Partnership.

Preparations for the Presidency

The costs of the Hungarian Presidency (including its preparation since 2007) have been calculated at around Ft24 billion, equivalent to around €65 million. This is below the EU average of the past of between €80-150 million, and reflects the government's economising efforts due to its serious financial constraints. The amount mainly covers the accommodation and local transfer of all delegations, catering, the technical background of the meetings, including interpretation and media services, as well as operating the Presidency's webpage in four languages (<http://www.eu2011.hu>).

More than 250 events have been scheduled in Hungary, of which some 40 are at the ministerial level. The events involve 35,000-40,000 foreign guests arriving in Hungary. Most of the meetings are to be held in Grassalkovich castle at Gödöllő, not far from Budapest (the castle was renovated with special regard to hosting the Presidency's programme). The total number of meetings at different levels of the various Council formations to be chaired by Hungary in both Brussels and Budapest can be estimated at around 2,000 and the dossiers to be discussed during the Hungarian term amount to around 320-340.

The administrative structure aims to be transparent: in Budapest it is the enlarged EU State Secretariat of the Ministry of Foreign Affairs that is responsible for managing the tasks, coupled with the reinforced Permanent Representation in Brussels. There is also a Government Commissioner for the operational management of the Hungarian Presidency, who will be responsible for organisation, logistics and communication. In addition to the permanent officials and diplomats, young liaison officers and hostesses have been hired via open calls from two universities in Budapest in the framework of an agreement between the two higher education institutions and the Ministry of Foreign Affairs.

The Unexpected Events of the First Months

In the first half of the Hungarian Presidency's term there were five unforeseen and unexpected events which in one way or another had an impact on its work. Of these, two related to the internal dimension of the Presidency, while three were external.

The first internal event was the hearing of the Presidency's programme at the European Parliament's plenary session on 19 January. When the Hungarian Prime Minister presented the country's Presidency programme, on the one hand it was overwhelmingly

welcomed and accepted, but on the other, however, the Prime Minister was sharply attacked by speakers of certain political groups referring to the recently-adopted Hungarian media law. This harsh criticism mirrored disagreements in Hungary's internal politics and initially had a strong impact on the Presidency's image. However, the everyday cooperation between the Presidency and the EP's various committees has so far been smooth and untroubled.

The second unexpected internal event was the announcement by Chancellor Angela Merkel and President Nicolas Sarkozy of the idea of a so-called competitiveness pact to further strengthen the euro zone. This was done by the two leaders at the 4 February EU summit without any ex-ante consultation with any of the member states, let alone the rotating Presidency or the permanent President of the European Council. This new point was unexpectedly brought to the already overloaded agenda and put a lot of extra work on the representatives of the member states, including Hungary, which received the new task of assisting Herman Van Rompuy in coordinating negotiations on the proposed intergovernmental pact. In the end, the deliberations on the pact did not delay the crucial decisions related to economic governance, and the so-called Euro Plus Pact was adopted on schedule at the 24-25 March European Council by the euro area members as well as by six other member states.

In external relations three unexpected events have occurred. The absolutely unforeseen North African crisis involved EU action in different aspects, such as deciding on political statements, an arms embargo, humanitarian assistance and EUFOR intervention, in addition to the refugee problem. Although most of the competences in this case correspond to the High Representative for Foreign Affairs and Security Policy, the Hungarian Foreign Minister has been closely assisting her in this task, while the refugee and immigration issues required action from the Hungarian Presidency. Furthermore, the Hungarian Embassy in Libya carried out an extremely important task of coordination to evacuate EU citizens, being 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 during the emergency.

The second unexpected news was the need to postpone the Eastern Partnership summit from late May to autumn 2011 due to conflicting events (G8 and OECD meetings). Nevertheless, the summit meeting in autumn is to be co-hosted and co-chaired by both Hungary and Poland (as originally planned). Opinions are divided on this matter: on the one hand, it is being considered one of the Presidency's failures, with an emphasis on the loss of prestige, while, on the other, many experts draw attention to the fact that the EU-27 is not yet ready to fill the Eastern Partnership framework with real content and that, hence, a premature summit could have been a failure as well.

Finally, the third external factor was the earthquake in Japan and the subsequent tsunami, that 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, prompting various actions by the EU, such as delivering coordinated and revising its nuclear energy policy –both under the Hungarian Presidency's competence–. One of the most important steps of the Hungarian Presidency in this regard was the convening of the extraordinary Energy Council meeting on 21 March to discuss the consequences of the Japanese situation (and also of the North African crisis) on the Union's energy policy. On the Presidency's proposal, the Council pledged to undertake stress tests of all the nuclear power plants in EU territory.

Growth, Jobs and Social Inclusion

In the framework of European economic governance, the first European semester was successfully launched under the Hungarian Presidency. Based on the Commission's Annual Growth Survey and after negotiations within the Council and with the EP, the Spring European Council adopted the guidelines and conclusions for the member states to be integrated in their upcoming stability/convergence programmes as well as in the national reform programmes.

The whole exercise of economic governance had to be supplemented by the strengthening of the stability and growth pact, with a tighter control over the member states' public finances accompanied by effective sanctions. The Hungarian Presidency deems it a great success that the member states were able to agree on all six Commission proposals in this regard (five regulations and a directive). Thus, the 'six-pack' was endorsed at the Spring European Council also, even though the national positions had been divergent on more than a dozen points a few weeks earlier. The Hungarian Presidency managed to bring the positions closer to each other and finally to reach an agreement on all six legislative proposals by 15 March. The Council meeting also gave the Hungarian Presidency the mandate to negotiate on the six-pack with the EP. Accordingly, the Presidency has called on the Parliament to do everything it can to adopt the legislative acts by the end of June.

At the March European Council, the member states also agreed on the wording of the Lisbon Treaty modification regarding the European Stability Mechanism (which was immediately ratified by the EP) as well as on the Euro Plus Pact. In both issues the Hungarian Presidency assisted Herman Van Rompuy's work of coordination.

Another priority issue, the European Roma Strategy, was initiated by a Hungarian MEP, Livia Járóka, who prepared a report on this potential policy area. Her report was overwhelmingly endorsed by the EP in early March. At the beginning of April it was the Commission's turn to formulate its communication. Based on these documents, as well as on further consultations, the Hungarian Presidency will present its draft Council conclusions on a European framework for national Roma integration strategies at a meeting of the Employment, Social Affairs, Health and Consumer Protection Council on 19 May 2011. The aim is to have the strategy adopted by the heads of state and government in June.

A Stronger Europe

Although debate on the next (2014-20) budgetary framework is due to start officially after the Hungarian Presidency, preparatory discussions have already started on some of its aspects. As to cohesion policy, based on the Commission's fifth Cohesion Report, Hungary initiated a debate at the beginning of its term. The Presidency managed to get all member states on board to adopt the Council conclusions on the future of the cohesion policy on 21 February. In the document, the member states recognise the importance of this policy as a key element in the Union's harmonious development and underline that cohesion support between 2014 and 2020 should be directly linked to the objectives of the EU 2020 Strategy.

Based on the Commission's proposal, preliminary negotiations on the future of the common agricultural policy have also been started. In this regard, the Presidency considers it a great success that an initial paper was adopted by a qualified majority of the member states at the Council of 17 March. The Council's conclusions stress that the CAP

is to remain a common policy, with three main objectives: (1) sustainable food production; (2) the sustainable management of natural resources and the fight against climate change; and (3) a balanced territorial development.² The issue that sparked the most intensive debate was (and will still be in the near future) direct payments.

In the field of European energy policy, the European Council of 4 February can be seen as a milestone. Co-organised and jointly prepared by the permanent President of the European Council and the Hungarian Presidency, the summit laid the foundations for a genuine energy policy at the EU level. The member states agreed on such important points as creating a single energy market for gas and electricity by 2014, abolishing any remaining regulatory barriers, interconnecting networks across borders, promoting renewable energy production, increasing the efficiency of energy use and pursuing a coordinated external energy policy. Member states also agreed on the adoption of a 10-year energy strategy and on the setting of new emission targets.

Closely related to European competitiveness, two important topics are innovation and patents. Having an EU-based patent system has been an old objective and negotiations on it have been dragging on for over a decade. Over the past few years the negotiations failed due to the lack of a compromise on the language regime. Finally, in December 2010, 12 member states signalled their intention of triggering an enhanced cooperation in this policy area. Thanks to the efforts of the Hungarian Presidency there are now 25 member states on board and the door is open to Italy and Spain as well. The aim of the Hungarian Presidency is to pave the way for further negotiations that can lead to a final agreement on the European patent system by the end of 2012, so that the new rules can enter into force in 2014.

The adoption of the European Danube Region Strategy is one of the Hungarian Presidency's priorities. The strategy aims to build up multidimensional and multinational cooperation programmes in the region. The macro region does not entail the creation of an administrative level: the idea is to build on the voluntary coordination of the activities of the participating regions and to find synergies involving available resources. The Strategy was adopted by the General Affairs Council in April and will start with some 200 concrete projects coordinated by the national coordinators of the participating countries, who have already been appointed. The Hungarian Presidency's aim is to have the Strategy endorsed by the European Council in June.

In connection with this issue and based on one of the Hungarian priorities, the Presidency has been stressing the importance of an integrated European approach to the protection of water resources in its territory. The informal Environment Council held at the end of March in Gödöllő agreed on coordinating the various EU policies with a view to act on water protection. The Hungarian Presidency's objective is to have the Council's conclusions on the sustainable utilisation of water by the June Environment Council.

A Union that is Close to its Citizens

For Hungary this aspect is of the utmost importance. The EU must deliver to its citizens so they can identify the added value the EU brings to their lives. An important element is the new institution of the European Citizens' Initiative introduced by the Lisbon Treaty. The negotiations on the implementing regulation were completed during the Hungarian

² http://www.eu2011.hu/files/bveu/documents/HunPR_19_-_17_03_2011_-_Council_adopts_conclusions_of_the_Presidency_on_the_future_of_the_Common_Agricultural_Policy_3.pdf.

Presidency and it was signed jointly by the Hungarian Foreign Minister and the President of the EP in February.

The Hungarian Presidency started work on improving the European Pact for Gender Equality (adopted in 2006) already in early January. The aim of the presidency has been to fill the still existing gaps in gender equality in the EU and to align the Pact with the EU2020 Strategy. Finally, in the beginning of March the Council adopted its conclusions on the European Pact for gender equality for the period 2011-2020 focusing among other things on higher employment rate for women, greater participation of women in politics and business, as well as on equal remuneration.

Within the policy area of freedom, security and justice, the most topical issue is migration and the accession of the two Balkan member states to the Schengen zone. Both issues were discussed at the February Justice and Home Affairs Council. The migration issue was put on the agenda by the Hungarian Presidency at the request of Italy. The Council agreed that tackling migratory waves is not exclusively a Southern European problem, on the contrary there must be EU-level solidarity and a common approach. The Hungarian Presidency has been inviting the member states to show solidarity with Italy and Malta and voluntary commitments were made by several member countries to accept refugees.

In a wider context and with a more forward-looking perspective the Presidency has been stressing that while political refugees should be allowed in, economic refugees should not and that demographic problems in Europe should be solved through ambitious family policies and not immigration.

The accession of Rumania and Bulgaria to the Schengen area in the first half of 2011 was high up on the agenda of the Hungarian Presidency's priorities. In February the Council declared Rumania prepared but some of the 'old' member states signalled their concern and doubts about Bulgaria's performance in this respect. Since for technical reasons the two countries can only join together, Hungary started intensive work on mediating between the partners concerned. The next decision on the issue is to be made at the June Council. Although hopes are fading that the two countries will be given the green light, the Presidency is doing everything it can to pave the way for a well-prepared agreement.

Further action to promote a citizen-friendly Europe include: the recently-adopted directive on patients' rights in cross-border healthcare services, the revised directive on electronic waste management and the decisions taken by the Education Council on better linking skills and jobs.

Hungary has always emphasised the importance of cultural diversity as an added value in European integration. At the margins of the Hungarian Presidency a whole range of cultural events are being held place throughout Europe. The flagship event is the celebration of the 200th anniversary of the birth of Franz Liszt, the world-famous Hungarian composer and pianist. The Presidency's webpage has information on dozens of cultural events in Budapest, Brussels and different European capitals, ranging from concerts to film festivals, dance performances and exhibitions.

Enlarging Responsibly and Engaging Globally

Regarding the negotiation process with Croatia, at the end of April five of the 35 chapters were still open (such as competition and justice and home affairs). Croatia must comply

with all of the so-called closing benchmarks set for those chapters and several sensitive issues have yet to be settled. Hungary has been encouraging Croatia to make efforts in that direction while the Presidency has been strongly lobbying the other member states to make the completion of the accession negotiations strictly conditional on the country's preparedness and not on any other political considerations. The Hungarian priority remains the same: to conclude negotiations before the end of June –which is not an unrealistic goal–.

As to enlargement in general, the Hungarian view is that it is necessary to maintain the process's credibility. This means that once conditions are met, applicant countries should have the prospect of opening negotiations, while accession countries should have the clear prospect of membership. As to the countries that are currently negotiating, intergovernmental negotiations with Iceland can start under the Hungarian Presidency by opening some chapters before the end of June. With Turkey there are more than a dozen chapters blocked and at this point progress depends on Ankara. However, Hungary is optimistic about the possibility of opening three new chapters. Even though Hungary (also as a presiding country) has a very supportive attitude towards the Western Balkans' prospects for EU membership, progress seems to be slow as accession negotiations have not been opened with either Macedonia or Montenegro while the other countries still only have potential candidate status.

The Hungarian Presidency's view is that the candidate countries 'are members of the European family' and that, therefore, all delegations concerned should be invited to informal Council meetings. Without participating in the deliberations proper, they thereby have the chance to meet EU Ministers, to be informed about the issues under discussion and to express their positions. This gesture was welcomed by the five countries concerned.

As to external affairs, when it has been the Presidency's competence, it has acted as quickly as possible on sanctions against Gaddafi and on protecting civilians in Libya, coordinated aid to Japan, brought migration issues to the agenda of the Justice and Home Affairs Council and visits to North Africa by the Foreign Minister and Secretary of State. As to the postponed Eastern Partnership summit, an immediate solution was found when an agreement was reached with Poland on co-chairing the meeting in the autumn.

Conclusions: While Hungary took over the Presidency at a very difficult time, it also started with two handicaps. First, it assumed the Presidency for the first time, meaning that with no prior experience it has had to learn on the job. Secondly, internal political discord in Hungary made itself felt in the Presidency's work. Additionally, the Presidency had to deal with several unexpected events as well.

Despite all these challenges, Hungarian diplomacy has completed the first four months of its term successfully. Proof of this is that the Presidency is progressing according to its own schedule and, while hundreds of dossiers have had to be tackled, it has never been the case that it has been late or unprepared at any of the meetings. Behind the scenes, Hungarian diplomacy has proved to be a successful broker of compromises between the member states (the most important example being the six-pack on strengthened public finance surveillance) and has been more proactive than reactive when faced with new challenges. At the same time, Hungary has also been assertive in fulfilling as many of its priorities as possible (promoting Croatia's accession negotiations as well as preparing both the Danube Strategy and the Roma Strategy for adoption before the end of June).

Several experts and commentators have recognised the Presidency's performance so far but, of course, the final assessment will only be made after 30 June 2011.

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